

REGISTRATION NO. 333-86842

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

<Table>

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AMB PROPERTY CORPORATION
(Exact Name of Registrant as Specified
in its Governing Instruments)
MARYLAND
(State or Other Jurisdiction of
Incorporation or Organization)
94-3281941
(I.R.S. Employer
Identification Number)

<C>

AMB PROPERTY, L.P.
(Exact Name of Registrant as
Specified in its Governing Instruments)
DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)
94-3285362
(I.R.S. Employer
Identification Number)

</Table>

PIER 1, BAY 1
SAN FRANCISCO, CALIFORNIA 94111
(415) 394-9000
(Address of Principal Executive Offices)

TAMRA D. BROWNE, ESQ.
VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY
AMB PROPERTY CORPORATION
PIER 1, BAY 1
SAN FRANCISCO, CALIFORNIA 94111
(415) 394-9000
(Name and Address of Agent for Service)

COPIES TO:

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(415) 391-0600

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ONE MONTGOMERY STREET, 31ST FLOOR
SAN FRANCISCO, CALIFORNIA 94104
(415) 393-8200

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time
to time after the effective date of this Registration Statement as determined by
market conditions.

If the only securities being registered on this form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box. []

If any of the securities being registered on this form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, other than securities offered only in connection with dividend or interest
reinvestment plans, check the following box. [X]

If this form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please check the following box
and list the Securities Act registration statement number of the earlier
effective registration statement of the same offering. [] -----

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [] -----

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. []

THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

U.S. \$400,000,000

AMB Property, L.P.
SERIES B MEDIUM-TERM NOTES
Unconditionally Guaranteed by AMB Property Corporation

AMB PROPERTY, L.P., A DELAWARE LIMITED PARTNERSHIP, MAY OFFER FROM TIME TO TIME UP TO U.S. \$400,000,000 (OR ITS EQUIVALENT IN FOREIGN CURRENCIES OR COMPOSITE CURRENCIES) OF ITS SERIES B MEDIUM-TERM NOTES. THE SPECIFIC TERMS OF ANY NOTES OFFERED WILL BE INCLUDED IN A PROSPECTUS SUPPLEMENT OR PRICING SUPPLEMENT. UNLESS THE APPLICABLE SUPPLEMENT PROVIDES OTHERWISE, THE NOTES WILL HAVE THE FOLLOWING GENERAL TERMS:

- THE NOTES WILL MATURE IN NINE MONTHS OR MORE FROM THE DATE OF ISSUE.
- THE NOTES WILL BEAR INTEREST AT EITHER A FIXED OR FLOATING RATE. THE FLOATING INTEREST RATE WILL BE BASED ON:
 - CD RATE
 - CMT RATE
 - COMMERCIAL PAPER RATE
 - EURIBOR
 - FEDERAL FUNDS RATE
 - LIBOR
 - PRIME RATE
 - TREASURY RATE
 - ANY OTHER RATE SPECIFIED IN THE APPLICABLE SUPPLEMENT
- WE MAY REDEEM A NOTE PRIOR TO ITS MATURITY DATE AND YOU MAY HAVE US REPAY A NOTE PRIOR TO ITS MATURITY DATE ONLY IF THE APPLICABLE SUPPLEMENT SO SPECIFIES.
- THE NOTES WILL BE DENOMINATED IN U.S. DOLLARS OR A FOREIGN OR COMPOSITE CURRENCY AND BE ISSUED IN MINIMUM DENOMINATIONS OF \$1,000, OR APPROPRIATE DENOMINATIONS IN THE FOREIGN OR COMPOSITE CURRENCY.
- FIXED RATE INTEREST WILL BE PAID ON JUNE 30 AND DECEMBER 30, ACCRUING FROM THE DATE OF ISSUE, UNLESS OTHERWISE SPECIFIED IN THE APPLICABLE SUPPLEMENT.
- FLOATING RATE INTEREST WILL BE PAID ON THE DATES STATED IN THE APPLICABLE SUPPLEMENT.
- THE NOTES WILL BE HELD IN GLOBAL FORM BY THE DEPOSITORY TRUST COMPANY, UNLESS OTHERWISE SPECIFIED IN THE APPLICABLE SUPPLEMENT.
- THE NOTES WILL BE OUR SENIOR UNSECURED OBLIGATIONS, EFFECTIVELY SUBORDINATED TO OUR MORTGAGES AND OTHER SECURED INDEBTEDNESS, AND TO ALL OF THE INDEBTEDNESS OF OUR SUBSIDIARIES.
- THE NOTES WILL BE UNCONDITIONALLY GUARANTEED ON A SENIOR UNSECURED BASIS BY AMB PROPERTY CORPORATION, A MARYLAND CORPORATION AND OUR GENERAL PARTNER. THE GUARANTEES WILL BE EFFECTIVELY SUBORDINATED TO MORTGAGES AND OTHER SECURED INDEBTEDNESS OF AMB PROPERTY CORPORATION AND TO ALL OF THE INDEBTEDNESS OF ITS SUBSIDIARIES.

INVESTING IN THE NOTES INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 3 OF THIS PROSPECTUS.

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	PRICE TO PUBLIC	AGENTS' DISCOUNTS AND COMMISSIONS	PROCEEDS TO THE OPERATING PARTNERSHIP
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Per note.....	100%	.125% - .750%	99.875% - 99.250%
Total.....	\$400,000,000	\$500,000 - 3,000,000	\$399,500,000 - 397,000,000

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Offers to purchase the notes are being solicited from time to time by the agents on our behalf. The agents have agreed to use their reasonable best efforts to sell the notes. There is no established trading market for the notes and there can be no assurance that a secondary market for the notes will develop.

MORGAN STANLEY

A.G. EDWARDS & SONS, INC.
BANC OF AMERICA SECURITIES LLC
BEAR, STEARNS & CO. INC.
COMMERZBANK SECURITIES
JPMORGAN
LEHMAN BROTHERS
PNC CAPITAL MARKETS, INC.
WACHOVIA SECURITIES

, 2002

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You should rely only on the information contained or incorporated by reference in this prospectus and any prospectus supplement or pricing supplement. We have not authorized anyone else to provide you with different or additional information. We are offering to sell these notes and seeking offers to buy these notes only in jurisdictions where offers and sales are permitted.

Neither we nor the agents claim that the information contained in this prospectus or the applicable prospectus supplement or pricing supplement is accurate as of any date other than the dates on their respective covers.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission using a "shelf" registration process. Under

this shelf process, AMB Property, L.P. may sell the Series B medium-term notes described in this prospectus in one or more offerings up to a total dollar amount of \$400,000,000. This prospectus sets forth certain terms of the notes that we may offer.

Each time we offer notes, we will attach a prospectus supplement or pricing supplement to this prospectus. The supplement will contain the specific description of the notes we are then offering and the terms of the offering. The supplement will supersede this prospectus to the extent it contains information that is different from the information contained in this prospectus.

It is important for you to read and consider all information contained in this prospectus and the applicable prospectus supplement or pricing supplement in making your investment decision. You should also read and consider the information contained in the documents identified in "Where You Can Find More Information" in this prospectus.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus to "we", "us" or "our" mean AMB Property, L.P. and our subsidiaries.

FORWARD-LOOKING STATEMENTS

Some of the information included and incorporated by reference in this prospectus and the accompanying prospectus supplement or pricing supplement contains forward-looking statements, such as those pertaining to our (including certain of our subsidiaries') capital resources, portfolio performance, anticipated property acquisitions, dispositions and development, other anticipated transactions, financial performance, results of operations and anticipated market conditions and demographics. Likewise, the pro forma financial statements and other pro forma information incorporated by reference in this prospectus and the accompanying prospectus supplement or pricing supplement also contain forward-looking statements. In addition, all statements regarding anticipated growth in our earnings per share and anticipated market conditions, demographics and results of operations are forward-looking statements. The events or circumstances reflected in forward-looking statements might not occur. You can identify forward-looking statements by the use of forward-looking terminology such as "believes", "expects", "may", "will", "should", "seeks", "approximately", "intends", "plans", "pro forma", "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements involve numerous risks and uncertainties and you should not rely upon them as predictions of future events. There is no assurance that the events or circumstances reflected in forward-looking statements will be achieved or occur. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: defaults on or non-renewal of leases by tenants, increased interest rates and operating costs, our failure to obtain necessary outside financing, difficulties in identifying properties to acquire and in effecting acquisitions, our failure to successfully integrate acquired properties and operations, our failure to divest of properties we have contracted to sell or to timely reinvest proceeds from any divestitures, risks and uncertainties affecting property development and construction (including construction delays, cost overruns, our inability to obtain necessary permits and public opposition to these activities), AMB Property Corporation's failure to qualify and maintain its status as a real estate investment trust, environmental uncertainties, risks related to natural disasters, financial market fluctuations, changes in real estate and zoning laws, risks related to doing business internationally and increases in real property tax rates. Our success also depends upon economic trends generally, including interest rates, income tax laws, governmental regulation, legislation, population changes and certain other matters discussed under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations--Business Risks" and elsewhere in the most recent annual report on Form 10-K and under the heading "Other Information--Business Risks" and elsewhere in the most recent quarterly report on Form 10-Q for AMB Property, L.P. and AMB Property Corporation and in our other

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filings with the Securities and Exchange Commission that are incorporated by reference in this prospectus and the accompanying prospectus supplement or pricing supplement, as well as the matters discussed below under "Risk Factors". We caution you not to place undue reliance on forward-looking statements, which reflect our analysis only and speak only as of the date of this prospectus or the accompanying prospectus supplement or pricing supplement, as applicable, or the dates indicated in the statements.

AMB PROPERTY, L.P. AND AMB PROPERTY CORPORATION

AMB Property, L.P., a Delaware limited partnership, is one of the leading owners and operators of industrial real estate nationwide. We are engaged in the

acquisition, ownership, operation, management, renovation, expansion, and development of primarily industrial properties in target markets nationwide. Our investment strategy is to become a leading provider of High Throughput Distribution, or HTD, properties located near key passenger and cargo airports, highway systems and ports in major metropolitan areas, such as Atlanta, Chicago, Dallas/Fort Worth, Northern New Jersey/New York City, the San Francisco Bay Area, Southern California, Miami, and Seattle. Within each of our markets, we focus our investments in in-fill submarkets. In-fill sub-markets are characterized by supply constraints on the availability of land for competing projects as well as by having physical, political, or economic barriers to new development. High Throughput Distribution facilities are designed to serve the high-speed, high-value freight handling needs of today's supply chain, as opposed to functioning as long-term storage facilities.

As of March 31, 2002, we owned and operated 914 industrial buildings and seven retail centers, totaling approximately 83.4 million rentable square feet, located in 26 markets nationwide. As of March 31, 2002, our industrial and retail properties were 94.4% and 87.2% leased, respectively. As of March 31, 2002, through our subsidiary, AMB Capital Partners, LLC, we also managed industrial buildings and retail centers, totaling approximately 2.6 million rentable square feet on behalf of various clients. In addition, we have invested in 40 industrial buildings, totaling approximately 4.9 million rentable square feet, through unconsolidated joint ventures.

As of March 31, 2002, we had six retail centers and four industrial properties which were held for divestiture. Over the next few years, we intend to dispose of non-strategic assets and redeploy the resulting capital into industrial properties in supply constrained markets in the U.S. and internationally that better fit our current investment focus.

As of March 31, 2002, AMB Property Corporation owned an approximate 94.4% general partnership interest in us, excluding preferred units. As our sole general partner, AMB Property Corporation has full, exclusive, and complete responsibility and discretion in our day-to-day management and control.

AMB Property Corporation is self-administered and self-managed and expects that it has qualified and will continue to qualify as a real estate investment trust for federal income tax purposes beginning with the year ending December 31, 1997. Because AMB Property Corporation is a self-administered and self-managed real estate investment trust, our employees perform its administrative and management functions, rather than it relying on an outside manager for these services.

Our principal executive office is located at Pier 1, Bay 1, San Francisco, CA 94111, and our telephone number is (415) 394-9000. We also maintain a regional office in Boston, Massachusetts. As of March 31, 2002, we employed 184 individuals, 137 at our San Francisco headquarters and 47 in our Boston office.

The following marks are the registered trademarks of AMB Property Corporation, our general partner: AMB(R); Customer Alliance Partners(R); Customer Alliance Program(R); Development Alliance Partners(R); Development Alliance Program(R); eSpace(R); HTD(R); High Throughput Distribution(R); Institutional Alliance Partners(R); Institutional Alliance Program(R); Management Alliance Partners(R); Management Alliance Program(R); UPREIT Alliance Partners(R); and UPREIT Alliance Program(R). The following marks are the unregistered trademarks of AMB Property Corporation, our general partner: Broker Alliance Partners(TM); Broker Alliance Program(TM); Strategic Alliance Partners(TM); and Strategic Alliance Programs(TM).

RISK FACTORS

An investment in the notes involves various material risks. You should carefully consider the risk factors under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations--Business Risks" and elsewhere in the most recent annual report on Form 10-K or under the heading "Other Information--Business Risks" and elsewhere in the most recent quarterly report on Form 10-Q for each of AMB Property, L.P. and AMB Property Corporation, and in our other filings with the Securities and Exchange Commission that are incorporated by reference in this prospectus and any accompanying prospectus supplement and pricing supplement, as well as the following risk factors before purchasing the notes.

GENERAL RISKS RELATING TO THE NOTES

THE NOTES AND THE GUARANTEES WILL BE STRUCTURALLY SUBORDINATED AND, AS A RESULT, OTHER CREDITORS MAY BE ENTITLED TO REPAYMENT BEFORE OUR ASSETS ARE AVAILABLE TO SATISFY OUR OBLIGATIONS UNDER THE NOTES.

The notes will be our direct, senior unsecured obligations and will rank

equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. However, the notes will be effectively subordinated to our mortgages and other secured indebtedness, which encumber certain of our assets, and to all of the indebtedness of our subsidiaries. As a result, in the event of our bankruptcy or liquidation, any holders of our mortgages or other secured indebtedness would be entitled to be repaid in full before our assets would be available to satisfy our obligations on the notes, and in the event of a bankruptcy or liquidation of any of our subsidiaries, the creditors of that subsidiary would be entitled to be repaid in full before any assets of that subsidiary would be available to satisfy our obligations on the notes. In addition, the guarantee of the notes by AMB Property Corporation will be effectively subordinated to all of the mortgages and other secured indebtedness of AMB Property Corporation and all of the indebtedness of its subsidiaries. As of March 31, 2002, the total outstanding indebtedness for AMB Property, L.P., its subsidiaries and the other subsidiaries of AMB Property Corporation was approximately \$2.1 billion of which approximately \$1.2 billion was secured. Approximately \$787 million of this secured debt is non-recourse secured debt of consolidated joint ventures. Subject to certain limitations, AMB Property, L.P. and AMB Property Corporation may each incur additional indebtedness. Although AMB Property Corporation's board of directors has adopted a policy of limiting AMB Property Corporation's debt-to-total market capitalization ratio to approximately 45% or less, neither AMB Property Corporation's nor AMB Property, L.P.'s organizational documents limit the amount of indebtedness that each may incur. In addition, the aggregate amount of indebtedness that we and AMB Property Corporation may incur under this policy varies directly with the valuation of AMB Property Corporation's capital stock and the number of shares of its capital stock outstanding. Accordingly, we and AMB Property Corporation would be able to incur additional indebtedness as a result of increases in the market price per share of AMB Property Corporation's capital stock.

THE GUARANTEE BY AMB PROPERTY CORPORATION COULD BE VOIDED.

AMB Property Corporation's obligations under its guarantee of each of the notes may be subject to review under state or federal transfer laws in the event of AMB Property Corporation's bankruptcy or other financial difficulty. Under those laws, in a lawsuit by an unpaid creditor or representative of creditors of AMB Property Corporation, such as a trustee in bankruptcy, if a court were to find that when AMB Property Corporation entered into the guarantees, it received less than fair consideration or reasonably equivalent value for the guarantees and either:

- was insolvent,
- was rendered insolvent,
- was engaged in a business or transaction for which its remaining unencumbered assets constituted unreasonably small capital,
- intended to incur or believed that it would incur debts beyond its ability to pay as the debts matured, or
- entered into the guarantees with actual intent to hinder, delay or defraud its creditors,

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then the court could void the guarantees and AMB Property Corporation's obligations under the guarantees, and direct the return of any amounts paid under the guarantees to AMB Property Corporation or to a fund for the benefit of its creditors. Furthermore, to the extent that AMB Property Corporation's obligations under the guarantees of the notes exceeds the actual benefit that it receives from the issuance of the notes, AMB Property Corporation may be deemed not to have received fair consideration or reasonably equivalent value from the guarantees. As a result, the guarantees and AMB Property Corporation's obligations under the guarantees may be void. The measure of insolvency for purposes of the factors above will vary depending on the law of the jurisdiction being applied. Generally, however, an entity would be considered insolvent if the sum of its debts (including contingent or unliquidated debts) is greater than all of its property at a fair valuation or if the present fair saleable value of its assets is less than the amount that will be required to pay its probable liability on its existing debts as they become absolute and matured.

AN ABSENCE OF A MARKET FOR THE NOTES MAY AFFECT THE LIQUIDITY OF THE NOTES.

The notes will be new securities for which there is currently no market. Although the agents have informed us that they currently intend to make a market in the notes, they are not obligated to do so and they may discontinue making a market in the notes at any time without notice. If an active market does not develop, the market price and liquidity of the notes may be materially and adversely affected. We cannot assure you that all or any substantial portion of the notes will be sold. Unless otherwise provided in the applicable prospectus supplement or pricing supplement, we do not intend to apply for listing of the notes on any securities exchange or to seek approval for quotation through any automated quotation system. There can be no assurance that an active market for the notes will develop and no assurance can be given as to the prices at which

the notes might trade. In particular, there can be no assurance that the market price for the notes will be at or above the purchase price of the notes. The liquidity of, and trading market for, the notes may also be materially and adversely affected by declines in the market for debt securities generally. Such a decline may materially and adversely affect the liquidity and trading of the notes independent of our financial performance and prospects.

RISKS RELATING TO INDEXED NOTES

An investment in indexed notes presents certain significant risks not associated with other types of securities. Investors in indexed notes may lose their entire investment. Risks associated with a particular indexed note may be set forth more fully in the applicable prospectus supplement or pricing supplement.

BECAUSE THE DIRECTION AND MAGNITUDE OF THE CHANGE IN THE VALUE OF THE RELEVANT INDEX DETERMINES THE PRINCIPAL AMOUNT OF AN INDEXED NOTE PAYABLE AT MATURITY AND/OR THE AMOUNT OF INTEREST PAYABLE, YOU MAY LOSE YOUR PRINCIPAL AND INTEREST ON INDEXED NOTES.

Indexed notes are notes that may be issued by us with the principal amount payable at maturity, and/or the amount of interest payable on an interest payment date, to be determined by reference to currencies, currency units, commodity prices, financial or nonfinancial indexes or other factors. The direction and magnitude of the change in the value of the relevant index will determine either or both the principal amount of an indexed note payable at maturity or the amount of interest payable on an interest payment date. The terms of a particular indexed note may or may not include a guaranteed return of a percentage of the face amount at maturity or a minimum interest rate. Accordingly, the holder of an indexed note may lose all or a portion of the principal invested in an indexed note and may receive no interest on the indexed note.

THE RELEVANT INDEX CAN BE VOLATILE AND YOUR RETURN ON AN INDEXED NOTE MAY BE ADVERSELY AFFECTED BY A FLUCTUATION IN THE LEVEL OF THE RELEVANT INDEX.

Certain indices are highly volatile. The expected principal amount payable at maturity of, or the interest rate on, an indexed note based on a volatile index may vary substantially from time to time. Because the principal amount payable at the maturity of, or interest payable on, an indexed note is generally calculated based on the value of the relevant index on a specified date or over a limited period of time, volatility in the

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index increases the risk that the return on the indexed notes may be adversely affected by a fluctuation in the level of the relevant index.

The volatility of an index may be affected by political or economic events, including governmental actions, or by the activities of participants in the relevant markets, any of which could adversely affect the value of an indexed note.

THE TAX RAMIFICATIONS OF INDEXED NOTES ARE UNCERTAIN AND AS A RESULT, WE CANNOT ASSURE YOU THAT THERE WILL NOT BE NEGATIVE TAX CONSEQUENCES TO YOUR INVESTMENT IN AN INDEXED NOTE.

The treatment of indexed notes for United States federal income tax purposes is often unclear due to the absence of any authority specifically addressing the issues presented by any particular indexed note. Accordingly, investors in indexed notes should, in general, be capable of independently evaluating the federal income tax consequences applicable in their particular circumstances of purchasing an indexed note.

IF RELEVANT INDICES ARE ALTERED, BECOME UNAVAILABLE OR ARE INFREQUENTLY TRADED, THE VALUE OF OR YOUR RETURN ON INDEXED NOTES COULD DECREASE.

Some indices reference several different currencies, commodities, securities or other financial instruments. The compiler of an index of this type typically reserves the right to alter the composition of the index and the manner in which the value of the index is calculated. An alteration may result in a decrease in the value of or return on the indexed note.

An index may become unavailable due to factors including war, natural disasters, cessation of publication of the index, or suspension of or disruption in trading in the currency or currencies, commodity or commodities, security or securities or other financial instrument or instruments comprising or underlying the index. If an index becomes unavailable, the determination of principal of or interest on an indexed note may be delayed or an alternative method may be used to determine the value of the unavailable index. Alternative methods of valuation are generally intended to produce a value similar to the value resulting from reference to the relevant index. However, it is unlikely that alternative methods of valuation will produce values identical to those which would be produced were the relevant index to be used. An alternative method of valuation may result in a decrease in the value of or return on an indexed note.

Indexed notes may be linked to indices which are not commonly utilized or have been recently developed. A lack of a trading history may make it difficult to anticipate the volatility or other risks to which the note is subject. In addition, there may be less trading in indices of this type or instruments underlying indices of this type, which could increase the volatility of the indices and decrease the value of or return on the indexed notes.

FOREIGN CURRENCY RISKS

Foreign currency rates of exchange and other factors affecting the risks of investing in securities denominated in foreign currencies change continuously. This prospectus summarizes some of the risks of investing in notes denominated in a foreign currency. You should consult your own financial and legal advisors about the risks of investing in these notes. The notes, when denominated in a foreign currency, are not an appropriate investment for investors who do not have experience with foreign currency transactions.

The information in this prospectus is directed to prospective purchasers who are United States residents. If you are a resident of a country other than the United States, you should consult your own financial, tax and legal advisors to discuss matters that may affect your purchase, holding or receipt of payments of principal and interest on the notes. We, AMB Property Corporation and the agents disclaim any responsibility for advising you on these matters.

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ANY FOREIGN CURRENCY SPECIFIED BY US FOR A PARTICULAR NOTE MAY DEPRECIATE AGAINST THE U.S. DOLLAR, CAUSING THE EFFECTIVE YIELD OF THE NOTE TO DECREASE BELOW ITS COUPON RATE AND, IN CERTAIN INSTANCES, RESULTING IN A LOSS TO YOU; A SPECIFIED FOREIGN CURRENCY MAY BECOME UNAVAILABLE DUE TO THE IMPOSITION OF EXCHANGE CONTROLS OR OTHER CIRCUMSTANCES BEYOND OUR CONTROL AND AS A RESULT, WE MAY MAKE REQUIRED PAYMENTS IN AN EQUIVALENT AMOUNT OF U.S. DOLLARS OR, IN CERTAIN CIRCUMSTANCES, EUROS.

Investments in securities denominated in foreign currencies have significant risks that are not associated with investments denominated in U.S. dollars. These risks include, without limitation, the possibility that rates of exchange between the U.S. dollar and foreign currencies may change significantly and the possibility that either the United States or foreign governments will impose or modify foreign exchange controls. Economic and political events over which we have no control also may increase foreign currency risks. In recent years, rates of exchange between the U.S. dollar and certain foreign currencies have been highly volatile, and you may expect that volatility to continue in the future. Historical fluctuations in any particular exchange rate do not necessarily indicate, however, the type of fluctuations in the rate that may occur during the term of any note. If the currency specified by us in the applicable prospectus supplement or pricing supplement for a particular note were to depreciate against the U.S. dollar, the effective yield of the note would decrease below its coupon rate and in certain circumstances could result in a loss to the investor.

Governments have imposed exchange controls in the past and may do so in the future. Exchange controls could affect exchange rates and limit the availability of a foreign currency specified in the applicable prospectus supplement or pricing supplement at the time a payment on a note is due in that currency. Even if governments do not impose exchange controls, it is possible that a foreign currency will not be available at the time a payment is due in that currency. If the specified currency is a foreign currency, in the event the foreign currency is unavailable due to the imposition of exchange controls or other circumstances beyond our control, we may generally make required payments in an equivalent amount of U.S. dollars, determined by the exchange rate agent, on the basis of the market exchange rate for the specified currency on the second business day prior to the payment date or, if the market exchange rate is not then available, on the basis of the most recently available market exchange rate. However, if the specified currency is replaced by a single European currency, the payment of principal of, and premium, if any, or interest, on the note denominated in the specified currency will be paid in the new single European currency in conformity with legally applicable measures pursuant to the treaty establishing the European Community, as amended by the treaty on European Unity. The market exchange rate for the specified currency is the noon dollar buying rate in The City of New York for cable transfers for the specified currency as certified for customs purposes by, or if not so certified, as otherwise determined by, the Federal Reserve Bank of New York.

Further, if the specified currency is a composite currency that is unavailable due to circumstances beyond our control, then we may make payments on the note in an equivalent amount of U.S. dollars. The amount of the U.S. dollar payment shall be determined by the exchange rate agent by aggregating the U.S. dollar equivalents of each of the component currencies. The component currencies of the composite currency for this purpose will be the currency amounts that were components of the composite currency as of the last day on which the composite currency was used. The exchange rate agent shall determine the U.S. dollar equivalent of each of the component currencies using the most recently available market exchange rate for each component currency.

If the official unit of any component currency is altered by way of combination or subdivision, the number of units of the currency as a component currency will be divided or multiplied in the same proportion. If two or more component currencies are consolidated into a single currency, the amounts of those currencies as component currencies will be replaced by an amount in the single currency equal to the sum of the amounts of the consolidated component currencies expressed in the single currency. If any component currency is divided into two or more currencies, the amount of the original component currency will be replaced by the amounts of the two or more currencies, the sum of which will be equal to the amount of the original component currency.

If we denominate notes in a foreign currency, the applicable prospectus supplement or pricing supplement will contain information about the specified currency, including information about any foreign exchange

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controls that apply to the foreign currency as of the date of the applicable prospectus supplement or pricing supplement. We will furnish that information for information purposes only and you should not regard it as indicative of the range of, or trends in, fluctuations in currency exchange rates that may occur in the future.

WE CANNOT ASSURE YOU THAT A COURT IN THE UNITED STATES GRANTING A JUDGMENT WITH RESPECT TO THE NOTES WOULD USE THE RATE OF CONVERSION INTO U.S. DOLLARS THAT WOULD BE IN EFFECT ON THE DATE OF DEFAULT, THE DATE THE JUDGMENT WAS RENDERED, OR SOME OTHER DATE.

The notes will be governed by and construed in accordance with the laws of the State of New York. If an action based on the notes resulted in a judgment against us in a court in the United States, it is likely that the court would grant judgment only in U.S. dollars. It is not clear, however, whether in granting that judgment, the court would use the rate of conversion into U.S. dollars that would be in effect on the date of default, the date the judgment was rendered, or some other date.

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USE OF PROCEEDS

Unless we indicate otherwise in the applicable prospectus supplement or pricing supplement, we intend to use the net proceeds from the sale of notes offered by this prospectus for general purposes, which may include the acquisition or development of additional properties and the repayment of indebtedness, including inter-company indebtedness. Initially, we may temporarily invest net proceeds from the sale of the notes in short-term securities.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth AMB Property Corporation's ratios of earnings to fixed charges for the periods indicated:

<Table> <Caption> FISCAL YEAR ENDED DECEMBER 31, ----- 1997 1998 1999 2000 2001 ----- <S> <C> <C> <C> <C> 5.6x 2.5x 2.5x 2.0x 1.9x </Table>				
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AMB Property Corporation's fiscal year ended December 31, 1997 includes the historical results of AMB Institutional Realty Advisors, Inc., AMB Property Corporation's predecessor, for the period from January 1, 1997 through November 25, 1997, and AMB Property Corporation's historical results for the period from November 26, 1997 to December 31, 1997.

The following table sets forth AMB Property, L.P.'s ratios of earnings to fixed charges for the periods indicated:

<Table> <Caption> PERIOD FROM INCEPTION (NOVEMBER 26, 1997 TO DECEMBER 31, ----- 1997 1998 1999 2000 2001 ----- <S> <C> <C> <C> <C> 3.2x 2.5x 2.7x 2.1x 2.0x </Table>				
---	--	--	--	--

We and AMB Property Corporation have computed the ratios of earnings to fixed charges by dividing fixed charges, excluding capitalized interest, plus income from continuing operations including income from minority interests which have fixed charges and including distributed operating income from unconsolidated joint ventures instead of income from unconsolidated joint ventures, by fixed charges. Fixed charges consist of interest costs, whether expensed or capitalized, the interest component of rental expense, amortization of debt issuance costs and preferred dividends of subsidiaries not eliminated in consolidation.

DESCRIPTION OF NOTES

The following description of the notes will apply to each note offered by this prospectus unless we specify otherwise in the applicable prospectus supplement or pricing supplement. The applicable prospectus supplement or pricing supplement for your notes may specify different or additional terms.

GENERAL

We will issue the notes under the Indenture dated as of June 30, 1998, as supplemented by the First Supplemental Indenture dated as of June 30, 1998, the Second Supplemental Indenture dated as of June 30, 1998, the Third Supplemental Indenture dated as of June 30, 1998 and the Fourth Supplemental Indenture dated as of August 15, 2000, and as will be further supplemented by the Fifth Supplemental Indenture, to be dated the date we commence the medium-term note program, among us, AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee. We have filed a copy of the indenture with the Securities and Exchange Commission and the indenture is incorporated into this prospectus and the applicable prospectus supplement or pricing supplement by reference.

Unless the applicable prospectus supplement or pricing supplement indicates otherwise, each note will have the following terms:

- Each note will mature in nine months or more from the date it is issued.
- We may only redeem a note and you may only have us repay a note before its maturity date if it specifies that we or you, respectively, may do so in the applicable prospectus supplement or pricing supplement.
- We may issue up to \$400,000,000, or its equivalent in one or more foreign or composite currencies, of medium-term notes, Series B, which will constitute a single series of debt securities under the indenture, which amount may be increased from time to time without the consent of the holders of the notes.
- The notes will be our senior unsecured and unsubordinated obligations and will rank equally with all our other unsecured and unsubordinated indebtedness from time to time outstanding, including our 7.10% Notes due 2008, 7.50% Notes due 2018 and 6.90% Reset Put Securities due 2015--Putable/ Callable 2005, \$400 million in medium-term notes of our first series, and balances outstanding under our \$500 million credit facility with JPMorgan Chase Bank (formerly Morgan Guaranty Trust Company of New York).
- Our obligations under each of the notes will be unconditionally guaranteed on an unsecured basis by AMB Property Corporation.
- The notes will be substantially identical except possibly for currency denomination, interest, interest payment dates, maturity date, issue date and applicable redemption and repayment provisions.
- We will not have to deposit funds into a sinking fund before the maturity date for any note.
- We will issue the notes in fully registered, book-entry form without coupons.

We will sell the notes in individual issues. We and the initial purchaser of each note will mutually agree to, among other things, the interest rate, maturity date and issue date for the note. Interest rates offered by us with respect to the notes may differ depending upon, among other factors, the aggregate principal amount of notes purchased in a single transaction. We will only pay interest and principal on the notes on "business days" (as defined under "Certain Definitions").

Unless we specify otherwise in the applicable prospectus supplement or pricing supplement, or unless we notify the holders otherwise, the place of

payment where the principal of, and premium, if any, and interest on the notes will be payable and notes may be surrendered for the registration of transfer or exchange will be the office of the trustee's affiliate, State Street Bank and Trust Company, at 61 Broadway, 15th Floor, New York, New York 10006; provided, however, that at our option, interest may be paid by check mailed to the address of the person entitled to the payment as the person's address appears in our security register or by wire transfer, if

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proper wire instructions are on file with the trustee or are received at presentment, to an account maintained by the payee located in the United States. Unless we notify the holders otherwise, the place where notices or demands to or upon us with respect to the notes may be served will be the Corporate Trust office of the trustee at 633 West Fifth Street, 12th Floor, Los Angeles, California 90071.

GLOBAL NOTES

Unless we specify otherwise in the applicable prospectus supplement or pricing supplement, the notes will be issued in the form of one or more fully registered book-entry debt securities that will be deposited with, or on behalf of, the Depository Trust Company. We refer to these notes as "global notes".

We anticipate that the global notes will be deposited with, or on behalf of the Depository Trust Company, and that the global notes will be registered in the name of Cede & Co., the Depository Trust Company's nominee. Unless we specify otherwise in the applicable prospectus supplement or pricing supplement, we further anticipate that the following provisions will apply to the depository arrangements with respect to the global notes.

So long as the Depository Trust Company or its nominee is the registered owner of the global notes, the Depository Trust Company or its nominee, as the case may be, will be considered the sole holder of the notes represented by a global note for all purposes under the indenture. Except as described below, owners of beneficial interests in the global notes will not be entitled to have notes represented by the global notes registered in their names, will not receive or be entitled to receive physical delivery of notes in certificated form and will not be considered the owners or holders of the notes under the indenture. The laws of some states require that certain purchasers of securities take physical delivery of securities in certificated form. Accordingly, these laws may limit the transferability of beneficial interests in the global notes.

The global notes will be exchangeable for certificated notes only if:

- the Depository Trust Company notifies us that it is unwilling or unable to continue as depository or the Depository Trust Company ceases to be a clearing agency registered under the Securities Exchange Act (if required by applicable law or regulation) and, in either case, a successor depository is not appointed by us within 90 days after we receive this notice or become aware of the ineligibility;
- we, in our sole discretion, determine that the global notes will be exchangeable for certificated debt securities; or
- there shall have occurred and be continuing an event of default with respect to the notes and beneficial owners representing a majority in aggregate principal amount of the notes represented by global notes advise the Depository Trust Company to cease acting as depository. Upon any exchange, owners of a beneficial interest in the global notes will be entitled to physical delivery of individual notes in certificated form of like tenor, terms and rank, equal in principal amount to the beneficial interest, and to have the notes in certificated form registered in the names of the beneficial owners, which names are expected to be provided by the Depository Trust Company's relevant participants to the trustee.

Notes so issued in certificated form will be issued in minimum denominations of, if the specified currency is U.S. dollars, \$1,000 and in any larger amount in integral multiples of \$1,000 or, if the specified currency of is a currency other than U.S. dollars or a composite currency, the equivalent in such foreign currency or composite currency determined in accordance with the market exchange rate for such foreign or composite currency on the business day immediately preceding the date on which we accept the offer to purchase the notes, of U.S. \$1,000 (rounded to an integral multiple of 1,000 units of the foreign or composite currency), and in any larger amount in integral multiples of 1,000 units, and will be issued in registered form only, without coupons.

The following is based on information furnished to us by the Depository Trust Company:

The Depository Trust Company will act as securities depository for the notes. The notes will be issued as fully registered securities registered in the name of Cede & Co. (the Depository Trust Company's nominee). One fully

registered certificate will be issued with respect to each \$400 million (or such other amount as shall

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be permitted by the Depository Trust Company from time to time) of principal amount of the notes, and an additional certificate will be issued with respect to any remaining principal amount.

The Depository Trust Company is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act. The Depository Trust Company holds securities that its participants deposit with the Depository Trust Company. The Depository Trust Company also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. The rules applicable to the Depository Trust Company and its participants are on file with the Securities and Exchange Commission.

Purchases of notes under the Depository Trust Company system must be made by or through direct participants, which will receive a credit for the notes on the Depository Trust Company's records. The ownership interest of each actual purchaser of each note, referred to as a beneficial owner, is in turn recorded on the direct and indirect participants' records. A beneficial owner does not receive written confirmation from the Depository Trust Company of its purchase, but is expected to receive a written confirmation providing details of the transaction, as well as periodic statements of its holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in notes are accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners do not receive certificates representing their ownership interests in notes, except under the circumstances described above.

To facilitate subsequent transfers, the notes are registered in the name of the Depository Trust Company's nominee, Cede & Co. The deposit of the notes with the Depository Trust Company and their registration in the name of Cede & Co. will effect no change in beneficial ownership. The Depository Trust Company has no knowledge of the actual beneficial owners of the notes. The Depository Trust Company records reflect only the identity of the direct participants to whose accounts notes are credited, which may or may not be the beneficial owners. The participants remain responsible for keeping account of their holdings on behalf of their customers.

Delivery of notices and other communications by the Depository Trust Company to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners are governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither the Depository Trust Company nor Cede & Co. consents or votes with respect to the notes. Under its usual procedures, the Depository Trust Company mails a proxy, referred to as an omnibus proxy, to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the notes are credited on the record date.

Principal payments, premium payments and interest payments on the notes will be made to the Depository Trust Company. The Depository Trust Company's practice is to credit direct participants' accounts on the payment date in accordance with their respective holdings as shown on the Depository Trust Company's records unless the Depository Trust Company has reason to believe that it will not receive payment on the payment date. Payments by direct and indirect participants to beneficial owners are governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and are the responsibility of the direct and indirect participants and not our responsibility or the responsibility of the Depository Trust Company, or the trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, and premium, if any, and interest to the Depository Trust Company is our responsibility or the responsibility of the trustee. Disbursement of these payments to direct participants is the responsibility of the

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Depository Trust Company, and disbursement of these payments to the beneficial owners is the responsibility of direct and indirect participants.

If applicable, redemption notices shall be sent to Cede & Co. If less than

all of the notes represented by the global notes are being redeemed, the Depository Trust Company's practice is to determine by lot the amount of the interest of each direct participant in the issue to be redeemed.

The Depository Trust Company may discontinue providing its services as securities depository with respect to the notes at any time by giving reasonable notice to us or the trustee. In that case, in the event that a successor securities depository is not appointed, certificates are required to be printed and delivered as described above.

We may decide to discontinue use of the system of book-entry transfers through the Depository Trust Company or a successor securities depository. In that event, certificates will be printed and delivered as described above.

Neither we, the agents or any applicable paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in the notes, or for maintaining, supervising or reviewing any records relating to beneficial interests.

INTEREST PROVISIONS

GENERAL

We will generally pay interest (other than defaulted interest) on the interest payment dates to those who are registered holders of notes on the applicable record date as described below under "--Fixed Rate Notes" and "--Floating Rate Notes--Interest Rate Reset Dates, Interest Payment Dates and Record Dates" in this prospectus, except that interest payable at maturity will be payable to the person to whom principal is payable. We will pay interest due on a redemption date, repayment date or maturity date to the same person to whom we are paying the principal amount. However, if we would have made a regular interest payment on the redemption, repayment or maturity date, we will make that regular interest payment to the registered holder as of the applicable record date, even if it is not the same person to whom we are paying the principal amount.

If we originally issue a note between a record date and an interest payment date, we will make the first payment of interest on the interest payment date following the next record date to the registered owner on that record date.

Unless the applicable prospectus supplement or pricing supplement specifies otherwise, payments of interest on any note on any interest payment date, maturity date, redemption date or repayment date will include interest accrued from and including the immediately preceding interest payment date (or from and including the date of issue if no interest has been paid or duly provided for), to, but excluding, the interest payment date, maturity date or redemption date. However, in case the interest rate on a note is reset daily or weekly, unless the applicable prospectus supplement or pricing supplement specifies otherwise, the interest payments will include interest accrued only from but excluding the record date through which interest has been paid (or from and including the date of issue, if no interest has been paid) through and including the record date next preceding the applicable interest payment date, except that the interest payment on maturity, redemption or repayment, as applicable, will include interest accrued to, but excluding, that date. If any interest payment date, maturity date, repayment date or redemption date falls on a day that is not a business day, we will make the required payment of principal, premium, if any, and/or interest on the next succeeding business day as if made on the date the payment was due, and no interest will accrue on the payment for the period from and after the interest payment date, maturity date or redemption date, or repayment date, as the case may be, to the date of the payment on the next succeeding business day.

FIXED RATE NOTES

Fixed rate notes will bear interest at the rate specified in the applicable prospectus supplement or pricing supplement.

Unless we specify otherwise in the applicable prospectus supplement or pricing supplement, the interest payment dates for fixed rate notes will be June 30 and December 30 of each year. If an interest payment date (or maturity or redemption date) for any fixed rate note falls on a day that is not a business day, we will pay the interest (or interest and principal) on the next business day. However, with respect to the particular interest payment period, interest on the payment will not accrue for the period from the original interest payment date (or maturity or redemption date) to the date we make the payment. We will calculate the interest based on a 360-day year of twelve 30-day months.

Unless we specify otherwise in the applicable prospectus supplement or pricing supplement, the record date for fixed rate notes is June 15 for a June 30 interest payment date, December 15 for a December 30 interest payment date and the date that is 15 calendar days before any other interest payment date, whether or not those dates are business days.

FLOATING RATE NOTES

General Information. Floating rate notes will bear interest based on an index specified in the applicable prospectus supplement or pricing supplement. Unless we provide otherwise in the applicable prospectus supplement or pricing supplement, State Street Bank and Trust Company of California, N.A. will be the "calculation agent" that calculates the interest on floating rate notes.

Each floating rate note will have the following terms, which will be set forth in the applicable pricing supplement or pricing supplement for that note:

- whether the floating rate note is a "regular floating rate note", a "floating rate/fixed rate note" or an "inverse floating rate note";
- the interest rate basis or index to be used to determine the note's interest rate;
- the "index maturity", which means the period to maturity of the instrument or obligation on which the interest rate formula is based (for example, LIBOR may be different for one-month U.S. dollar deposits and for three-month U.S. dollar deposits; if the applicable prospectus supplement or pricing supplement for a note specifies LIBOR as the index and three months as the index maturity, we would pay interest on the note based on LIBOR for three-month U.S. dollar deposits);
- the frequency of changes of the interest rate on the note (i.e., daily, weekly, monthly, quarterly, semi-annually or annually);
- the dates as of which the calculation agent will determine the new interest rate, if these dates differ from those described in this prospectus;
- the dates on which the interest rate will change; and
- the calculation agent for the notes, if State Street Bank and Trust Company of California, N.A. is not the calculation agent.

Each floating rate note may also have the following terms, which will also be set forth in the applicable prospectus supplement or pricing supplement for that note, if applicable:

- the "spread", which is the number of basis points that the calculation agent will add to or subtract from the interest rate determined for a particular date on which a new interest rate is determined (for example, if a note bears interest at LIBOR plus .01%, and the calculation agent determines that LIBOR is 5.00% per year, the note will bear interest at 5.01% per year until the next date on which the interest rate changes);
- the "spread multiplier", which is the number by which the calculation agent will multiply the interest rate determined for a particular date on which a new interest rate is determined (for example, if a note bears interest at 90% of LIBOR, and the calculation agent determines that LIBOR is 5.00% per year, the note will bear interest at 4.50% per year until the next date on which the interest rate changes);

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- the "maximum interest rate", or the ceiling on the rate of interest that may accrue on the note during any interest period; and
- the "minimum interest rate", or the floor on the rate of interest that may accrue during any interest period.

Unless the applicable prospectus supplement or pricing supplement indicates otherwise, the interest rate borne by floating rate notes will be determined as follows:

- Unless the floating rate note is designated as a "floating rate/fixed rate note" or an "inverse floating rate note" or as having an addendum attached or having "Other/Additional Provisions" (as set forth in the note or the applicable prospectus supplement or pricing supplement) apply, the floating rate note will be designated as a "regular floating rate note" and, except as described below or in the applicable prospectus supplement or pricing supplement, will bear interest at the rate determined by reference to the applicable interest rate basis or bases (1) plus or minus the applicable spread, if any, and/or (2) multiplied by the applicable spread multiplier, if any. Commencing on the initial date on which the interest rate changes, the rate at which interest on a regular floating rate note will be payable will be reset as of each date on which the interest rate changes. However, the interest rate in effect for the period, if

any, from the date of issue to the initial date on which the interest rate changes will be the initial interest rate.

- If the floating rate note is designated as a "floating rate/fixed rate note", then, except as described below or in the applicable prospectus supplement or pricing supplement, the floating rate note will bear interest at the rate determined by reference to the applicable interest rate basis or bases (1) plus or minus the applicable spread, if any, and/or (2) multiplied by the applicable spread multiplier, if any. Commencing on the initial date on which the interest rate changes, the rate at which interest on a floating rate/fixed rate note will be payable will be reset as of each date on which the interest rate changes. However, (1) the interest rate in effect for the period, if any, from the date of issue to the initial date on which the interest rate changes will be the initial interest rate and (2) the interest rate in effect for the period commencing on the date the fixed rate commences to the maturity date will be the fixed interest rate, if the rate is specified in the applicable prospectus supplement or pricing supplement or, if no such fixed interest rate is specified, the interest rate in effect thereon on the day immediately preceding the date the fixed rate commences.
- If the floating rate note is designated as an "inverse floating rate note", then, except as described below or in the applicable prospectus supplement or pricing supplement, the floating rate note will bear interest at the fixed interest rate specified in the applicable prospectus supplement or pricing supplement minus the rate determined by reference to the applicable interest rate basis or bases (1) plus or minus the applicable spread, if any, and/or (2) multiplied by the applicable spread multiplier, if any. However, unless otherwise specified in the applicable prospectus supplement or pricing supplement, the interest rate thereon will not be less than zero. Commencing on the initial date on which the interest rate changes, the rate at which interest on an inverse floating rate note shall be payable shall be reset as of each date on which the interest rate changes. However, the interest rate in effect for the period, if any, from the date of issue to the initial date on which the interest rate changes will be the initial interest rate.

If a floating rate note is designated as having an addendum attached as specified on its face, the floating rate note will bear interest in accordance with the terms described in the addendum and the applicable prospectus supplement or pricing supplement instead of as set forth above.

The calculation agent will round all percentages resulting from any interest rate calculations to the nearest one hundred-thousandth of a percentage point, if necessary, with five millionths of a percentage point rounded upward. For example, the calculation agent will round 9.876545% to 9.87655%. The calculation agent will also round all U.S. dollar amounts used in or resulting from the calculations to the nearest cent, or in the case of foreign currency or composite currency, to the nearest unit (with one-half cent or unit being rounded upward).

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If you own a floating rate note, you may ask the calculation agent to provide you with the current interest rate at any time. You may also ask the calculation agent to provide you with the interest rate that will apply as of the next date on which the interest rate changes if the calculation agent has determined the rate. All interest rate determinations made by the calculation agent will, in the absence of manifest error, be conclusive and binding for all purposes.

The following table sets forth the most common interest rate indexes that we may use, the source in which we expect the index rate to be published, the date on which a new interest rate is determined and calculation basis for notes with interest rates based on each index. The Certain Definitions subsection of this Description of Notes sets out with greater specificity the procedures to determine interest rates based on each index, and we encourage you to review the Certain Definitions provisions that describe how the calculation agent will determine the interest rate for your note.

<Table>
<Caption>

INDEX	PRIMARY SOURCE OF RATE	INTEREST RATE DETERMINATION DATE	CALCULATION BASIS*
<S>	<C>	<C>	<C>
CD Rate.....	H.15(519)** under the heading "CDs (Secondary Market)"	Second business day preceding the date on which the interest rate changes	Actual/360
CMT Rate.....	The page of the Bridge Telerate Inc. specified in the applicable prospectus supplement or pricing	Second business day preceding the date on which the interest rate changes	Actual/Actual

supplement under the caption
 "... Treasury Constant
 Maturities . . . Federal Reserve
 Board Release H.15 . . . Mondays
 Approximately 3:45 p.m." under
 the column for the Designated
 CMT Maturity Index***

Commercial Paper			
Rate.....	H.15(519) under the heading "Commercial Paper--Non-financial"	Second business day preceding the date on which the interest rate changes	Actual/360
EURIBOR.....	On page 248 of Bridge Telerate, Inc. (or any successor service) or any other page as may replace page 248 on that service	Second day on which the Trans- European Automated Real-time Gross Settlement Transfer System is open preceding the date on which the interest rate changes	Actual/360
Federal Funds Rate...	H.15(519) under the heading "Federal Funds (Effective)"	Second business day preceding the date on which the interest rate changes	Actual/360
LIBOR.....	Page 3750 of the Bridge Telerate, Inc.	Second business day preceding the date on which the interest rate changes	Actual/360
Prime Rate.....	H.15(519) under the heading "Bank Prime Loan"	Second business day preceding the date on which the interest rate changes	Actual/360
Treasury Rate.....	On page 56 or page 57 of Bridge Telerate, Inc. (or any successor service) under the caption "INVESTMENT RATE"	The day the federal government auctions Treasury Bills for the week in which the date on which the interest rate change falls (generally Monday, but may be either the following Tuesday or the preceding Friday if Monday is a legal holiday)	Actual/Actual

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* The calculation agent will compute the interest for each day in the
 applicable interest period by dividing the interest rate applicable to each
 such day by:

- 360 ("Actual/360"), in the case of floating rate notes for which an
 applicable interest rate basis is the CD rate, the commercial paper
 rate, the federal funds rate, LIBOR, EURIBOR or the prime rate; or
- the actual number of days in the year ("Actual/Actual"), in the case
 of floating rate notes for which an applicable interest rate basis is
 the CMT rate or the Treasury rate.

** "Statistical Release H.15(519), Selected Interest Rates" or any successor
 publication of the Board of Governors of the Federal Reserve System.

*** "Designated CMT Maturity Index" means the original period to maturity of the
 U.S. Treasury securities, which is either one, two, three, five, seven, ten,
 20 or 30 years, specified in an applicable prospectus supplement or pricing
 supplement for which the CMT rate will be calculated. If no maturity is
 specified in the applicable prospectus supplement or pricing supplement, the
 Designated CMT Maturity Index will be two years.

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Interest Rate Reset Dates, Interest Payment Dates and Record Dates. The
 calculation agent will generally determine the initial interest rate as if the
 issue date of the note were a date on which the interest rate changes. Unless we
 specify otherwise in the applicable prospectus supplement or pricing supplement,
 the record date for floating rate notes is the close of business on the date
 that is 15 calendar days before the interest payment date, whether or not that
 date is a business day. The dates when the interest rate changes and interest
 payment dates are determined by the frequency with which we reset the interest
 rate, as follows:

<Table>

<Caption>

FREQUENCY OF INTEREST RESET	INTEREST RATE RESET DATE*	INTEREST PAYMENT DATE**

<S>	<C>	<C>
Daily	Each business day	Third Wednesday of each month or third Wednesday of March, June, September and December of each year, as indicated in the applicable prospectus supplement or pricing supplement
Weekly (other than Treasury	Wednesday of each week	Third Wednesday of each month

rate-based notes)		or third Wednesday of March, June, September and December of each year, as indicated in the applicable prospectus supplement or pricing supplement
Weekly (Treasury rate-based notes)	Tuesday of each week	Third Wednesday of each month or third Wednesday of March, June, September and December of each year, as indicated in the applicable prospectus supplement or pricing supplement
Monthly	Third Wednesday of each month	Third Wednesday of each month or third Wednesday of March, June, September and December of each year, as indicated in the applicable prospectus supplement or pricing supplement
Quarterly	Third Wednesday of March, June, September and December of each year	Third Wednesday of March, June, September and December of each year
Semi Annually	Third Wednesday of the two months of each year that we specify in the applicable prospectus supplement or pricing supplement	Third Wednesday of the two months of each year that we specify in the applicable prospectus supplement or pricing supplement
Annually	Third Wednesday of the month of each year that we specify in the applicable prospectus supplement or pricing supplement	Third Wednesday of the month of each year that we specify in the applicable prospectus supplement or pricing supplement

</Table>

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* If a date on which the interest rate changes falls on a day that is not a business day, we will postpone the date on which the interest rate changes to the next business day. However, if the postponement would cause the date on which the interest rate changes for a LIBOR-based note or a EURIBOR-based note to be in the next calendar month, we will move the date on which the interest rate changes to the immediately preceding business day. For Treasury rate-based notes, if an auction date falls on the day that would be a date on which the interest rate changes, the date on which the interest rate changes will be the first business day after the auction.

** We will also pay interest on each note on the maturity date or redemption date of that note. If an interest payment date (other than the maturity date or redemption date) for a floating rate note falls on a day that is not a business day, we will postpone the interest payment date to the next business day. However, if the postponement would cause the interest payment date for a LIBOR-based or EURIBOR-based note to be in the next calendar month, we will move the interest payment date to the immediately preceding business day. If the maturity date or redemption date for a floating rate note falls on a day that is not a business day, we will pay the principal and interest on the next business day, and the calculation agent will not include the interest payment date in calculating the interest due on that date.

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GUARANTEES

AMB Property Corporation will unconditionally guarantee our full and prompt payment of the principal of, premium, if any, and interest on each of the notes when they become due and payable. The guarantees of each of the notes by AMB Property Corporation will be effectively subordinated to all of the mortgages and other secured indebtedness of AMB Property Corporation and to all of the indebtedness of its subsidiaries.

REDEMPTION AND REPAYMENT

REDEMPTION AT OUR OPTION

We may not redeem any note prior to its maturity date unless, in the applicable prospectus supplement or pricing supplement for the note, it either:

- identifies a redemption commencement date after which we may redeem the note at our option at any time; or
- identifies a stated redemption date or dates on which we may redeem the notes at our option.

If we specify in the applicable prospectus supplement or pricing supplement that we have the right to redeem your note on or after a certain redemption

commencement date, then we may redeem the note, in whole or in part, at any time after that date by giving the registered holder of the note at least 30 but not more than 60 calendar days' notice. The note's redemption date will be the date on which the note is actually redeemed. We will redeem the note at the applicable redemption price, plus accrued and unpaid interest to the redemption date. The redemption price will be an amount equal to the initial redemption percentage specified in the applicable prospectus supplement or pricing supplement (as adjusted by the annual redemption percentage reduction, if applicable) multiplied by the unpaid principal amount to be redeemed. The initial redemption percentage, if any, applicable to a note shall decline at each anniversary of the redemption commencement date by an amount equal to the applicable annual redemption percentage reduction, if any, until the redemption price is equal to 100% of the unpaid principal amount to be redeemed.

If we specify in the applicable prospectus supplement or pricing supplement for your note that we have the right to redeem that note on a specified date or dates, then the note may be redeemed or repurchased in whole or in part on the specified date or dates if we give the registered holder at least 30 but not more than 60 calendar days' notice. We will redeem global notes in accordance with the applicable depository procedures, and any notices will also be given in accordance with those procedures. Any feature allowing us to redeem the notes might affect the market value of the notes. Since we may be expected to redeem the notes when prevailing interest rates are relatively low, an investor might not be able to reinvest the proceeds at an effective interest rate as high as the interest rate on the note.

REPAYMENT AT THE OPTION OF THE HOLDER

You may not require us to repay your note prior to its maturity date unless, in the applicable prospectus supplement or pricing supplement for the note, we identify a specific optional repayment date or dates on which you may require us to repay your note at your option.

If we specify in the applicable prospectus supplement or pricing supplement for your note that you have the right to require us to repay the note on a specified date or dates, then the note may be repaid in whole or in part in increments of \$1,000 or other increments specified in the applicable prospectus supplement or pricing supplement (as long as any remaining principal is at least \$1,000 or another specified minimum denomination) on the specified date or dates if the registered holder gives us at least 30 but not more than 60 calendar days' notice. The repayment price will be equal to 100% of the unpaid principal amount to be repaid, together with unpaid interest accrued to the date of repayment. We will repay global notes in accordance with the applicable depository procedures, and any notices will also be given in accordance with those procedures. Only the Depository Trust Company may exercise the repayment option in respect of global notes representing book-entry notes. Accordingly, owners of beneficial interests in global notes that desire to have all or any portion of the book-entry notes represented by the global notes repaid must instruct the participant through

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which they own their interest to direct the Depository Trust Company to exercise the repayment option on their behalf.

PAYMENT CURRENCY

You must pay for the notes in the currency that we specify in the applicable prospectus supplement or pricing supplement. Currently, the United States has limited facilities to convert U.S. dollars into foreign currencies, and vice versa. However, you may establish non-U.S. dollar denominated checking or savings accounts at U.S. banks in the United States. Principal, any premium and interest on the notes is payable to you in the currency we specify in the applicable prospectus supplement or pricing supplement unless that currency is unavailable due to circumstances beyond our control. In such event, we may make payments on the note in an equivalent amount of U.S. dollars. The exchange rate agent will determine the amount of the U.S. dollar payment by using the market exchange rate for that currency on the second business day prior to the payment date or, if the market exchange rate is not then available, using the most recently available market exchange rate. However, if the specified currency is replaced by a single European currency, the payment of principal of (and premium, if any) or interest, if any, on the note denominated in the specified currency will be paid in the new single European currency in conformity with legally applicable measures taken pursuant to, or by virtue of, the treaty establishing the European Community, as amended by the treaty on European Unity. The market exchange rate for a specified currency is the noon dollar buying rate in The City of New York for cable transfers for the specified currency as certified for customs purposes by (or if not so certified, as otherwise determined by) the Federal Reserve Bank of New York. Payments under these circumstances in U.S. dollars or a new single European currency will satisfy our payment obligations on the note and will not constitute a default under the indenture.

If the specified currency is a composite currency that is unavailable due

to circumstances beyond our control, then we may make payments on the note in an equivalent amount of U.S. dollars. The amount of the U.S. dollar payment shall be determined by the exchange rate agent by aggregating the U.S. dollar equivalents of each of the component currencies. The component currencies of the composite currency for this purpose will be the currency amounts that were components of the composite currency as of the last day on which the composite currency was used. The U.S. dollar equivalent of each of the component currencies shall be determined by the exchange rate agent on the basis of the most recently available market exchange rate for each component currency.

If the official unit of any component currency is altered by way of combination or subdivision, the number of units of the currency as a component currency shall be divided or multiplied in the same proportion. If two or more component currencies are consolidated into a single currency, the amounts of those currencies as component currencies shall be replaced by an amount in the single currency equal to the sum of the amounts of the consolidated component currencies expressed in the single currency. If any component currency is divided into two or more currencies, the amount of the original component currency shall be replaced by the amounts of such two or more currencies, the sum of which shall be equal to the amount of the original component currency.

All determinations referred to above made by the exchange rate agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the holders of the notes. Unless we provide otherwise in the applicable prospectus supplement or pricing supplement, State Street Bank and Trust Company of California, N.A. will be the exchange rate agent.

Unless we specify otherwise in the applicable prospectus supplement or pricing supplement, we will issue the notes:

- in a minimum denomination of U.S. \$1,000, or in integral multiples of U.S. \$1,000, if the notes are denominated in U.S. dollars; or
- in a minimum denomination equivalent to U.S. \$1,000, determined in accordance with the market exchange rate for such foreign or composite currency on the business day immediately preceding the date on which we accept the offer to purchase the notes, rounded to an integral multiple of 1,000 units

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of the currency in which the notes are denominated, and in any larger amount in integral multiples of 1,000 units of that currency, if the notes are denominated in a currency other than U.S. dollars.

To determine whether holders of the requisite principal amount of notes have consented to a modification or alteration of the indenture, in addition to the notes denominated in U.S. dollars, the trustee will calculate the U.S. dollar equivalent of the principal amount of notes denominated in foreign currencies. This U.S. dollar equivalent will be based on the market exchange rate for each foreign currency on the latest date for which that rate was determined on or before the date for determining the holders that may give the required consent.

The exchange rate agent will determine the market exchange rate for the applicable currency as of the day before we accept a purchase order for a note, and will determine the minimum denomination for that note based on that market exchange rate.

INDEXED NOTES

We may determine the principal amount of and/or the amount of interest payable on certain of our indexed notes by reference to currencies, currency units, commodity prices, financial or non-financial indexes or other factors. We will indicate in the applicable prospectus supplement or pricing supplement if we will determine the amount of principal or interest payable in this manner. If you own indexed notes, you may receive a principal amount at maturity that is greater than or less than the face amount of the notes, depending upon the fluctuation of the relative value, rate or price of the specified index. If applicable, we will include in the applicable prospectus supplement or pricing supplement information about how we will determine the principal amount payable at maturity, the amount of interest payable, a historical comparison of the relative value, rate or price of the specified index and the face amount of the indexed note, and certain additional United States federal income tax considerations.

MERGER, CONSOLIDATION OR SALE OF ASSETS

The indenture provides that we will not, in any transaction or series of transactions, consolidate with, or sell, lease, assign, transfer or otherwise convey all or substantially all of our assets to, or merge with or into any other person unless:

- either we are the continuing person or the successor person, if other

than us, is a corporation, partnership, limited liability company or other entity organized and existing under the laws of the United States of America or a State of the United States of America or the District of Columbia and expressly assumes our obligations on the notes and under the indenture;

- immediately after giving effect to the transaction and treating any Debt, including Acquired Debt, which becomes an obligation of ours or any of our affiliates as a result of the transaction as having been incurred by us or the affiliate at the time of the transaction, no event of default under the indenture, and no event which, after notice or lapse of time, or both, would become an event of default, shall have occurred and be continuing; and
- we deliver to the trustee an officers' certificate and legal opinion covering these conditions.

In the event that we are not the continuing person, then, for purposes of the second bullet point above, the successor person will be deemed to be us.

Upon a merger, consolidation, sale, assignment, transfer, lease or conveyance described above in which we are not the continuing legal entity, the successor entity formed by the consolidation or into which we are merged or to which the sale, assignment, transfer, lease or other conveyance is made shall succeed to, and be substituted for, and may exercise every right and power that we have under the indenture with the same effect as if the successor entity has been named in our place in the indenture and we will be released, except in the case of a lease, from our obligations under the indenture and the notes.

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The indenture provides that neither AMB Property Corporation, as guarantor of the notes, nor any other guarantor, will in any transaction or series of transactions, consolidate with, or sell, lease, assign, transfer or otherwise convey all or substantially all of its assets to, or merge with or into any other person unless:

- either the guarantor is the continuing person or the successor person, if other than the guarantor, is a corporation, partnership, limited liability company or other entity organized and existing under the laws of the United States of America or a State of the United States of America or the District of Columbia and expressly assumes the guarantor's obligations on the notes and under the indenture;
- immediately after giving effect to the transaction, no event of default, and no event which, after notice or lapse of time, or both, would become an event of default, shall have occurred and be continuing; and
- the guarantor delivers to the trustee an officers' certificate and legal opinion covering these conditions.

In the event that the guarantor is not the continuing corporation, then, for purposes of the second bullet point above, the successor corporation will be deemed to be the guarantor.

Any consolidation, merger, sale, lease, assignment, transfer or conveyance permitted above is also subject to the condition precedent that the trustee receive an officers' certificate and legal opinion to the effect that the consolidation, merger, sale, lease, assignment, transfer or conveyance, and the assumption by any successor corporation, complies with the provisions of the indenture and that all conditions precedent provided for in the indenture relating to the transaction have been complied with.

CERTAIN COVENANTS

The indenture has the following covenants:

AGGREGATE DEBT TEST. We may not, and may not permit any of our subsidiaries to, incur any Debt, including Acquired Debt, if, immediately after giving effect to the incurrence of the Debt and the application of the proceeds from the Debt on a pro forma basis, the aggregate principal amount of all our outstanding Debt and that of our subsidiaries, determined on a consolidated basis in accordance with United States generally accepted accounting principles, is greater than 60% of the sum of the following, without duplication:

- our Total Assets and that of our subsidiaries as of the last day of the then most recently ended fiscal quarter; and
- the aggregate purchase price of any real estate assets or mortgages receivable acquired, and the aggregate amount of any securities offering proceeds received, to the extent the proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt, by us or any of our subsidiaries since the end of the

fiscal quarter, including the proceeds obtained from the incurrence of the additional Debt, determined on a consolidated basis in accordance with United States generally accepted accounting principles.

DEBT SERVICE TEST. We may not, and may not permit any of our subsidiaries to, incur any Debt, including Acquired Debt, if the ratio of Consolidated Income Available for Debt Service to Annual Debt Service Charge for the period consisting of the four consecutive fiscal quarters most recently ended prior to the date on which the additional Debt is to be incurred shall have been less than 1.5:1 on a pro forma basis after giving effect to the incurrence of the Debt and the application of the proceeds from the Debt, and calculated on the following assumptions:

- the Debt and any other Debt, including Acquired Debt, incurred by us or any of our subsidiaries since the first day of the four-quarter period had been incurred, and the application of the proceeds from the Debt, including to repay or retire other Debt, had occurred, on the first day of the period;
- the repayment or retirement of any other Debt of us or any of our subsidiaries since the first day of the four-quarter period had occurred on the first day of the period, except that, in making this computation, the amount of Debt under any revolving credit facility, line of credit or similar facility will be computed based upon the average daily balance of the Debt during the period; and

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- in the case of any acquisition or disposition by us or any of our subsidiaries of any asset or group of assets with a fair market value in excess of \$1 million, since the first day of the four-quarter period, whether by merger, stock purchase or sale or asset purchase or sale or otherwise, the acquisition or disposition had occurred as of the first day of the period with the appropriate adjustments with respect to the acquisition or disposition being included in the pro forma calculation.

If the Debt giving rise to the need to make the calculation described above or any other Debt incurred after the first day of the relevant four-quarter period bears interest at a floating rate, then, for purposes of calculating the Annual Debt Service Charge, the interest rate on the Debt will be computed on a pro forma basis by applying the average daily rate which would have been in effect during the entire four-quarter period to the greater of the amount of the Debt outstanding at the end of the period or the average amount of Debt outstanding during the period.

SECURED DEBT TEST. We may not, and may not permit any of our subsidiaries to, incur any Debt, including Acquired Debt, secured by any Lien on any property or assets of our or any property or assets of our subsidiaries, whether owned on the date of the indenture or subsequently acquired, if, immediately after giving effect to the incurrence of the Debt and the application of the proceeds from the Debt on a pro forma basis, the aggregate principal amount, determined on a consolidated basis in accordance with United States generally accepted accounting principles, of all of our and our subsidiaries' outstanding Debt which is secured by a Lien on any property or assets of ours or any of our subsidiaries is greater than 40% of the sum of, without duplication, the following:

- the Total Assets of us and our subsidiaries as of the last day of the then most recently ended fiscal quarter; and
- the aggregate purchase price of any real estate assets or mortgages receivable acquired, and the aggregate amount of any securities offering proceeds received, to the extent the proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt, by us or any of our subsidiaries since the end of the fiscal quarter, including the proceeds obtained from the incurrence of the additional debt, determined on a consolidated basis in accordance with United States generally accepted accounting principles.

MAINTENANCE OF TOTAL UNENCUMBERED ASSETS. We must not have at any time Total Unencumbered Assets of less than 150% of the aggregate principal amount of all our outstanding Unsecured Debt and that of our subsidiaries determined on a consolidated basis in accordance with United States generally accepted accounting principles.

EXISTENCE. Except as permitted under "--Merger, Consolidation or Sale of Assets", we must do or cause to be done all things necessary to preserve and keep in full force and effect our existence, rights and franchises. However, we will not be required to preserve any right or franchise if the Board of Directors of AMB Property Corporation determines that the preservation of the right or franchise is no longer desirable in the conduct of its business and that the loss of the right or franchise is not disadvantageous in any material respect to the holders of notes.

MAINTENANCE OF PROPERTIES. We must cause all of our properties used or useful in the conduct of our business or the business of any subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and cause all necessary repairs to be made, all as in our judgment and the judgment of AMB Property Corporation may be necessary in order for us to all times properly and advantageously conduct our business in connection with the properties.

INSURANCE. We must, and must cause each of our subsidiaries to, keep in force upon all of our properties and operations insurance policies carried with responsible companies in customary amounts and covering customary risks in accordance with prevailing market conditions and availability.

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PAYMENT OF TAXES AND OTHER CLAIMS. We will pay or discharge or cause to be paid or discharged before it becomes delinquent:

- all taxes, assessments and governmental charges levied or imposed on us or any subsidiary or on our or any subsidiary's income, profits or property; and
- all lawful claims for labor, materials and supplies that, if unpaid, might by law become a lien upon our or any subsidiary's property. However, we will not be required to pay or discharge or cause to be paid or discharged any tax, assessment, charge or claim the amount, applicability or validity of which we are contesting in good faith by appropriate proceedings.

PROVISION OF FINANCIAL INFORMATION. We will:

- file with the trustee, within 15 days after we or AMB Property Corporation are required to file them with the Securities and Exchange Commission, copies of the annual reports and information, documents and other reports which we or AMB Property Corporation may be required to file with the Securities and Exchange Commission pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if we or AMB Property Corporation are not required to file information, documents or reports pursuant to those sections, then we will file with the trustee and the Securities and Exchange Commission the supplementary and periodic information, documents and reports which Section 13 of the Securities Exchange Act may require with respect to a security listed and registered on a national securities exchange;
- file with the trustee and the Securities and Exchange Commission, in accordance with the rules and regulations prescribed from time to time by the Securities and Exchange Commission, any additional information, documents and reports with respect to compliance by us and the AMB Property Corporation with the conditions and covenants of the indenture as the Securities and Exchange Commission's rules and regulations may require; and
- transmit to the holders of the notes, within 30 days after filing with the trustee, in the manner and to the extent provided in the Trust Indenture Act of 1939, such summaries of any information, documents and reports required to be filed by us and AMB Property Corporation pursuant to the bullet points above as the Securities and Exchange Commission's rules and regulations may require.

SUBSIDIARY GUARANTEES. We may not permit any of our subsidiaries to guarantee or secure through the granting of liens, the payment of any Debt of ours or of any guarantor of the notes. The indenture also provides that we will not, and will not permit any of our subsidiaries to pledge any intercompany notes representing obligations of any of our subsidiaries, to secure the payment of any debt of ours or of any guarantor of the notes unless the subsidiary, the trustee and we execute and deliver a supplemental indenture evidencing the subsidiary's guarantee providing for the unconditional guarantee by the subsidiary, on a senior basis, of the notes. If any subsidiary guarantor is released from all of its obligations described above, it will also be released from its unconditional guarantee.

EVENTS OF DEFAULT, NOTICE AND WAIVER

The following events are "events of default" with respect to the notes:

- default in the payment of any interest upon any of the notes when it becomes due and payable, and continuance of that default for a period of 30 days;
- default in the payment of principal of or premium, if any, on any debt security of that series when due and payable;
- default in the performance or breach of any covenant or warranty of ours in the indenture with respect to any note (other than a covenant

or warranty the default or breach of which is specifically dealt with in the indenture or that has been included in the indenture solely for the benefit of a series of debt securities other than the Series B medium-term notes), which default continues uncured for a period of 60 days after receipt of written notice as provided in the indenture;

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-- the following:

- default by us or any subsidiary of ours in the payment, beyond any grace period, of any principal of or interest on any bond, note, debenture or other evidence of indebtedness; or
- the occurrence of any other breach or default, or other event or condition, under any agreement, indenture or instrument relating to any such bond, note, debenture or other evidence of indebtedness beyond any cure period;

if as a result, the holder or holders of the instrument have the immediate right to cause the instrument to become or be declared due and payable, or required to be prepaid, redeemed, purchased or defeased, or an offer of prepayment, redemption, purchase or defeasance be made, prior to its stated maturity other than by a scheduled mandatory prepayment, which in the aggregate under the bullet points above have a principal amount equal to or greater than \$20,000,000 without the instrument having been discharged, or the breach or default having been cured, within a period of ten days after the notice specified in the indenture has been provided;

- certain events of bankruptcy, insolvency or reorganization with respect to us, AMB Property Corporation or any significant subsidiary of ours, as defined in Regulation S-X under the Securities Act.

The occurrence of an event of default may constitute an event of default under our bank credit agreements in existence from time to time. In addition, the occurrence of certain events of default or an acceleration under the indenture may constitute an event of default under our other indebtedness outstanding from time to time.

If an event of default with respect to the notes occurs and is continuing, then the trustee or the holders of 25% in principal amount of the outstanding notes may, by a notice in writing to us, and to the trustee if given by the holders, declare all to be due and payable immediately.

At any time after a declaration of acceleration with respect to notes has been made, but before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of a majority in principal amount of the outstanding notes may rescind and annul the acceleration if:

- we have paid or deposited with the trustee a sum sufficient to pay:
 - all overdue installments of interest on all outstanding notes;
 - the principal of, and premium, if any, on any outstanding notes which have become due otherwise than by declaration of acceleration, and interest on the notes at the rates provided for in the notes; and
 - to the extent lawful, interest upon overdue installments of interest at the rate or rates provided in the notes; and
- all events of default with respect to the notes, other than the nonpayment of the principal of, or premium, if any, or interest on the notes which have become due solely by declaration of acceleration, have been cured or waived.

The indenture also provides that the holders of a majority in principal amount of the outstanding notes may, on behalf of the holders of all of the notes, waive any past default under the indenture with respect to the notes and its consequences, except a default:

- in the payment of the principal of, or premium, if any, or interest on or payable in respect of any of the notes; or
- in respect of a covenant or provision of the indenture which cannot be modified or amended without the consent of the holder of each of the notes.

If the trustee knows of a default with respect to the notes, the indenture requires the trustee, within 90 days after the default, to give notice to the holders of the notes, unless the default shall have been cured or

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waived. However, the trustee may withhold notice to the holders of the notes of any default, except a default in the payment of the principal of, or premium, if

any, or interest, if any, on any note, if the trustee determines withholding is in the interest of the holders.

The indenture provides that the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holders of outstanding notes, unless the holders offer the trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with the request. Subject to certain rights of the trustee, the holders of a majority in principal amount of the outstanding notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the notes.

No holder of notes will have any right to institute any proceeding, judicial or otherwise, with respect to the indenture or for the appointment of a receiver or trustee, or for any remedy under the indenture, unless:

- that holder has previously given to the trustee written notice of a continuing event of default with respect to the notes; and
- the holders of 25% in principal amount of the outstanding notes have made written request, and offered reasonable indemnity, to the trustee to institute the proceeding as trustee, and the trustee has not received from the holders of a majority in principal amount of the outstanding notes a direction inconsistent with that request and has failed to institute the proceeding within 60 days.

In spite of the above provisions, the holder of any note will have an absolute and unconditional right to receive payment of the principal of, premium and any interest on that note on or after the due dates expressed in that note and to institute suit for the enforcement of payment.

The indenture requires that we, within 120 days after the end of each fiscal year, furnish to the trustee a statement as to compliance with the indenture. Further, if we ask the trustee to take any action under the indenture, we must furnish to the trustee:

- an officers' certificate stating that all conditions precedent, if any, provided for in the indenture relating to the proposed action have been complied with; and
- an opinion of counsel stating that in the opinion of the counsel all conditions precedent, if any, have been complied with.

MODIFICATION AND WAIVER

We may modify and amend the indenture to affect the notes with the consent of the holders of a majority in principal amount of the outstanding notes except that we may not make any modification or amendment without the consent of the holders of each affected note then outstanding if that amendment will:

- change the stated maturity of the principal of, or premium, if any, on, or any installment of principal of, or premium, if any, or the interest payment date with respect to the notes;
- reduce the principal amount of notes or the rate or amount of interest on the notes, or any premium payable on the notes;
- adversely affect the right of any holder of notes to repayment of the note at the holder's option;
- change the place, or the currency, for payment of principal or premium, if any, of the notes;
- impair the right to institute suit for enforcement of any payment on or with respect to the notes;
- reduce the amount of notes whose holders must consent to an amendment or waiver or reduce the quorum or voting requirements set forth in the indenture; or
- modify any of the foregoing provisions or any of the provisions relating to the waiver of certain past defaults or certain covenants, except to increase the required percentage to effect such action or to

provide that certain other provisions may not be modified or waived without the consent of the holder of the notes.

The holders of a majority in principal amount of the outstanding notes may, on behalf of the holders of all of the notes, waive our compliance with certain covenants of the indenture.

Modifications and amendments of the indenture may be made by us and the trustee without the consent of any holder of notes for any of the following purposes:

- to evidence the succession of another person to us or any guarantor under the indenture;
- to add to our covenants or the covenants of any guarantor for the benefit of the holders of the notes or to surrender any right or power conferred upon us or any guarantor in the indenture;
- to add events of default for the benefit of the holders of the notes;
- to add or change any provisions of the indenture to facilitate the issuance of the notes in certificated form, provided that the action shall not adversely affect the interests of the holders of any notes in any material respect;
- to secure the notes or guarantees;
- to provide for the acceptance of appointment by a successor trustee or to facilitate the administration of the trusts under the indenture by more than one trustee;
- to cure any ambiguity, defect or inconsistency in the indenture or to add or change any other provisions with respect to matters or questions arising under the indenture, provided that the action will not adversely affect the interests of holders of the notes or any related guarantees in any material respect; or
- to supplement any of the provisions of the indenture to the extent necessary to permit or facilitate discharge, legal defeasance, or covenant defeasance of the notes, provided that this action will not adversely affect the interests of the noteholders in any material respect.

The indenture provides that in determining whether the holders of the requisite principal amount of outstanding notes have given any request, demand, authorization, direction, notice, consent or waiver under the indenture or whether a quorum is present at a meeting of holders of the notes, notes of each series owned by us or any other obligor upon the notes or any affiliate of ours or of any other obligor will be disregarded.

The indenture contains provisions for convening meetings of the holders of notes. A meeting may be called at any time by the trustee and also, upon request, by us or the holders of 25% in principal amount of the outstanding notes, upon notice given as provided in the indenture. Except for any consent that must be given by the holder of each note affected by certain modifications and amendments of the indenture, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding notes. However, except as referred to above, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage, which is less or more than a majority, in principal amount of the outstanding notes may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the holders of the specified percentage in principal amount of the outstanding notes. Any resolution passed or decision taken at any meeting of holders of notes duly held in accordance with the indenture will be binding on all holders of the notes. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be persons holding or representing a majority in principal amount of the outstanding notes. However, if any action is to be taken at the meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage, which is less or more than a majority, in principal amount of the outstanding notes, the persons holding or representing the specified percentage in principal amount of the outstanding notes will constitute a quorum.

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Notwithstanding the provisions described above, the indenture provides that if any action is to be taken at a meeting of holders of notes with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the indenture expressly provides may be made, given or taken by the holders of a specified percentage in principal amount of all outstanding notes affected thereby:

- there shall be no minimum quorum requirement for the meeting; and
- the principal amount of the outstanding notes that are entitled to vote in favor of the request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether the request, demand, authorization, direction,

notice, consent, waiver or other action has been made, given or taken under the indenture.

DEFEASANCE OF THE NOTES AND CERTAIN COVENANTS IN CERTAIN CIRCUMSTANCES

LEGAL DEFEASANCE AND COVENANT DEFEASANCE. The indenture provides that we may elect:

- to be discharged from any and all obligations in respect of the notes, except for certain obligations to register the transfer or exchange of notes, to replace stolen, lost or mutilated notes, and to maintain paying agencies and certain provisions relating to the treatment of funds held by paying agents; or
- to be released from compliance with the covenants in the indenture.

The first bullet point above is referred to as "legal defeasance" and the second bullet point above is referred to as "covenant defeasance".

We will be discharged upon the deposit with the trustee, in trust, of money and/or Government Obligations that, through the payment of interest and principal in accordance with their terms, will provide money in an amount sufficient to pay and discharge each installment of principal, and premium, if any, and interest on the notes on the scheduled due dates or the applicable redemption date in accordance with the terms of the indenture and those notes.

This trust may only be established if, among other things:

- we have delivered to the trustee a legal opinion to the effect that the holders of the notes will not recognize income, gain or loss for United States federal income tax purposes as a result of the legal defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the legal defeasance or covenant defeasance had not occurred, and the legal opinion, in the case of legal defeasance, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the indenture;
- if the cash and Government Obligations deposited are sufficient to pay the outstanding notes, provided the notes are redeemed on a particular redemption date, we shall have given the trustee irrevocable instructions to redeem the notes on that date;
- the legal defeasance or covenant defeasance will not result in a breach or violation of, or constitute a default under, the indenture or any other material agreement or instrument to which we are a party or by which we are bound; and
- no event of default or event which with notice or lapse of time or both would become an event of default with respect to the notes shall have occurred and shall be continuing on the date of, or, solely in the case of events of default due to certain events of bankruptcy, insolvency, or reorganization, during the period ending on the 91st day after the date of, the deposit into trust.

COVENANT DEFEASANCE AND EVENTS OF DEFAULT. In the event we exercise our option to effect covenant defeasance with respect to the notes and the notes are declared due and payable because of the occurrence of any event of default, the amount of money and/or Government Obligations on deposit with the trustee will be sufficient to pay amounts due on the notes at the time of their stated maturity but may not be sufficient to pay

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amounts due on the notes at the time of the acceleration resulting from the event of default. However, we will remain liable for those payments.

ADDENDUM AND/OR OTHER/ADDITIONAL PROVISIONS

Any provisions with respect to the notes may be modified and/or supplemented as specified under "Other/Additional Provisions" on the face of the note or in an addendum relating to the note, if so specified on the face of the note. Any addendum or Other/Additional Provisions will be described in the applicable prospectus supplement or pricing supplement.

CERTAIN DEFINITIONS

"Acquired Debt" means Debt of a person:

- existing at the time the person is merged or consolidated with or into us, or becomes a subsidiary of ours; or
- assumed by us or any of our subsidiaries in connection with the

acquisition of assets from the person.

"Annual Debt Service Charge" means, for any period, our interest expense and the interest expense of our subsidiaries for the period, determined on a consolidated basis in accordance with United States generally accepted accounting principles, including, without duplication:

- all amortization of debt discount and premiums;
- all accrued interest;
- all capitalized interest; and
- the interest component of capitalized lease obligations.

"business day" means any day, other than a Saturday or Sunday:

- that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close (1) in The City of New York, (2) for notes denominated in a specified currency other than U.S. dollars, Australian dollars or euro, in the principal financial center of the country of the specified currency or (3) for notes denominated in Australian dollars, in Sydney;
- and
- for notes denominated in euro, that is also a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System is operating.

"Calculation Date" means, unless we specify otherwise in the applicable prospectus supplement or pricing supplement, the earlier of:

- the tenth calendar day after each date on which a new interest rate is determined, or, if the tenth calendar day is not a business day, the next succeeding business day, or
- the business day immediately before the applicable interest payment date, maturity date or redemption date.

"CD rate" means, for any interest rate determination date, the rate on that date for negotiable certificates of deposit having the index maturity specified in the applicable prospectus supplement or pricing supplement as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates", or any successor publication of the Board of Governors of the Federal Reserve System ("H.15(519)") under the heading "CDs (Secondary Market)".

The following procedures will be followed if the CD rate cannot be determined as described above:

- If the above rate is not published in H.15(519) by 9:00 a.m., New York City time, on the calculation date, the CD rate will be the rate on that interest rate determination date set forth in the daily update of H.15(519), available through the world wide website of the Board of Governors of the Federal

Reserve System at <http://www.bog.frb.fed.us/releases/h15/update>, or any successor site or publication, which is commonly referred to as the "H.15 Daily Update", for the interest rate determination date for certificates of deposit having the index maturity specified in the applicable prospectus supplement or pricing supplement, under the caption "CDs (Secondary Market)".

- If the above rate is not yet published in either H.15(519) or the H.15 Daily Update by 3:00 p.m., New York City time, on the calculation date, the calculation agent will determine the CD rate to be the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on that interest rate determination date of three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in The City of New York selected by the calculation agent, after consultation with us, for negotiable certificates of deposit of major United States money center banks of the highest credit standing in the market for negotiable certificates of deposit with a remaining maturity closest to the index maturity specified in the applicable prospectus supplement or pricing supplement in an amount that is representative for a single transaction in that market at that time.
- If the dealers selected by the calculation agent are not quoting as set forth above, the CD rate will remain the CD rate for the immediately preceding period between interest rate changes, or, if there was no period immediately preceding, the rate of interest

payable will be the initial interest rate.

"CMT rate" means, for any interest rate determination date, the rate displayed on the Designated CMT Telerate Page, as defined below, under the caption ". . . Treasury Constant Maturities . . . Federal Reserve Board Release H.15 . . . Mondays Approximately 3:45 p.m.", under the column for the Designated CMT Maturity Index, as defined below, for:

- the rate on that interest rate determination date, if the Designated CMT Telerate Page is 7051; and
- the week or the month, as applicable, ended immediately preceding the week in which the related interest rate determination date occurs, if the Designated CMT Telerate Page is 7052.

The following procedures will be followed if the CMT rate cannot be determined as described above:

- If that rate is no longer displayed on the relevant page, or if not displayed by 3:00 p.m., New York City time, on the related calculation date, then the CMT rate will be the Treasury Constant Maturity rate for the Designated CMT Maturity Index as published in the relevant H.15(519).
- If the rate described in the immediately preceding sentence is no longer published, or if not published by 3:00 p.m., New York City time, on the related calculation date, then the CMT rate will be the Treasury Constant Maturity rate for the Designated CMT Maturity Index or other United States Treasury rate for the Designated CMT Maturity Index on the interest rate determination date as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the calculation agent determines to be comparable to the rate formerly displayed on the Designated CMT Telerate Page and published in the relevant H.15(519).
- If the information described in the immediately preceding sentence is not provided by 3:00 p.m., New York City time, on the related calculation date, then the calculation agent will determine the CMT rate to be a yield to maturity, based on the arithmetic mean of the secondary market closing offer side prices as of approximately 3:30 p.m., New York City time, on the interest rate determination date, reported, according to their written records, by three leading primary United States government securities dealers, which we refer to as a "reference dealer", in The City of New York, which may include an agent or other affiliates of ours, selected by the calculation agent as described in the following sentence. The calculation agent will select five reference dealers, after consultation with us, and will eliminate the highest quotation or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for the most recently issued direct noncallable fixed rate obligations of the United States, which are commonly referred to as "Treasury notes", with an original maturity of approximately the Designated CMT Maturity Index and a remaining term to maturity of not less than that Designated CMT Maturity Index minus one year. If two Treasury notes with an original maturity as described above have remaining terms to

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maturity equally close to the Designated CMT Maturity Index, the quotes for the Treasury note with the shorter remaining term to maturity will be used.

- If the calculation agent cannot obtain three Treasury notes quotations as described in the immediately preceding sentence, the calculation agent will determine the CMT rate to be a yield to maturity based on the arithmetic mean of the secondary market offer side prices as of approximately 3:30 p.m., New York City time, on the interest rate determination date of three reference dealers in The City of New York, selected using the same method described in the immediately preceding sentence, for Treasury notes with an original maturity equal to the number of years closest to but not less than the Designated CMT Maturity Index and a remaining term to maturity closest to the Designated CMT Maturity Index and in an amount of at least \$100,000,000.
- If three or four (and not five) of the reference dealers are quoting as described above, then the CMT rate will be based on the arithmetic mean of the offer prices obtained and neither the highest nor the lowest of those quotes will be eliminated.
- If fewer than three reference dealers selected by the calculation agent are quoting as described above, the CMT rate will be the CMT rate for the immediately preceding period between interest rate

changes, or, if there was no period immediately preceding, the rate of interest payable will be the initial interest rate.

"commercial paper rate" means, for any interest rate determination date, the money market yield, calculated as described below, of the rate on that date for commercial paper having the index maturity specified in the applicable prospectus supplement or pricing supplement, as that rate is published in H.15(519), under the heading "Commercial Paper--Nonfinancial".

The following procedures will be followed if the commercial paper rate cannot be determined as described above:

- If the above rate is not published by 9:00 a.m., New York City time, on the calculation date, then the commercial paper rate will be the money market yield of the rate on that interest rate determination date for commercial paper of the index maturity specified in the applicable prospectus supplement or pricing supplement as published in the H.15 Daily Update under the heading "Commercial Paper--Nonfinancial".
- If by 3:00 p.m., New York City time, on that calculation date the rate is not yet published in either H.15(519) or the H.15 Daily Update, then the calculation agent will determine the commercial paper rate to be the money market yield of the arithmetic mean of the offered rates as of 11:00 a.m., New York City time, on that interest rate determination date of three leading dealers of commercial paper in The City of New York selected by the calculation agent, after consultation with us, for commercial paper of the index maturity specified in the applicable prospectus supplement or pricing supplement, placed for an industrial issuer whose bond rating is "AA", or the equivalent, from a nationally recognized statistical rating agency.
- If the dealers selected by the calculation agent are not quoting as mentioned above, the commercial paper rate for that interest rate determination date will remain the commercial paper rate for the immediately preceding period between interest rate changes, or, if there was no period immediately preceding, the rate of interest payable will be the initial interest rate.

The "money market yield" will be a yield (expressed as a percentage) calculated in accordance with the following formula:

<Table>						
<S>						
	<C>	<C>	<C>	<C>	<C>	<C>
	money market yield		D X 360			
		=	-----	X	100	
			360 - (D X M)			
</Table>						

where "D" refers to the applicable per year rate for commercial paper quoted on a bank discount basis and expressed as a decimal and "M" refers to the actual number of days in the interest period for which interest is being calculated.

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"Consolidated Income Available for Debt Service" for any period means Consolidated Net Income of us and our subsidiaries for the period, plus amounts which have been deducted and minus amounts which have been added for, without duplication:

- interest expense on Debt;
- provision for taxes based on income;
- amortization of debt discount, premium and deferred financing costs;
- provisions for gains and losses on sales or other dispositions of properties and other investments;
- property depreciation and amortization;
- the effect of any non-cash items; and
- amortization of deferred charges, all determined on a consolidated basis in accordance with United States generally accepted accounting principles.

"Consolidated Net Income" for any period means the amount of net income (or loss) of us and our subsidiaries for the period, excluding, without duplication:

- extraordinary items; and

- the portion of net income (but not losses) of us and our subsidiaries allocable to minority interests in unconsolidated persons to the extent that cash dividends or distributions have not actually been received by us or our subsidiaries, all determined on a consolidated basis in accordance with United States generally accepted accounting principles.

"Debt" means, with respect to any person, any indebtedness of the person, whether or not contingent, in respect of:

- borrowed money or other indebtedness evidenced by bonds, notes, debentures or similar instruments;
- indebtedness secured by any Lien on any property or asset owned by the person, but only to the extent of the lesser of:
- the amount of indebtedness so secured; and
- the fair market value of the property subject to the Lien;
- reimbursement obligations, contingent or otherwise, in connection with any letters of credit actually issued or amounts representing the balance deferred and unpaid of the purchase price of any property except any such balance that constitutes an accrued expense or trade payable; or
- any lease of property by the person as lessee which is required to be reflected on the person's balance sheet as a capitalized lease in accordance with United States generally accepted accounting principles, and also includes, to the extent not otherwise included, any obligation of the person to be liable for, or to pay, as obligor, guarantor or otherwise, other than for purposes of collection in the ordinary course of business, Debt of the types referred to above of another person, it being understood that Debt shall be deemed to be incurred by the person whenever the person shall create, assume, guarantee or otherwise become liable in respect thereof.

"fair market value", as referenced above, will be determined in good faith by the board of directors of the person or, in our case or one of our subsidiaries, by AMB Property Corporation's board of directors.

"Designated CMT Maturity Index" means the original period to maturity of the U.S. Treasury securities (either one, two, three, five, seven, ten, 20 or 30 years) that we specify in the applicable prospectus supplement or pricing supplement with respect to which the CMT rate will be calculated. If no maturity is specified in the applicable prospectus supplement or pricing supplement, the Designated CMT Maturity Index will be two years.

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"Designated CMT Telerate Page" means the display on Bridge Telerate, Inc. (or a successor service) on the page designated in the applicable prospectus supplement or pricing supplement, or any other page as may replace the page on that service, for the purpose of displaying treasury constant maturities as reported in H.15(519). If we do not specify the page in the applicable prospectus supplement or pricing supplement, the Designated CMT Telerate Page will be page 7052, or its successor, for the most recent week.

"Designated LIBOR Currency" means the currency specified in the applicable prospectus supplement or pricing supplement as to which LIBOR will be calculated or, if no currency is specified in the applicable prospectus supplement or pricing supplement, U.S. dollars.

"Designated LIBOR Page" means (1) if "LIBOR Reuters" is specified in the applicable prospectus supplement or pricing supplement, the display on the Reuter Monitor Money Rates Service (or any successor service) on the page specified in the applicable prospectus supplement or pricing supplement (or any other page as may replace the page on the service) for the purpose of displaying the London interbank rates of major banks for the Designated LIBOR Currency, or (2) if "LIBOR Telerate" is specified in the applicable prospectus supplement or pricing supplement or neither "LIBOR Reuters" nor "LIBOR Telerate" is specified in the applicable prospectus supplement or pricing supplement as the method for calculating LIBOR, the display on Bridge Telerate, Inc. (or any successor service) on the page specified in the applicable prospectus supplement or pricing supplement (or any other page as may replace the page on the service) for the purpose of displaying the London interbank rates of major banks for the Designated LIBOR Currency.

"EURIBOR" means, for any interest rate determination date, the rate for

deposits in euros as sponsored, calculated and published jointly by the European Banking Federation and ACI--The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, for the index maturity specified in the applicable prospectus supplement or pricing supplement as that rate appears on the display on Bridge Telerate, Inc., or any successor service, on page 248 or any other page as may replace page 248 on that service, which is commonly referred to as "Telerate Page 248", as of 11:00 a.m. (Brussels time).

The following procedures will be followed if the rate cannot be determined as described above:

- If the above rate does not appear, the calculation agent will request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market, as selected by the calculation agent, after consultation with us, to provide the calculation agent with its offered rate for deposits in euros, at approximately 11:00 a.m. (Brussels time) on the interest rate determination date, to prime banks in the Euro-zone interbank market for the index maturity specified in the applicable prospectus supplement or pricing supplement commencing on the applicable interest reset date, and in a principal amount not less than the equivalent of U.S. \$1 million in euro that is representative of a single transaction in euro, in that market at that time. If at least two quotations are provided, EURIBOR will be the arithmetic mean of those quotations.
- If fewer than two quotations are provided, EURIBOR will be the arithmetic mean of the rates quoted by four major banks in the Euro-zone, as selected by the calculation agent, after consultation with us, at approximately 11:00 a.m. (Brussels time), on the applicable interest reset date for loans in euro to leading European banks for a period of time equivalent to the index maturity specified in the applicable prospectus supplement or pricing supplement commencing on that interest reset date in a principal amount not less than the equivalent of U.S. \$1 million in euro.
- If the banks so selected by the calculation agent are not quoting as mentioned in the previous bullet point, the EURIBOR rate in effect for the applicable period will be the same as EURIBOR for the immediately preceding period between interest rate changes, or, if there was no period immediately preceding, the rate of interest will be the initial interest rate.

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community, as amended by the treaty on European Union.

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"federal funds rate" means, for any interest rate determination date, the rate on that date for federal funds as published in H.15(519) under the heading "Federal Funds (Effective)" as displayed on Bridge Telerate, Inc., or any successor service, on page 120 or any other page as may replace the applicable page on that service, which is commonly referred to as "Telerate Page 120".

The following procedures will be followed if the federal funds rate cannot be determined as described above:

- If the above rate is not published by 9:00 a.m., New York City time, on the calculation date, the federal funds rate will be the rate on that interest rate determination date as published in the H.15 Daily Update under the heading "Federal Funds/Effective Rate".
- If that rate is not yet published in either H.15(519) or the H.15 Daily Update by 3:00 p.m., New York City time, on the calculation date, the calculation agent will determine the federal funds rate to be the arithmetic mean of the rates for the last transaction in overnight federal funds by each of three leading brokers of federal funds transactions in The City of New York selected by the calculation agent, after consultation with us, prior to 9:00 a.m., New York City time, on that interest rate determination date.
- If the brokers selected by the calculation agent are not quoting as mentioned above, the federal funds rate relating to that interest rate determination date will remain the federal funds rate for the immediately preceding period between interest rate changes, or, if there was no period immediately preceding, the rate of interest payable will be the initial interest rate.

"Government Obligations" means securities which are:

- direct obligations of the United States of America, for the payment of which obligations its full faith and credit is pledged; or
- obligations of a person controlled or supervised by and acting as an

agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America

and which, in either of the above cases, are not callable or redeemable at the option of the issuer of the Government obligation and also includes a depository receipt issued by a bank or trust company as custodian with respect to the Government Obligation held by the custodian for the account of the holder of a depository receipt, provided that, except as provided by law, the custodian is not authorized to make any amount received by the custodian.

"H.15(519)" means "Statistical Release H.15(519), Selected Interest Rates" or any successor publication of the Federal Reserve System.

"H.15 Daily Update" means the daily update of H.15(519), available through the world-wide-web site of the Board of Governors of the Federal Reserve System at <http://www.bog.frb.fed.us/releases/h15/update>, or any successor site or publication.

"index currency" means the currency specified in the applicable prospectus supplement or pricing supplement as the currency for which LIBOR will be calculated, or, if the euro is substituted for that currency, the index currency will be the euro. If that currency is not specified in the applicable prospectus supplement or pricing supplement, the index currency will be U.S. dollars.

"LIBOR" means, initially or for any date on which the interest rate changes, the rate determined by the calculation agent as follows:

As of the interest rate determination date, LIBOR will be either:

- if "LIBOR Reuters" is specified in the applicable prospectus supplement or pricing supplement, the arithmetic mean of the offered rates for deposits in the index currency having the Index Maturity designated in the applicable prospectus supplement or pricing supplement, commencing on the second London banking day immediately following that interest rate determination date, that appear

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on the Designated LIBOR Page, as defined above, as of 11:00 a.m., London time, on that interest rate determination date, if at least two offered rates appear on the Designated LIBOR Page; except that if the specified Designated LIBOR Page, by its terms provides only for a single rate, that single rate will be used; or

- if "LIBOR Telerate" is specified in the applicable prospectus supplement or pricing supplement, the rate for deposits in the index currency having the Index Maturity designated in the applicable prospectus supplement or pricing supplement, commencing on the second London banking day immediately following that interest rate determination date or, if pounds sterling is the index currency, commencing on that interest rate determination date, that appears on the Designated LIBOR Page at approximately 11:00 a.m., London time, on that interest rate determination date.
- If (1) fewer than two offered rates appear and "LIBOR Reuters" is specified in the applicable prospectus supplement or pricing supplement, or (2) no rate appears and the applicable prospectus supplement or pricing supplement specifies either (x) "LIBOR Telerate" or (y) "LIBOR Reuters" and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent after consultation with us, to provide the Calculation Agent with its offered quotation for deposits in the index currency for the period of the Index Maturity specified in the applicable prospectus supplement or pricing supplement commencing on the second London banking day immediately following the interest rate determination date or, if pounds sterling is the index currency, commencing on that interest rate determination date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that interest rate determination date and in a principal amount that is representative of a single transaction in that index currency in that market at that time.
- If at least two quotations are provided, LIBOR determined on that interest rate determination date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, LIBOR will be determined for the applicable interest reset date as the arithmetic mean of the rates quoted at approximately 11:00 a.m., London time, or some other time specified in the applicable prospectus supplement or pricing supplement, in the applicable principal financial center for the country of the index currency on that interest reset date, by three major banks in that principal financial center selected by the Calculation Agent, after consultation with us, for loans in the index currency to leading European banks, having the Index Maturity

specified in the applicable prospectus supplement or pricing supplement and in a principal amount that is representative of a single transaction in that index currency in that market at that time.

- If the banks so selected by the Calculation Agent are not quoting as mentioned in the previous bullet point, LIBOR in effect for the applicable period will be the same as LIBOR for the immediately preceding period between interest rate changes, or, if there was no period immediately preceding, the rate of interest payable will be the initial interest rate.

If neither LIBOR Reuters nor LIBOR Telerate is specified in the applicable prospectus supplement or pricing supplement, LIBOR for the applicable index currency will be determined as if LIBOR Telerate were specified, and, if the U.S. dollar is the index currency, as if Page 3750, had been specified.

"Lien" means any mortgage, deed of trust, lien, charge, pledge, security interest, security agreement, or other encumbrance of any kind.

"London banking day" means any day on which dealings in deposits in the relevant index currency are transacted in the London interbank market.

"prime rate" means, for any interest rate determination date, the rate on that date as published in H.15(519) under the heading "Bank Prime Loan".

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The following procedures will be followed if the prime rate cannot be determined as described above:

- If the rate is not published prior to 9:00 a.m., New York City time, on the calculation date, then the prime rate will be the rate on that interest rate determination date as published in H.15 Daily Update under the heading "Bank Prime Loan".
- If the rate is not published prior to 3:00 p.m., New York City time, on the calculation date in either H.15(519) or the H.15 Daily Update, then the calculation agent will determine the prime rate to be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME 1 Page, as defined below, as that bank's prime rate or base lending rate as in effect for that interest rate determination date.
- If fewer than four rates appear on the Reuters Screen USPRIME 1 Page for that interest rate determination date, the calculation agent will determine the prime rate to be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by 360 as of the close of business on that interest rate determination date by at least three major banks in The City of New York selected by the calculation agent, after consultation with us.
- If the banks selected are not quoting as mentioned above, the prime rate will remain the prime rate for the immediately preceding period between the interest rate changes, or, if there was no period immediately preceding, the rate of interest payable will be the initial interest rate.

"Reuters Screen USPRIME 1 Page" means the display designated as page "USPRIME 1" on the Reuters Monitor Money Rates Service, or any successor service, or any other page as may replace the USPRIME 1 Page on that service for the purpose of displaying prime rates or base lending rates of major United States banks.

"Total Assets" means the sum of, without duplication:

- Undepreciated Real Estate Assets; and
- all other assets, excluding accounts receivable and intangibles, of ours and our subsidiaries, all determined on a consolidated basis in accordance with United States generally accepted accounting principles.

"Total Unencumbered Assets" means the sum of, without duplication:

- those Undepreciated Real Estate Assets which are not subject to a Lien securing Debt; and
- all other assets, excluding accounts receivable and intangibles, of ours and our subsidiaries not subject to a Lien securing Debt, all determined on a consolidated basis in accordance with United States generally accepted accounting principles.

"Treasury rate" means:

- ```
-- the rate from the auction held on the applicable interest rate
determination date, which we refer to as the "auction", of direct
obligations of the United States, which are commonly referred to as
"Treasury Bills", having the index maturity specified in the
applicable prospectus supplement or pricing supplement as that rate
appears under the caption "INVESTMENT RATE" on the display on Bridge
Telerate, Inc., or any successor service, on page 56 or any other
page as may replace page 56 on that service, which we refer to as
"Telerate Page 56", or page 57 or any other page as may replace page
57 on that service, which we refer to as "Telerate Page 57", or

-- if the rate described in the first bullet point is not published by
3:00 p.m., New York City time, on the calculation date, the bond
equivalent yield of the rate for the applicable Treasury Bills as
published in the H.15 Daily Update, or other recognized electronic
source used for the purpose of displaying the applicable rate, under
the caption "U.S. Government Securities/Treasury Bills/Auction High",
or
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As used above, the "bond equivalent yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the interest period for which interest is being calculated.

"Unsecured Debt" means Debt of ours or any of our subsidiaries which is not

#### CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The following summary of certain United States federal income tax considerations regarding AMB Property Corporation and the United States federal income tax consequences to you of purchasing, owning and disposing of the notes is based on current law, is for general information only and is not tax advice. Latham & Watkins has rendered an opinion to us that the statements set forth below, insofar as they purport to describe or summarize certain provisions of the agreements, statutes or regulations referred to below, are accurate descriptions or summaries in all material respects.

The information in this section is based on:

- the Internal Revenue Code;
- current, temporary and proposed treasury regulations promulgated under the Internal Revenue Code;
- the legislative history of the Internal Revenue Code;
- current administrative interpretations and practices of the Internal Revenue Service; and
- court decisions,

in each case, as of the date of this prospectus. In addition, the administrative interpretations and practices of the Internal Revenue Service include its practices and policies as expressed in private letter rulings which are not binding on the Internal Revenue Service except with respect to the particular taxpayers who requested and received those rulings. Future legislation, treasury regulations, administrative interpretations and practices and/or court decisions may adversely affect the tax considerations described in this prospectus. Any such change could apply retroactively to transactions preceding the date of the change. Thus, we can provide no assurance that the tax considerations contained in this summary will not be challenged by the Internal Revenue Service or will be sustained by a court if challenged by the Internal Revenue Service.

YOU ARE URGED TO CONSULT YOUR TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES TO YOU OF:

- THE ACQUISITION, OWNERSHIP AND SALE OR OTHER DISPOSITION OF NOTES, INCLUDING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF SUCH AN ACQUISITION, OWNERSHIP AND SALE OR OTHER DISPOSITION;
- AMB PROPERTY CORPORATION'S ELECTION TO BE TAXED AS A REAL ESTATE INVESTMENT TRUST FOR FEDERAL INCOME TAX PURPOSES; AND
- POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

#### TAXATION OF AMB PROPERTY CORPORATION

GENERAL. AMB Property Corporation elected to be taxed as a real estate investment trust under Sections 856 through 860 of the Internal Revenue Code, commencing with its taxable year ended December 31, 1997. AMB Property Corporation believes it has been organized and has operated in a manner that allows it to qualify for taxation as a real estate investment trust under the Internal Revenue Code commencing with its taxable year ended December 31, 1997, and it currently intends to continue to operate in this manner. However, qualification and taxation as a real estate investment trust depends upon AMB Property Corporation's ability to meet, through actual annual operating results, asset diversification, distribution levels and diversity of stock ownership, the various qualification tests imposed under the Internal Revenue Code. Accordingly, no assurance can be given that AMB Property Corporation has operated or will continue to operate in a manner so as to qualify or remain qualified as a real estate investment trust. See "---Failure to Qualify".

The sections of the Internal Revenue Code that relate to the qualification and operation as a real estate investment trust are highly technical and complex. The following sets forth the material aspects of the sections of the Internal Revenue Code that govern the federal income tax treatment of a real estate investment trust and its stockholders. This summary is qualified in its entirety by the applicable Internal Revenue Code provisions, relevant rules and regulations promulgated under the Internal Revenue Code, and administrative and judicial interpretations of the Internal Revenue Code, and these rules and regulations.

If AMB Property Corporation qualifies for taxation as a real estate investment trust, it generally will not be required to pay federal corporate income taxes on its net income that is currently distributed to its

stockholders. This treatment substantially eliminates the "double taxation" that generally results from investment in a C corporation. A C corporation is generally a corporation required to pay full corporate level tax. Double taxation generally means taxation that occurs once at the corporate level when income is earned and once again at the stockholder level when the income is distributed. AMB Property Corporation will, however, be required to pay federal income tax as follows:

- First, AMB Property Corporation will be taxed at regular corporate rates on any undistributed real estate investment trust taxable income, including undistributed net capital gains.
- Second, AMB Property Corporation may be required to pay the "alternative minimum tax" on its items of tax preference under some circumstances.
- Third, if AMB Property Corporation has (1) net income from the sale or other disposition of "foreclosure property" that is held primarily for sale to customers in the ordinary course of business or (2) other nonqualifying income from foreclosure property, it will be required to pay tax at the highest corporate rate on this income. Foreclosure property is generally defined as property acquired through foreclosure or after a default on a loan secured by the property or a lease of the property.
- Fourth, AMB Property Corporation will be required to pay a 100% tax on any net income from prohibited transactions. Prohibited transactions are, in general, sales or other taxable dispositions of property held primarily for sale to customers in the ordinary course of business, other than foreclosure property.
- Fifth, if AMB Property Corporation fails to satisfy the 75% or 95% gross income test, as described below, but has otherwise maintained its qualification as a real estate investment trust because certain other requirements are met, AMB Property Corporation will be required to pay a tax equal to (1) the greater of (A) the amount by which 75% of its gross income exceeds the amount qualifying under the 75% gross income test, and (B) the amount by which 90% of its gross income exceeds the amount qualifying under the 95% gross income test, multiplied by (2) a fraction intended to reflect its profitability.
- Sixth, AMB Property Corporation will be required to pay a 4% excise tax on the excess of the required distribution over the amounts actually distributed if it fails to distribute during each calendar year at least the sum of (1) 85% of its real estate investment trust ordinary income for the year, (2) 95% of its real estate investment trust capital gain net income for the year, and (3) any undistributed taxable income from prior periods.
- Seventh, if AMB Property Corporation acquires any asset from a corporation that is or has been a C corporation in a transaction in which the basis of the asset in AMB Property Corporation's hands is determined by reference to the basis of the asset in the hands of the C corporation, and AMB Property Corporation subsequently recognizes gain on the disposition of the asset during the ten-year period beginning on the date on which it acquired the asset, then AMB Property Corporation will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of (1) the fair market value of the asset over (2) its adjusted basis in the asset, in each case determined as of the date on which it acquired the asset. The results described in this paragraph with respect to the recognition of such gain assume that AMB Property Corporation will not make an election under treasury regulations promulgated under Section 337 of the Internal Revenue Code to be treated contrary to this manner on its tax return for the year in which it acquires an asset from a C corporation.
- Eighth, AMB Property Corporation will be subject to a 100% tax on any "redetermined rents", "redetermined deductions" or "excess interest". In general, redetermined rents are rents from real property that are overstated as a result of services furnished by a "taxable REIT subsidiary" of AMB Property Corporation to any of our tenants. See "--Ownership of Interests in Taxable REIT Subsidiaries". Redetermined deductions and excess interest represent amounts that are deducted by a

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taxable REIT subsidiary of AMB Property Corporation for amounts paid to AMB Property Corporation that are in excess of the amounts that would have been deducted based on arm's length negotiations.

REQUIREMENTS FOR QUALIFICATION AS A REAL ESTATE INVESTMENT TRUST. The Internal Revenue Code defines a "real estate investment trust" as a corporation, trust or association:

- (1) that is managed by one or more trustees or directors;
- (2) that issues transferable shares or transferable certificates to evidence its beneficial ownership;
- (3) that would be taxable as a domestic corporation, but for Sections 856 through 860 of the Internal Revenue Code;
- (4) that is not a financial institution or an insurance company within the meaning of certain provisions of the Internal Revenue Code;
- (5) that is beneficially owned by 100 or more persons;
- (6) not more than 50% in value of the outstanding stock of which is owned, actually or constructively, by five or fewer individuals, as defined in the Internal Revenue Code to include certain entities, during the last half of each taxable year; and
- (7) that meets other tests, described below, regarding the nature of its income and assets and the amount of its distributions.

The Internal Revenue Code provides that conditions (1) through (4), inclusive, must be met during the entire taxable year and that condition (5) must be met during at least 335 days of a taxable year of twelve months, or during a proportionate part of a taxable year of less than twelve months. Conditions (5) and (6) above do not apply until after the first taxable year for which an election is made to be taxed as a real estate investment trust. For purposes of condition (6), pension funds and other specified tax-exempt entities generally are treated as individuals, except that a "look-through" exception applies with respect to pension funds.

We believe that AMB Property Corporation has satisfied conditions (1) through (7), inclusive. In addition, AMB Property Corporation's charter provides for restrictions regarding ownership and transfer of shares. These restrictions are intended to assist AMB Property Corporation in continuing to satisfy the share ownership requirements described in (5) and (6) above. These restrictions, however, may not ensure that AMB Property Corporation will, in all cases, be able to satisfy the share ownership requirements described in (5) and (6) above. If AMB Property Corporation fails to satisfy these share ownership requirements, except as provided in the next sentence, its status as a real estate investment trust will terminate. If, however, AMB Property Corporation complies with the rules contained in applicable treasury regulations that require it to ascertain the actual ownership of its shares and AMB Property Corporation does not know, or would not have known through the exercise of reasonable diligence, that it failed to meet the requirement described in condition (6) above, it will be treated as having met this requirement. See the section below entitled "Failure to Qualify".

In addition, AMB Property Corporation may not maintain its status as a real estate investment trust unless its taxable year is the calendar year. AMB Property Corporation has and intends to continue to have a calendar taxable year.

OWNERSHIP OF INTERESTS IN PARTNERSHIPS, LIMITED LIABILITY COMPANIES, AND QUALIFIED REIT SUBSIDIARIES. In the case of a real estate investment trust that is a partner in a partnership or a member in a limited liability company, treasury regulations provide that the real estate investment trust will be deemed to own its proportionate share of the assets of the partnership or limited liability company, as the case may be. Also, the real estate investment trust will be deemed to be entitled to the income of the partnership or limited liability company attributable to its proportionate share of the assets of that entity. The character of the assets and gross income of the partnership or limited liability company retains the same character in the hands of the real estate investment trust for purposes of Section 856 of the Internal Revenue Code, including satisfying the

gross income tests and the asset tests. We have included a brief summary of the rules governing the federal income taxation of partnerships and limited liability companies and their partners or members below in "Tax Aspects of AMB Property, L.P., the Subsidiary Partnerships and the Limited Liability Companies". AMB Property Corporation has direct control of us and intends to continue to operate us in a manner consistent with the requirements for qualification as a real estate investment trust. However, AMB Property Corporation is a limited partner or non-managing member in some of its partnerships and limited liability companies. If a partnership or limited liability company takes or expects to take actions that could jeopardize AMB Property Corporation's status as a real estate investment trust or require it to pay tax, AMB Property Corporation may be forced to dispose of its interest in such entity. In addition, it is possible that a partnership or limited liability company could take an action that could cause AMB Property Corporation to fail a real estate investment trust income or asset test, and that we would not become aware of such action in a time frame which would allow it to dispose of its interest in the partnership or limited liability company or take other corrective action on a timely basis. In that case, AMB Property Corporation

could fail to qualify as a real estate investment trust.

AMB Property Corporation owns 100% of the stock of a number of subsidiaries that are qualified REIT subsidiaries and may acquire stock of one or more new corporate subsidiaries. A corporation will qualify as a qualified REIT subsidiary if AMB Property Corporation owns 100% of its stock and it is not a taxable REIT subsidiary. A qualified REIT subsidiary will not be treated as a separate corporation, and all assets, liabilities and items of income, deduction and credit of a qualified REIT subsidiary will be treated as AMB Property Corporation's assets, liabilities and such items (as the case may be) for all purposes of the Internal Revenue Code, including the real estate investment trust qualification tests. For this reason, references under "Certain Federal Income Tax Considerations" to AMB Property Corporation's income and assets should be understood to include the income and assets of any qualified REIT subsidiary it owns. A qualified REIT subsidiary will not be subject to federal income tax, and AMB Property Corporation's ownership of the voting stock of a qualified REIT subsidiary will not violate the restrictions against ownership of securities of any one issuer which constitutes more than 10% of the voting power or value of such issuer's securities or more than 5% of the value of our total assets, as described below under "--Asset Tests".

OWNERSHIP OF INTERESTS IN TAXABLE REIT SUBSIDIARIES. AMB Property Corporation's taxable REIT subsidiaries are corporations other than real estate investment trusts in which AMB Property Corporation directly or indirectly holds stock, and that have made a joint election with AMB Property Corporation to be treated as taxable REIT subsidiaries. A taxable REIT subsidiary also includes any corporation other than a real estate investment trust with respect to which one of AMB Property Corporation's taxable REIT subsidiaries owns securities possessing more than 35% of the total voting power or value of the outstanding securities of such corporation. Other than some activities relating to lodging and health care facilities, a taxable REIT subsidiary may generally engage in any business, including the provision of customary or non-customary services to tenants of its parent real estate investment trust. A taxable REIT subsidiary is subject to regular federal income tax, and state and local income tax where applicable, as a regular C corporation. In addition, AMB Property Corporation's taxable REIT subsidiaries may be prevented from deducting interest on debt funded directly or indirectly by it if certain tests regarding the taxable REIT subsidiary's debt to equity ratio and interest expense are not satisfied. AMB Property Corporation currently holds an interest in a number of taxable REIT subsidiaries, and may acquire securities in one or more additional taxable REIT subsidiaries in the future.

INCOME TESTS. AMB Property Corporation must satisfy two gross income requirements annually to maintain its qualification as a real estate investment trust. First, in each taxable year it must derive directly or indirectly at least 75% of its gross income, excluding gross income from prohibited transactions, from investments relating to real property or mortgages on real property, including "rents from real property" and, in certain circumstances, interest, or from certain types of temporary investments. Second, in each taxable year AMB Property Corporation must derive at least 95% of its gross income, excluding gross income from prohibited transactions, from these real property investments, dividends, interest and gain from the sale or disposition of stock or securities, or from any combination of the foregoing. For these purposes, the term "interest" generally does not include any amount received or accrued, directly or indirectly, if the determina-

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tion of the amount depends in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "interest" solely by reason of being based on a fixed percentage or percentages of receipts or sales.

Rents AMB Property Corporation receives from a tenant will qualify as "rents from real property" for the purpose of satisfying the gross income requirements for a real estate investment trust described above only if the following conditions are met:

- The amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount AMB Property Corporation received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of receipts or sales;
- AMB Property Corporation, or an actual or constructive owner of 10% or more of its stock, must not actually or constructively own 10% or more of the interests in the tenant, or, if the tenant is a corporation, 10% or more of the voting power or value of all classes of stock of the tenant. Rents received from a tenant that is a taxable REIT subsidiary, however, will not be excluded from the definition of "rents from real property" if at least 90% of the space at the property to which the rents relate is leased to third parties, and the rents paid by the taxable REIT subsidiary are comparable to

rents paid by other tenants for comparable space;

- Rent attributable to personal property, leased in connection with a lease of real property, must not be greater than 15% of the total rent received under the lease. If this requirement is not met, then the portion of rent attributable to personal property will not qualify as "rents from real property"; and
- AMB Property Corporation generally must not operate or manage the property or furnish or render services to the tenants of the property, subject to a 1% de minimis exception, other than through an independent contractor from whom it derives no revenue. AMB Property Corporation may, however, directly perform certain services that are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not otherwise considered "rendered to the occupant" of the property. Examples of such services include the provision of light, heat, or other utilities, trash removal and general maintenance of common areas. In addition, AMB Property Corporation may employ a taxable REIT subsidiary, which may be wholly or partially owned by AMB Property Corporation, to provide both customary and non-customary services to its tenants without causing the rent it receives from those tenants to fail to qualify as "rents from real property". Any amounts AMB Property Corporation receives from a taxable REIT subsidiary with respect to the taxable REIT subsidiary's provision of non-customary services will, however, be nonqualified income under the 75% gross income test and, except to the extent received through the payment of dividends, the 95% REIT gross income test.

AMB Property Corporation generally does not intend, and as our general partner, does not intend to permit us, to take actions it believes will cause it to fail to satisfy the rental conditions described above. However, AMB Property Corporation may intentionally fail to satisfy some of these conditions to the extent the failure will not, based on the advice of tax counsel, jeopardize its tax status as a REIT.

Taxable REIT subsidiaries of AMB Property Corporation may provide certain services in exchange for a fee or derive other income which would not qualify under the REIT gross income tests. Such fees and other income do not accrue to AMB Property Corporation, but AMB Property Corporation derives its allocable share of dividend income from the taxable REIT subsidiaries through AMB Property Corporation's interest in us. Such dividend income qualifies under the 95%, but not the 75%, REIT gross income test. We may provide certain management or administrative services to taxable REIT subsidiaries of AMB Property Corporation. In addition, AMB Capital Partners, LLC conducts an asset management business and receives fees, including incentive fees, in exchange for the provision of certain services to asset management clients. The fees we and AMB Capital Partners, LLC derive as a result of the provision of such services will be non-qualifying income to AMB Property Corporation under both the 95% and 75% REIT income tests. The amount of such dividend and fee income will depend on a number of factors which cannot be determined with certainty, including the

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level of services provided by AMB Capital Partners, LLC, the taxable REIT subsidiaries of AMB Property Corporation and us. AMB Property Corporation will monitor the amount of the dividend income from its taxable REIT subsidiaries and the fee income described above, and will take actions intended to keep this income, and any other non-qualifying income, within the limitations of the REIT income tests. However, there can be no guarantee that such actions will in all cases prevent AMB Property Corporation from violating a REIT income test.

If AMB Property Corporation fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it may nevertheless qualify as a real estate investment trust for the year if it is entitled to relief under certain provisions of the Internal Revenue Code. Generally, AMB Property Corporation may avail itself of the relief provisions if:

- its failure to meet these tests was due to reasonable cause and not due to willful neglect;
- it attaches a schedule of the sources of its income to its federal income tax return; and
- any incorrect information on the schedule was not due to fraud with intent to evade tax.

It is not possible, however, to state whether in all circumstances AMB Property Corporation would be entitled to the benefit of these relief

provisions. For example, if it fails to satisfy the gross income tests because non-qualifying income that it intentionally accrues or receives exceeds the limits on non-qualifying income, the Internal Revenue Service could conclude that its failure to satisfy the tests was not due to reasonable cause. If these relief provisions do not apply to a particular set of circumstances, AMB Property Corporation will not qualify as a real estate investment trust. As discussed above in "--Taxation of the Company--General", even if these relief provisions apply, and AMB Property Corporation retains its status as a real estate investment trust, a tax would be imposed with respect to its non-qualifying income. AMB Property Corporation may not always be able to comply with the gross income tests for real estate investment trust qualification despite periodic monitoring of its income.

**PROHIBITED TRANSACTION INCOME.** Any gain AMB Property Corporation realizes on the sale of property held as inventory or other property held primarily for sale to customers in the ordinary course of business, including its share of any such gain realized by its partnerships (including us) or limited liability companies, will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. This prohibited transaction income may also adversely affect AMB Property Corporation's ability to satisfy the income tests for qualification as a real estate investment trust. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances surrounding the particular transaction.

AMB Property Corporation intends to hold its properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing and owning its properties and to make occasional sales of the properties as are consistent with its investment objectives. However, the Internal Revenue Service may contend that one or more of these sales is subject to the 100% penalty tax.

**REDETERMINED RENTS.** Any redetermined rents, redetermined deductions or excess interest AMB Property Corporation generates will be subject to a 100% penalty tax. In general, redetermined rents are rents from real property that are overstated as a result of services furnished by one of AMB Property Corporation's taxable REIT subsidiaries to any of its tenants, and redetermined deductions and excess interest represent amounts that are deducted by a taxable REIT subsidiary for amounts paid to AMB Property Corporation that are in excess of the amounts that would have been deducted based on arm's length negotiations. Rents AMB Property Corporation receives will not constitute redetermined rents if they qualify for the safe harbor provisions contained in the Internal Revenue Code. Safe harbor provisions are provided where:

- amounts are received by a real estate investment trust for services customarily furnished or rendered in connection with the rental of real property;
- amounts are excluded from the definition of impermissible tenant service income as a result of satisfying the 1% de minimis exception;

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- the taxable REIT subsidiary renders a significant amount of similar services to unrelated parties and the charges for such services are substantially comparable;
- rents paid to the real estate investment trust by tenants who are not receiving services from the taxable REIT subsidiary are substantially comparable to the rents paid by the real estate investment trust's tenants leasing comparable space who are receiving such services from the taxable REIT subsidiary and the charge for the services is separately stated; and
- the taxable REIT subsidiary's gross income from the service is not less than 150% of the subsidiary's direct cost in furnishing the service.

**ASSET TESTS.** At the close of each quarter of AMB Property Corporation's taxable year, it must also satisfy four tests relating to the nature and diversification of its assets. First, at least 75% of the value of its total assets must be represented by real estate assets, cash, cash items and government securities. For purposes of this test, real estate assets include stock or debt instruments that are purchased with the proceeds of a stock offering or a public offering of debt with a term of at least five years, but only for the one-year period beginning on the date it receives such proceeds. Second, not more than 25% of AMB Property Corporation's total assets may be represented by securities, other than those securities includable in the 75% asset test. Third, of the investments included in the 25% asset class, and except for investments in real estate investment trusts, qualified REIT subsidiaries and taxable REIT subsidiaries, the value of any one issuer's securities may not exceed 5% of the value of AMB Property Corporation's total assets, and it may not own more than 10% of the total vote or value of the outstanding securities of any one issuer. Fourth, not more than 20% of the value of AMB Property Corporation's total assets may be represented by the securities



of one or more taxable REIT subsidiaries. The 10% value limitation and the 20% asset test are part of recently-enacted legislation and are effective for taxable years ending after December 31, 2000.

We own the stock of certain corporations. AMB Property Corporation is considered to own its pro rata share of that stock because it owns interests in us. These corporations elected, together with AMB Property Corporation, to be treated as AMB Property Corporation's taxable REIT subsidiaries. These corporations own the stock of other corporations, which have also become a taxable REIT subsidiaries of AMB Property Corporation. So long as each of these corporations qualifies as a taxable REIT subsidiary, AMB Property Corporation will not be subject to the 5% asset test, 10% voting securities limitation or 10% value limitation with respect to these corporations. AMB Property Corporation may acquire securities in other taxable REIT subsidiaries in the future. AMB Property Corporation believes that the aggregate value of its taxable REIT subsidiaries will not exceed 20% of the aggregate value of its gross assets. Prior to the election to treat these corporations as taxable REIT subsidiaries, we did not own any of their voting securities, and therefore AMB Property Corporation would not be considered to own more than 10% of the voting securities of these corporations. In addition, we believe that prior to the election to treat these corporations as AMB Property Corporation's taxable REIT subsidiaries, the value of its pro rata share of the securities of these corporations held by us did not, in any case, exceed 5% of the total value of AMB Property Corporation's assets. With respect to each issuer in which AMB Property Corporation currently owns securities that do not qualify as a real estate investment trust, a qualified REIT subsidiary or a taxable REIT subsidiary, AMB Property Corporation believes that the value of the securities of each issuer does not exceed 5% of the total value of its assets and AMB Property Corporation's ownership of the securities of each issuer complies with the 10% voting securities limitation and 10% value limitation. No independent appraisals have been obtained to support these conclusions. In addition, there can be no assurance that the Internal Revenue Service will not disagree with our determinations of value.

The asset tests must be satisfied not only on the date that AMB Property Corporation, directly or through us, acquires securities in the applicable issuer, but also each time AMB Property Corporation increases its ownership of securities of such issuer, including as a result of increasing its interest in us. For example, AMB Property Corporation's indirect ownership of securities of each issuer will increase as a result of AMB Property Corporation's capital contributions to us or as our limited partners exercise their redemption/exchange rights. After initially meeting the asset tests at the close of any quarter, AMB Property Corporation will not lose its status as a real estate investment trust for failure to satisfy the asset tests at the end of a later quarter solely by

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reason of changes in asset values. If AMB Property Corporation fails to satisfy an asset test because it acquires securities or other property during a quarter, including an increase in its interests in us, AMB Property Corporation can cure this failure by disposing of sufficient non-qualifying assets within 30 days after the close of that quarter. Although AMB Property Corporation believes that it has satisfied the asset tests and plans to take steps to ensure that it satisfies such tests for any quarter with respect to which retesting is to occur, there can be no assurance that such steps will always be successful, or will not require a reduction in AMB Property Corporation's overall interest in an issuer. If AMB Property Corporation fails to timely cure any noncompliance with the asset tests, it would cease to qualify as a real estate investment trust.

**ANNUAL DISTRIBUTION REQUIREMENTS.** To maintain its qualification as a real estate investment trust, AMB Property Corporation is required to distribute dividends, other than capital gain dividends, to its stockholders in an amount at least equal to the sum of:

- 90% of its "real estate investment trust taxable income"; and
- 90% of its after tax net income, if any, from foreclosure property; minus
- the excess of the sum of certain items of non-cash income over 5% of the "real estate investment trust taxable income".

AMB Property Corporation's "real estate investment trust taxable income" is computed without regard to the dividends paid deduction and its net capital gain. In addition, for purposes of this test, non-cash income means income attributable to leveled stepped rents, original issue discount on purchase money debt, cancellation of indebtedness or a like-kind exchange that is later determined to be taxable. This distribution requirement was 95% for taxable years beginning prior to January 1, 2001.

AMB Property Corporation must pay these distributions in the taxable year

to which they relate, or in the following taxable year if they are declared during the last three months of the taxable year, payable to stockholders of record on a specified date during such period and paid during January of the following year. In addition, at AMB Property Corporation's election, a distribution for a taxable year may be declared before it timely files its tax return for such year and paid on or before the first regular dividend payment after such declaration, provided such payment is made during the twelve month period following the close of such year. These distributions are taxable to AMB Property Corporation's stockholders, other than tax-exempt entities, in the year in which paid. This is so even though these distributions relate to the prior year for purposes of AMB Property Corporation's 90% distribution requirement. The amount distributed must not be preferential--i.e., every stockholder of the class of stock to which a distribution is made must be treated the same as every other stockholder of that class, and no class of stock may be treated otherwise than in accordance with its dividend rights as a class. To the extent that AMB Property Corporation does not distribute all of its net capital gain or distributes at least 90%, but less than 100%, of its "real estate investment trust taxable income", as adjusted, it will be required to pay tax on that amount at regular ordinary and capital gain corporate tax rates. AMB Property Corporation believes it has made and intends to continue to make timely distributions sufficient to satisfy these annual distribution requirements. In this regard, the partnership agreement authorizes AMB Property Corporation, as our general partner, to take such steps as may be necessary to cause us to distribute to our partners an amount sufficient to permit AMB Property Corporation to meet these distribution requirements.

AMB Property Corporation expects that its real estate investment trust taxable income will be less than its cash flow because of depreciation and other non-cash charges included in computing real estate investment trust taxable income. Accordingly, AMB Property Corporation anticipates that it will generally have sufficient cash or liquid assets to enable it to satisfy the distribution requirements described above. However, from time to time, it may not have sufficient cash or other liquid assets to meet these distribution requirements due to timing differences between the actual receipt of income and actual payment of deductible expenses, and the inclusion of income and deduction of expenses in arriving at our taxable income. If these timing differences occur, AMB Property Corporation may need to arrange for short-term, or possibly long-term, borrowings or need to pay dividends in the form of taxable stock dividends in order to meet the distribution requirements.

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Under some circumstances, AMB Property Corporation may be able to rectify an inadvertent failure to meet the distribution requirement for a year by paying "deficiency dividends" to its stockholders in a later year, which may be included in its deduction for dividends paid for the earlier year. Thus, AMB Property Corporation may be able to avoid being taxed on amounts distributed as deficiency dividends. However, it will be required to pay interest to the Internal Revenue Service based upon the amount of any deduction claimed for deficiency dividends.

Furthermore, AMB Property Corporation will be required to pay a 4% excise tax on the excess of the required distribution over the amounts actually distributed if it fails to distribute during each calendar year, or in the case of distributions with declaration and record dates falling in the last three months of the calendar year, by the end of January immediately following such year, at least the sum of 85% of its real estate investment trust ordinary income for such year, 95% of its real estate investment trust capital gain income for the year and any undistributed taxable income from prior periods. Any real estate investment trust taxable income and net capital gain on which this excise tax is imposed for any year is treated as an amount distributed during that year for purposes of calculating such tax.

LIKE-KIND EXCHANGES. We have in the past disposed of properties in transactions intended to qualify as like-kind exchanges under the Internal Revenue Code, and may continue this practice in the future. Such like-kind exchanges are intended to result in the deferral of gain for federal income tax purposes. The failure of any such transaction to qualify as a like-kind exchange could subject AMB Property Corporation to federal income tax, possibly including the 100% prohibited transaction tax, depending on the facts and circumstances surrounding the particular transaction.

#### FAILURE TO QUALIFY

If AMB Property Corporation fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, it will be required to pay tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates. Distributions to stockholders in any year in which AMB Property Corporation fails to qualify will not be deductible by it and AMB Property Corporation will not be required to distribute any amounts to its stockholders. As a result, AMB Property Corporation's failure to qualify as a REIT would reduce the cash available for distribution by it to its stockholders. In addition, if AMB Property Corporation fails to qualify as a REIT, all distributions to stockholders will be taxable as ordinary income to the extent of its current and accumulated earnings and profits, and subject to certain

limitations of the Internal Revenue Code, corporate distributees may be eligible for the dividends received deduction. Unless entitled to relief under specific statutory provisions, AMB Property Corporation would also be disqualified from taxation as a REIT for the four taxable years following the year during which it lost its qualification. It is not possible to state whether in all circumstances AMB Property Corporation would be entitled to this statutory relief.

#### TAX ASPECTS OF AMB PROPERTY, L.P., THE SUBSIDIARY PARTNERSHIPS AND THE LIMITED LIABILITY COMPANIES

GENERAL. Substantially all of AMB Property Corporation's investments are held indirectly through us. In addition, we hold certain of our investments indirectly through subsidiary partnerships and limited liability companies. In general, entities that are classified as partnerships for federal income tax purposes are "pass-through" entities which are not required to pay federal income tax. Rather, partners or members of such entities are allocated their proportionate shares of the items of income, gain, loss, deduction and credit of the entity, and are potentially required to pay tax thereon, without regard to whether the partners or members receive a distribution of cash from the entity. AMB Property Corporation will include in its income its proportionate share of the foregoing items for purposes of the various real estate investment trust income tests and in the computation of its real estate investment trust taxable income. Moreover, for purposes of the real estate investment trust asset tests, AMB Property Corporation will include its proportionate share of assets held by us, including its share of our subsidiary partnerships and limited liability companies. See "--Taxation of AMB Property Corporation".

ENTITY CLASSIFICATION. AMB Property Corporation's interests in us, the partnerships and limited liability companies involve special tax considerations, including the possibility that the Internal Revenue Service might

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challenge the status of these entities as a partnership, as opposed to an association taxable as a corporation for federal income tax purposes. If we, a partnership, or a limited liability company were treated as an association, we or it would be taxable as a corporation and would be required to pay an entity-level tax on our or its income. In this situation, the character of AMB Property Corporation's assets and items of gross income would change and preclude it from satisfying the asset tests and possibly the income tests (see "--Taxation of AMB Property Corporation--Asset Tests" and "--Income Tests"). This, in turn, would prevent AMB Property Corporation from qualifying as a real estate investment trust. See "--Failure to Qualify" for a discussion of the effect of AMB Property Corporation's failure to meet these tests for a taxable year. In addition, a change in our, a partnership's or a limited liability company's status for tax purposes might be treated as a taxable event. If so, we might incur a tax liability without any related cash distributions.

Treasury regulations that apply for tax periods beginning on or after January 1, 1997 provide that a domestic business entity not otherwise organized as a corporation and which has at least two members, an "eligible entity", may elect to be taxed as a partnership for federal income tax purposes. Unless it elects otherwise, an eligible entity in existence prior to January 1, 1997 will have the same classification for federal income tax purposes that it claimed under the entity classification treasury regulations in effect prior to this date. In addition, an eligible entity which did not exist, or did not claim a classification, prior to January 1, 1997, will be classified as a partnership for federal income tax purposes unless it elects otherwise. We and each of our other partnerships and limited liability companies intend to claim classification as a partnership under the final regulations. As a result, we believe that we and each of these entities will be classified as partnerships for federal income tax purposes.

ALLOCATIONS OF INCOME, GAIN, LOSS AND DEDUCTION. The partnership agreement provides for preferred distributions of cash and preferred allocations of income to holders of preferred units, including AMB Property Corporation, with respect to our preferred limited partnership units. In addition, to the extent AMB Property Corporation issues preferred stock in exchange for preferred limited partnership units of AMB Property II, L.P., AMB Property Corporation will contribute substantially all of such units to us in exchange for additional preferred limited partnership units, and the partnership agreement will be amended to provide for similar preferred distributions of cash and preferred allocations of income to AMB Property Corporation with respect to these newly issued preferred units. As a consequence, AMB Property Corporation will receive distributions from us that AMB Property Corporation will use to pay dividends on substantially all of the shares of preferred stock that it issues before any of our other partners, other than a holder of preferred units, if such units are not then held by AMB Property Corporation, receives a distribution.

In addition, if necessary, income will be specially allocated to AMB Property Corporation, and losses will be allocated to our other partners, in amounts necessary to ensure that the balance in AMB Property Corporation's capital account will at all times be equal to or in excess of the amount it is required to pay on the preferred stock then issued by it upon liquidation or redemption. Similar preferred distributions and allocations will be made for the

benefit of other holders of our preferred limited partnership units. All remaining items of operating income and loss will be allocated to the holders of common units in proportion to the number of units or performance units held by each such unitholder. All remaining items of gain or loss relating to the disposition of our assets upon liquidation will be allocated first to the partners in the amounts necessary, in general, to equalize AMB Property Corporation's and the limited partners' per unit capital accounts, with any special allocation of gain to the holders of performance units being offset by a reduction in the gain allocation to AMB Property Corporation and unitholders which were performance investors.

Certain limited partners have agreed to guarantee our debt, either directly or indirectly through an agreement to make capital contributions to us under limited circumstances. As a result of these guarantees or contribution agreements, and notwithstanding the foregoing discussion of allocations of our income and loss to holders of common units, such limited partners could under limited circumstances be allocated a disproportionate amount of net loss upon our liquidation, which net loss would have otherwise been allocable to AMB Property Corporation.

If an allocation is not recognized for federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership. This reallocation will be

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determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. Our allocations of taxable income and loss are intended to comply with the requirements of Section 704(b) of the Internal Revenue Code and the treasury regulations promulgated under this section of the Internal Revenue Code.

**TAX ALLOCATIONS WITH RESPECT TO THE PROPERTIES.** Under Section 704(c) of the Internal Revenue Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated in a manner so that the contributing partner is charged with the unrealized gain or benefits from the unrealized loss associated with the property at the time of the contribution. The amount of the unrealized gain or unrealized loss is generally equal to the difference between the fair market value or book value and the adjusted tax basis of the property at the time of contribution. These allocations are solely for federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. We were formed by way of contributions of appreciated property. Moreover, subsequent to our formation, additional appreciated property has been contributed to us in exchange for limited partnership interests. The partnership agreement requires that these allocations be made in a manner consistent with Section 704(c) of the Internal Revenue Code.

In general, our partners, including AMB Property Corporation, which contributed assets having an adjusted tax basis less than their fair market value at the time of contribution, will be allocated depreciation deductions for tax purposes which are lower than such deductions would have been if determined on a pro rata basis. In addition, in the event of the disposition of any of the contributed assets which have such a book-tax difference, all income attributable to such book-tax difference generally will be allocated to the contributing partners. These allocations will tend to eliminate the book-tax difference over time. However, the special allocation rules of Section 704(c) do not always entirely eliminate the book-tax difference on an annual basis or with respect to a specific taxable transaction such as a sale. Thus, the carryover basis of the contributed assets in our hands may cause AMB Property Corporation or our other partners to be allocated lower depreciation and other deductions, and possibly an amount of taxable income in the event of a sale of such contributed assets in excess of the economic or book income allocated to AMB Property Corporation or other partners as a result of the sale. Such an allocation might cause AMB Property Corporation or other partners to recognize taxable income in excess of cash proceeds, which might adversely affect AMB Property Corporation's ability to comply with the real estate investment trust distribution requirements. See "--Taxation of AMB Property Corporation--Requirements for Qualification as a Real Estate Investment Trust" and "--Annual Distribution Requirements".

Treasury regulations issued under Section 704(c) of the Internal Revenue Code provide partnerships with a choice of several methods of accounting for book-tax differences, including retention of the "traditional method" or the election of certain methods which would permit any distortions caused by a book-tax difference to be entirely rectified on an annual basis or with respect to a specific taxable transaction such as a sale. We and AMB Property Corporation have determined to use the "traditional method" for accounting for book-tax differences for the properties initially contributed to us and for certain assets contributed subsequently. We and AMB Property Corporation have not yet decided what method will be used to account for book-tax differences for properties we acquire in the future.

Any property we acquire in a taxable transaction will initially have a tax

basis equal to its fair market value, and Section 704(c) of the Internal Revenue Code will not apply.

#### OTHER TAX CONSEQUENCES TO AMB PROPERTY CORPORATION

AMB Property Corporation may be subject to state or local taxation in various state or local jurisdictions, including those in which it transacts business. AMB Property Corporation's state and local tax treatment may not conform to the federal income tax consequences discussed above.

#### CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR NOTE HOLDERS

The following summary describes certain United States federal income tax consequences to you of purchasing, owning and disposing of the notes. This summary deals only with notes held as "capital assets"

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(generally, property held for investment within the meaning of Section 1221 of the Internal Revenue Code). It does not address all the tax consequences that may be relevant to you in light of your particular circumstances. In addition, it does not address the tax consequences relevant to persons who receive special treatment under the federal income tax law, except to the extent discussed under the heading "Non-United States Holders" or where specifically noted. Holders receiving special treatment include, without limitation:

- financial institutions, banks and thrifts,
- insurance companies,
- tax-exempt organizations,
- "S" corporations,
- regulated investment companies and real estate investment trusts,
- foreign corporations or partnerships, and persons who are not residents or citizens of the United States,
- dealers in securities or currencies,
- persons holding notes as a hedge against currency risks or as a position in a straddle, or
- persons whose functional currency is not the United States dollar.

In addition, if a partnership holds notes, the treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our notes, you should consult your tax advisor regarding the tax consequences of that partnership's ownership and disposition of notes. This discussion also does not deal with holders other than original purchasers, except where otherwise specifically noted.

State, local and foreign income tax laws may differ substantially from the corresponding federal income tax laws, and this discussion does not purport to describe any aspect of the tax laws of any state, local or foreign jurisdiction. Because the exact pricing and other terms of the notes will vary, no assurance can be given that the considerations described below will apply to a particular issuance of notes. Certain material United States federal income tax consequences relating to the ownership of particular notes, where applicable, will be summarized in the applicable prospectus supplement or pricing supplement relating to such notes. Persons considering the purchase of notes should consult their tax advisors concerning the application of United States federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the notes arising under the laws of any state, local or foreign taxing jurisdiction.

As used in this section, the term "United States holder" means a beneficial owner of a note that is for United States federal income tax purposes either:

- a citizen or resident of the United States,
- a corporation, or a partnership, including an entity treated as a corporation or partnership for United States federal income tax purposes, created or organized in or under the laws of the United States or any State thereof or the District of Columbia, unless, in the case of a partnership, treasury regulations are adopted that provide otherwise,
- an estate the income of which is subject to United States federal income taxation regardless of its source,
- a trust whose administration is subject to the primary supervision of

a United States court and which has one or more United States persons who have the authority to control all substantial decisions of such trust, or

- any other person whose income or gain in respect of a note is effectively connected with the conduct of a United States trade or business.

Notwithstanding the preceding sentence, to the extent provided in treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to such date that elect to be treated as United States persons, shall also be considered United States holders. If you hold a note and are not a United States holder, you are a "non-United States holder".

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#### UNITED STATES HOLDERS

**TAXATION OF INTEREST.** The taxation of interest on a note depends on whether it constitutes "qualified stated interest", as defined below. Interest on a note that constitutes qualified stated interest is includible in a United States holder's income as ordinary interest income when actually or constructively received, if such holder uses the cash method of accounting for federal income tax purposes, or when accrued, if such holder uses an accrual method of accounting for federal income tax purposes. Interest that does not constitute qualified stated interest is included in a United States holder's income under the rules described below under "Original Issue Discount", regardless of such holder's method of accounting. Notwithstanding the foregoing, interest that is payable on a note with a maturity of one year or less from its issue date (a "short-term note") is included in a United States holder's income under the rules described below under "Short-Term Notes".

**FIXED RATE NOTES.** Interest on a fixed rate note will generally constitute "qualified stated interest" if the interest is unconditionally payable, or will be constructively received under Section 451 of the Internal Revenue Code, in cash or in property, other than debt instruments issued by us, at least annually at a single fixed rate. If a note bears interest for one or more accrual periods at a rate below the rate applicable for the remaining term of such note (e.g., notes with teaser rates or interest holidays), and if the greater of either the resulting foregone interest on such note or any "true" discount on such note (i.e., the excess of the note's stated principal amount over its issue price) equals or exceeds a specified de minimis amount, then the stated interest on the note would be treated as original issue discount rather than qualified stated interest.

**FLOATING RATE NOTES.** Interest on a floating rate note that is unconditionally payable, or will be constructively received under Section 451 of the Internal Revenue Code, in cash or in property, other than debt instruments issued by us, at least annually will constitute "qualified stated interest" if the note is a "variable rate debt instrument" under the rules described below and the interest is payable at a single "qualified floating rate" or single "objective rate", each as defined below. If the note is a variable rate debt instrument but the interest is payable other than at a single qualified floating rate or at a single objective rate, special rules apply to determine the portion of such interest that constitutes "qualified stated interest". See "Original Issue Discount--Floating Rate Notes that are Variable Rate Debt Instruments", below.

**DEFINITION OF VARIABLE RATE DEBT INSTRUMENT, QUALIFIED FLOATING RATE AND OBJECTIVE RATE.** A note is a variable rate debt instrument if all of the four following conditions are met. First, the "issue price" of the note, as described below, must not exceed the total noncontingent principal payments by more than an amount equal to the lesser of (i) .015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date, or, in the case of a note that provides for payment of any amount other than qualified stated interest before maturity, its weighted average maturity, and (ii) 15% of the total noncontingent principal payments.

Second, the note must provide for stated interest, compounded or paid at least annually, at (a) one or more qualified floating rates, (b) a single fixed rate and one or more qualified floating rates, (c) a single objective rate or (d) a single fixed rate and a single objective rate that is a "qualified inverse floating rate" as defined below.

Third, the note must provide that a qualified floating rate or objective rate in effect at any time during the term of the note is set at the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

Fourth, the note may not provide for any principal payments that are contingent except as provided in the first requirement set forth above.

Subject to certain exceptions, a variable rate of interest on a note is a "qualified floating rate" if variations in the value of the rate can reasonably

be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the debt instrument is denominated. A variable rate will be considered a qualified floating rate if the variable rate equals (i) the product of a qualified floating rate and a fixed multiple that is greater than 0.65, but not more than 1.35 or (ii) the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same

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values throughout the term of the note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the note's issue date) will be treated as a single qualified floating rate. Despite the foregoing, a variable rate will not be considered a qualified floating rate if the variable rate is subject to a cap, floor, governor (i.e., a restriction on the amount of increase or decrease in the stated interest rate) or similar restriction that is reasonably expected as of the issue date to cause the yield on the note to be significantly more or less than the expected yield determined without the restriction, other than a cap, floor or governor that is fixed throughout the term of the note.

Subject to certain exceptions, an "objective rate" is a rate, other than a qualified floating rate, that is determined using a single fixed formula and that is based on objective financial or economic information that is neither within our control (or the control of a related party) nor unique to our circumstances (or the circumstances of a related party). For example, an objective rate generally includes a rate that is based on one or more qualified floating rates or on the yield of actively traded personal property within the meaning of Section 1092(d)(1) of the Internal Revenue Code. Notwithstanding the first sentence of this paragraph, a rate on a note is not an objective rate if it is reasonably expected that the average value of the rate during the first half of the note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the note's term. An objective rate is a "qualified inverse floating rate" if (a) the rate is equal to a fixed rate minus a qualified floating rate and (b) the variations in the rate can reasonably be expected to reflect inversely contemporaneous variations in the cost of newly borrowed funds, disregarding any caps, floors, governors or similar restrictions that would not, as described above, cause a rate to fail to be a qualified floating rate.

If interest on a note is stated at a fixed rate for an initial period of one year or less, followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the variable rate on the issue date is intended to approximate the fixed rate, the fixed rate and the variable rate together constitute a single qualified floating rate or objective rate.

**ORIGINAL ISSUE DISCOUNT.** Original issue discount with respect to a note is the excess, if any, of the note's "stated redemption price at maturity" over the note's "issue price". A note's "stated redemption price at maturity" is the sum of all payments provided by the note, whether designated as interest or as principal, other than payments of qualified stated interest. The "issue price" of a note is the first price at which a substantial amount of the notes in the issuance that includes such note is sold for money, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers.

As described more fully below, United States holders of notes with original issue discount that mature more than one year from their issue date generally will be required to include such original issue discount in income as it accrues in accordance with the constant yield method described below, irrespective of the receipt of the related cash payments. A United States holder's tax basis in a note is increased by each accrual of original issue discount and decreased by each payment other than a payment of qualified stated interest.

The amount of original issue discount with respect to a note will be treated as zero if the original issue discount is less than an amount equal to . . .0025 multiplied by the product of the stated redemption price at maturity and the number of complete years to maturity, or, in the case of a note that provides for payment of any amount other than qualified stated interest prior to maturity, the weighted average maturity of the note. If the amount of original issue discount with respect to a note is less than that amount, the original issue discount that is not included in payments of stated interest is generally included in income as capital gain as principal payments are made. The amount includible with respect to a principal payment equals the product of the total amount of original issue discount and a fraction, the numerator of which is the amount of such principal payment and the denominator of which is the stated principal amount of the note.

**FIXED RATE NOTES.** In the case of original issue discount with respect to a fixed rate note, the amount of original issue discount includible in the income of a United States holder for any taxable year is determined under the constant yield method, as follows. First, the "yield to maturity" of the note is computed. The yield to maturity is the discount rate that, when used in computing the present value of all interest and principal payments to be made

under the note, including payments of qualified stated interest, produces an amount

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equal to the issue price of the note. The yield to maturity is constant over the term of the note and, when expressed as a percentage, must be calculated to at least two decimal places.

Second, the term of the note is divided into "accrual periods". Accrual periods may be of any length and may vary in length over the term of the note, provided that each accrual period is no longer than one year and that each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period.

Third, the total amount of original issue discount on the note is allocated among accrual periods. In general, the original issue discount allocable to an accrual period equals the product of the "adjusted issue price" of the note at the beginning of the accrual period and the yield to maturity of the note, less the amount of any qualified stated interest allocable to the accrual period. The adjusted issue price of a note at the beginning of the first accrual period is its issue price. Thereafter, the adjusted issue price of the note is its issue price, increased by the amount of original issue discount previously includible in the gross income of any holder and decreased by the amount of any payment previously made on the note other than a payment of qualified stated interest. For purposes of computing the adjusted issue price of a note, the amount of original issue discount previously includible in the gross income of any holder is determined without regard to "premium" and "acquisition premium", as those terms are defined below under "Premium and Acquisition Premium".

Fourth, the "daily portions" of original issue discount are determined by allocating to each day in an accrual period its ratable portion of the original issue discount allocable to the accrual period.

A United States holder includes in income in any taxable year the daily portions of original issue discount for each day during the taxable year that such holder held notes. In general, under the constant yield method described above, United States holders will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

FLOATING RATE NOTES THAT ARE VARIABLE RATE DEBT INSTRUMENTS. The taxation of original issue discount, including interest that does not constitute qualified stated interest, on a floating rate note will depend on whether the note is a "variable rate debt instrument", as that term is defined above under "Taxation of Interest--Definition of Variable Rate Debt Instrument, Qualified Floating Rate and Objective Rate".

If a variable rate debt instrument provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof, any stated interest on the note which is unconditionally payable in cash or property, other than debt instruments of the issuer, at least annually will constitute "qualified stated interest" and will be taxed accordingly. Thus, this type of variable rate debt instrument will generally not be treated as having been issued with original issue discount unless the variable rate debt instrument is issued at a "true" discount (i.e., at a price below the variable rate debt instrument's stated principal amount) in excess of a specified de minimis amount. Original issue discount on such a variable rate debt instrument arising from "true discount" is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or a qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate, other than a qualified inverse floating rate, the rate that reflects the yield that is reasonably expected for the note. Qualified stated interest allocable to an accrual period is increased, or decreased, if the interest actually paid during an accrual period exceeds, or is less than, the interest assumed to be paid during the accrual period.

If a note that is a variable rate debt instrument does not provide for interest at a single variable rate as described above, the amount of interest and original issue discount accruals are determined by constructing an equivalent fixed rate debt instrument, as follows.

First, in the case of an instrument that provides for interest at one or more qualified floating rates or at a qualified inverse floating rate and, in addition, at a fixed rate, replace the fixed rate with a qualified floating rate, or qualified inverse floating rate, such that the fair market value of the instrument, so modified, as of the issue date would be approximately the same as the fair market value of the unmodified instrument.

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Second, determine the fixed rate substitute for each variable rate provided by the note, or determined to be provided by the note under the first step above. The fixed rate substitute for each qualified floating rate provided by the note is the value of that qualified floating rate on the issue date. If the



note provides for two or more qualified floating rates with different intervals between interest adjustment dates (for example, the 30-day commercial paper rate and quarterly LIBOR), the fixed rate substitutes are based on intervals that are equal in length (for example, the 90-day commercial paper rate and quarterly LIBOR, or the 30-day commercial paper rate and monthly LIBOR). The fixed rate substitute for a qualified inverse floating rate is the value of the qualified inverse floating rate on the issue date. The fixed rate substitute for an objective rate, other than a qualified inverse floating rate, is a fixed rate that reflects the yield that is reasonably expected for the note.

Third, construct an equivalent fixed rate debt instrument that has terms that are identical to those provided under the note, except that the equivalent fixed rate debt instrument provides for the fixed rate substitutes determined in the second step, in lieu of the qualified floating rates or objective rate provided by the note.

Fourth, determine the amount of qualified stated interest and original issue discount for the equivalent fixed rate debt instrument under the rules, described above, for fixed rate notes. These amounts are taken into account as if the United States holder held the equivalent fixed rate debt instrument. See "Taxation of Interest" and "Original Issue Discount--Fixed Rate Notes", above.

Fifth, make appropriate adjustments for the actual values of the variable rates. In this step, qualified stated interest or original issue discount allocable to an accrual period is increased, or decreased, if the interest actually accrued or paid during the accrual period exceeds, or is less than, the interest assumed to be accrued or paid during the accrual period under the equivalent fixed rate debt instrument.

FLOATING RATE NOTES THAT ARE NOT VARIABLE RATE DEBT INSTRUMENTS. Floating rate notes that are not variable rate debt instruments ("contingent notes") will be taxable under the rules applicable to contingent payment debt instruments (the "contingent debt regulations"). Under these treasury regulations, any contingent and noncontingent interest payments would be includible in income in a taxable year whether or not the amount of any payment is fixed or determinable in that year. To determine the amount of interest includible in the holder's income, we are required to determine, as of the issue date, the comparable yield for the contingent note. The comparable yield is generally the yield at which we would issue a fixed rate debt instrument with terms and conditions similar to those of the contingent note, including the level of subordination, term, timing of payments and general market conditions, but not taking into consideration the riskiness of the contingencies or the liquidity of the contingent note. In certain cases where contingent notes are marketed or sold in substantial part to tax-exempt investors or other investors for whom the prescribed inclusion of interest is not expected to have a substantial effect on their U.S. income tax liability, the comparable yield for the contingent note, without proper evidence to the contrary, is presumed to be the applicable federal rate.

Second, solely for tax purposes, we construct a projected schedule of payments determined under the contingent debt regulations for the contingent note (the "Schedule"). The Schedule is determined as of the issue date and generally remains in place throughout the term of the contingent note. If a right to a contingent payment is based on market information, the amount of the projected payment is the forward price of the contingent payment. If a contingent payment is not based on market information, the amount of the projected payment is the expected value of the contingent payment as of the issue date. The Schedule must produce the comparable yield determined as set forth above. Otherwise, the Schedule must be adjusted under the rules set forth in the contingent debt regulations.

Third, under the usual rules applicable to original issue discount and based on the Schedule, the interest income on the contingent note for each accrual period is determined by multiplying the comparable yield of the contingent note, adjusted for the length of the accrual period, by the contingent note's adjusted issue price at the beginning of the accrual period, determined under rules set forth in the contingent debt regulations. The amount so determined is then allocated on a ratable basis to each day in the accrual period that the United States holder held the contingent note.

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Fourth, appropriate adjustments are made to the interest income determined under the foregoing rules to account for any differences between the Schedule and actual contingent payments. Under the rules set forth in the contingent debt regulations, differences between the actual amounts of any contingent payments made in a calendar year and the projected amounts of such payments are generally aggregated and taken into account, in the case of a positive difference, as additional interest income, or, in the case of a negative difference, first as a reduction in interest income for such year and thereafter, as ordinary loss to the extent of the amount by which the United States holder's total interest inclusions on the contingent notes exceeds the total amount of net negative adjustments treated as ordinary loss in prior taxable years. Any remaining excess will be a negative adjustment carryforward and treated as a negative adjustment in the succeeding year. If a contingent note is sold, exchanged, or retired, any negative adjustment carryforward from the prior year will reduce the United States holder's amount realized on the sale, exchange or retirement.

We are required to provide each holder of a contingent note with the Schedule described above. If we do not create a Schedule or the Schedule is unreasonable, a United States holder must set its own projected payment schedule and explicitly disclose the use of such schedule and the reason therefor. Unless otherwise prescribed by the Internal Revenue Service, the United States holder must make such disclosure on a statement attached to the United States holder's timely filed federal income tax return for the taxable year in which the contingent note was acquired.

In general, any gain realized by a United States holder on the sale, exchange or retirement of a contingent note is interest income. In general, any loss on a contingent note accounted for under the method described above is ordinary loss to the extent it does not exceed such holder's prior interest inclusions on the contingent note, net of negative adjustments treated as ordinary loss in price taxable years. Special rules apply in determining the tax basis of a contingent note and the amount realized on the retirement of a contingent note.

**OTHER RULES.** Certain notes having original issue discount may be redeemed prior to maturity or may be repayable at the option of the holder. Such notes may be subject to rules that differ from the general rules discussed above relating to the tax treatment of original issue discount. Purchasers of such notes with a redemption feature should consult their tax advisors with respect to such feature since the tax consequences with respect to original issue discount will depend, in part, on the particular terms and the particular features of the purchased note.

The treasury regulations relating to the tax treatment of original issue discount contain certain language ("aggregation rules") stating in general that, with some exceptions, if more than one type of note is issued in connection with the same transaction or related transactions, such notes may be treated as a single debt instrument with a single issue price, maturity date, yield to maturity and stated redemption price at maturity for purposes of calculating and accruing any original issue discount. Unless otherwise provided in the applicable prospectus supplement or pricing supplement, we do not expect to treat different types of notes as being subject to the aggregation rules for purposes of computing original issue discount.

**MARKET DISCOUNT.** If a United States holder acquires a note having a maturity date of more than one year from the date of its issuance and has a tax basis in the note that is, in the case of a note that does not have original issue discount, less than its issue price, or, in the case of a subsequent purchase, its stated redemption price at maturity, or, in the case of a note that has original issue discount, less than its adjusted issue price as of the date of acquisition, as defined above, the amount of such difference is treated as "market discount" for federal income tax purposes, unless such difference is less than .0025 multiplied by the stated redemption price at maturity of the note multiplied by the number of complete years to maturity from the date of acquisition.

Under the market discount rules of the Internal Revenue Code, a United States holder is required to treat any principal payment, or, in the case of a note that has original issue discount, any payment that does not constitute a payment of qualified stated interest, on, or any gain on the sale, exchange, retirement or other disposition of, a note as ordinary income to the extent of the accrued market discount that has not previously been included in income. Thus, partial principal payments are treated as ordinary income to the extent of accrued market discount that has not previously been included in income. If such note is disposed of by the United States holder in certain otherwise nontaxable transactions, accrued market discount will be includible

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as ordinary income by the United States holder as if such holder had sold the note at its then fair market value.

In general, the amount of market discount that has accrued is determined on a ratable basis. A United States holder may, however, elect to determine the amount of accrued market discount on a constant yield to maturity basis. This election is made on a note-by-note basis and is irrevocable.

With respect to notes with market discount, a United States holder may not be allowed to deduct immediately a portion of the interest expense on any indebtedness incurred or continued to purchase or to carry such notes. A United States holder may elect to include market discount in income currently as it accrues, in which case the interest deferral rule set forth in the preceding sentence will not apply. This election will apply to all debt instruments acquired by the United States holder on or after the first day of the first taxable year to which the election applies and is irrevocable without the consent of the Internal Revenue Service. A United States holder's tax basis in a note will be increased by the amount of market discount included in the holder's income under the election.

In lieu of the foregoing rules, different rules apply in the case of contingent notes where a holder's tax basis in a contingent note is less than the contingent note's adjusted issue price, determined under special rules set out in the contingent debt regulations. Accordingly, prospective purchasers of contingent notes should consult with their tax advisors with respect to the application of these rules to contingent notes.

**PREMIUM AND ACQUISITION PREMIUM.** If a United States holder purchases a note for an amount in excess of the sum of all amounts payable on the note after the date of acquisition, other than payments of qualified stated interest, the holder will be considered to have purchased the note with "amortizable bond premium" equal in amount to the excess, and generally will not be required to include any original issue discount in income. Generally, a United States holder may elect to amortize the premium as an offset to qualified stated interest income, using a constant yield method similar to that described above (see "Original Issue Discount"), over the remaining term of the note, where the note is not redeemable prior to its maturity date. In the case of notes that may be redeemed prior to maturity, the premium is calculated assuming that we or the United States holder will exercise or not exercise its redemption rights in a manner that maximizes the United States holder's yield. A United States holder who elects to amortize bond premium must reduce such holder's tax basis in the note by the amount of the premium used to offset qualified stated interest income as set forth above. An election to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by the holder and may be revoked only with the consent of the Internal Revenue Service.

If a United States holder purchases a note issued with original issue discount at an "acquisition premium", the amount of original issue discount that the United States holder includes in gross income is reduced to reflect the acquisition premium. A note is purchased at an acquisition premium if its adjusted basis, immediately after its purchase, is (a) less than or equal to the sum of all amounts payable on the note after the purchase date other than payments of qualified stated interest and (b) greater than the note's "adjusted issue price" (as described above under "Original Issue Discount--Fixed Rate Notes").

If a note is purchased at an acquisition premium, the United States holder reduces the amount of original issue discount otherwise includible in income during an accrual period by an amount equal to (i) the amount of original issue discount otherwise includible in income multiplied by (ii) a fraction, the numerator of which is the excess of the adjusted basis of the note immediately after its acquisition by the purchaser over the adjusted issue price of the note and the denominator of which is the excess of the sum of all amounts payable on the note after the purchase date, other than payments of qualified stated interest, over the note's adjusted issue price.

As an alternative to reducing the amount of original issue discount otherwise includible in income by this fraction, the United States holder may elect to compute original issue discount accruals by treating the purchase as a purchase at original issuance and applying the constant yield method described above.

In lieu of the foregoing rules, different rules apply in the case of contingent notes where a holder's tax basis in a contingent note is greater than the contingent note's adjusted issue price, determined under special

rules set out in the contingent debt regulations. Accordingly, prospective purchasers of contingent notes should consult with their tax advisors with respect to the application of these rules to contingent notes.

**SHORT-TERM NOTES.** A short-term note will be treated as having been issued with original issue discount if the stated redemption price at maturity exceeds the issue price of the note. United States holders that report income for federal income tax purposes on an accrual method and certain other United States holders, including banks and dealers in securities, are required to include original issue discount in income on such short-term notes on a straight-line basis, unless an election is made to accrue the original issue discount according to a constant yield method based on daily compounding. Any interest payable on the obligation, other than original issue discount, is included in gross income as it accrues.

United States holders of short-term notes who use the cash method of accounting and certain other United States holders are not required to accrue original issue discount for federal income tax purposes, unless the holder elects to do so, with the consequence that the reporting of such income is deferred until it is received. In the case of a United States holder that is not required, and does not elect, to include original issue discount in income currently, any gain realized on the sale, exchange or retirement of a short-term note is ordinary income to the extent of the original issue discount accrued on a straight-line basis, or, if elected, according to a constant yield method based on daily compounding, through the date of sale, exchange or retirement. In addition, United States holders that are not required, and do not elect, to include original issue discount in income currently are required to defer

deductions for any interest paid on indebtedness incurred or continued to purchase or carry a short-term note in an amount not exceeding the deferred interest income with respect to such short-term note, which includes both the accrued original issue discount and accrued interest that is payable but that has not been included in gross income, until such deferred interest income is realized. A United States holder of a short-term note may elect to apply the foregoing rules, except for the rule characterizing gain on sale, exchange or retirement as ordinary, with respect to "acquisition discount" rather than original issue discount. Acquisition discount is the excess of the stated redemption price at maturity of the short-term note over the United States holder's basis in the short-term note. This election applies to all obligations acquired by the taxpayer on or after the first day of the first taxable year to which such election applies, unless revoked with the consent of the Internal Revenue Service. A United States holder's tax basis in a short-term note is increased by the amount included in such holder's income on such a note.

**ELECTION TO TREAT ALL INTEREST AS ORIGINAL ISSUE DISCOUNT.** United States holders may elect to include in gross income all interest that accrues on a note, including any stated interest, acquisition discount, original issue discount, market discount, de minimis original issue discount, de minimis market discount and unstated interest, as adjusted by amortizable bond premium and acquisition premium, by using the constant yield method described above under "Original Issue Discount". Such an election for a note with amortizable bond premium will result in a deemed election to amortize bond premium for all debt instruments owned and later acquired by the United States holder with amortizable bond premium and may be revoked only with the permission of the Internal Revenue Service. Similarly, such an election for a note with market discount will result in a deemed election to accrue market discount in income currently for such note and for all other debt instruments acquired by the United States holder with market discount on or after the first day of the taxable year to which such election first applies, and may be revoked only with the permission of the Internal Revenue Service. A United States holder's tax basis in a note will be increased by each accrual of the amounts treated as original issue discount under the constant yield election described in this paragraph.

**EXTENDIBLE NOTES, RENEWABLE NOTES AND RESET NOTES.** If so specified in an applicable prospectus supplement or pricing supplement relating to a note, we or a holder may have the option to extend the maturity of or renew the note. In addition, we may have the option to reset the interest rate, the spread or the fixed multiple with respect to a note. The treatment of a United States holder of notes to which these options apply will depend, in part, on the terms we establish for the notes pursuant to the exercise of the option by us or a holder. Upon the exercise of any such option, the United States holder of the notes may be treated for federal income tax purposes as having exchanged the notes for new notes with revised terms. If the holder is treated as having exchanged the notes for new notes, the exchange may be treated as either a taxable exchange or a tax-free recapitalization.

Final treasury regulations under Section 1001 of the Internal Revenue Code, published on June 26, 1996, generally provide that the exercise of an option provided to an issuer or a holder to change a term of a debt instrument, such as the maturity or the interest rate, in a manner such as that contemplated for extendible notes, renewable notes and reset notes will create a deemed exchange of the old notes for new notes if the exercise modifies the terms to a degree that is "economically significant". With respect to certain types of debt instruments, under the Section 1001 regulations a deemed exchange for tax purposes occurs if the exercise of such an option alters the annual yield of the debt instrument by more than the greater of (i) 25 basis points or (ii) 5 percent of the annual yield of the debt instrument prior to modification. The exercise of an option that changes the timing of payments under a debt instrument creates a deemed exchange under the Section 1001 regulations, whether or not the annual yield is altered, if there is a "material deferral" of scheduled payments. In this connection, the Section 1001 regulations generally provide that a deferral of scheduled payments within a safe-harbor period which begins on the original due date for the first deferred payment and extends for a period not longer than the lesser of five years or 50 percent of the original term of the debt instrument will not be considered to be a material deferral.

If the exercise of the option by us or a holder is not treated as an exchange of the old notes for new notes, no gain or loss will be recognized by a United States holder as a result thereof. If the exercise of the option is treated as a taxable exchange of the old notes for new notes, a United States holder will recognize gain or loss equal to the difference between the issue price of the new notes and the holder's tax basis in the old notes. However, if the exercise of the option is treated as a tax-free recapitalization, no loss will be recognized by a United States holder as a result thereof and gain, if any, will be recognized to the extent of the fair market value of the excess, if any, of the principal amount of securities received over the principal amount of securities surrendered. In this regard, the meaning of the term "principal amount" is not clear. The term could be interpreted to mean "issue price" with respect to securities that are received and "adjusted issue price" with respect to securities that are surrendered. Legislation to that effect has been

introduced in the past. It is not possible to determine whether the legislation will be reintroduced or enacted, and, if enacted, whether it would apply to a recapitalization occurring prior to the date of enactment.

The presence of these options may also affect the calculation of interest income and original issue discount, among other things. For purposes of determining the yield and maturity of a note, if we have an unconditional option or combination of options to require payments to be made on the note under an alternative payment schedule or schedules (e.g., an option to extend or an option to redeem the note at a fixed premium), we will be deemed to exercise or not exercise an option or combination of options in a manner that minimizes the yield on the note. Conversely, a holder having such option or combination of such options will be deemed to exercise or not exercise the option or combination of options in a manner that maximizes the yield on the note. If both we and the holder have options, the foregoing rules are applied to the options in the order that they may be exercised. Thus, the deemed exercise of one option may eliminate other options that are later in time. If the exercise of the option or options actually occurs or does not occur, contrary to what is deemed to occur pursuant to the foregoing rules, then, solely for purposes of the accrual of original issue discount, the yield and maturity of the note are redetermined by treating the note as reissued on the date of the occurrence or non-occurrence of the exercise for an amount equal to its adjusted issue price on that date. As described under the heading "Original Issue Discount--Floating Rate Notes that are not Variable Rate Debt Instruments", depending on the terms of the options described above, the presence of these options may instead cause the notes to be taxable as contingent notes.

THE FOREGOING DISCUSSION OF EXTENDIBLE NOTES, RENEWABLE NOTES AND RESET NOTES IS PROVIDED FOR GENERAL INFORMATION ONLY, AND IS NOT TAX ADVICE. ADDITIONAL TAX CONSIDERATIONS MAY ARISE FROM THE OWNERSHIP OF THE NOTES IN LIGHT OF THE PARTICULAR FEATURES OR COMBINATION OF FEATURES OF THE NOTES AND, ACCORDINGLY, BEFORE YOU PURCHASE THE NOTES, YOU ARE URGED AND EXPECTED TO CONSULT WITH YOUR OWN LEGAL AND TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THE OWNERSHIP OF THE NOTES.

INTEGRATION OF NOTES WITH OTHER FINANCIAL INSTRUMENTS. Any United States holder of notes that also acquires or has acquired any financial instrument which, in combination with such notes, would permit the

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calculation of a single yield to maturity or could generally constitute a variable rate debt instrument of an equivalent term, may in certain circumstances treat such notes and such financial instrument as an integrated debt instrument for purposes of the Internal Revenue Code, with a single determination of issue price and the character and timing of income, deductions, gains and losses. For purposes of determining original issue discount, none of the payments under the integrated debt instrument will be treated as qualified stated interest. Moreover, under the contingent debt regulations, the Internal Revenue Service may require in certain circumstances that a United States holder who owns notes integrate such notes with a financial instrument held or acquired by such holder or a related party. United States holders should consult their tax advisors as to such possible integration.

SALE OR EXCHANGE OF NOTES. A United States holder generally will recognize gain or loss upon the sale or exchange of a note equal to the difference between the amount realized upon such sale or exchange and the United States holder's adjusted basis in the note. The adjusted basis in the note generally will equal the cost of the note, increased by original issue discount, acquisition discount or market discount previously included in respect thereof, and reduced, but not below zero, by any payments on the note other than payments of qualified stated interest and by any premium that the United States holder has taken into account. To the extent attributable to accrued but unpaid qualified stated interest, the amount realized by the United States holder will be treated as a payment of interest. Generally, any gain or loss will be capital gain or loss if the note was held as a capital asset, except as provided under "Market Discount", "Short-Term Notes" and "Original Issue Discount--Floating Rate Notes that are not Variable Rate Debt Instruments", above. Special rules apply in determining the tax basis of a contingent note and the amount realized on the retirement of a contingent note. For non-corporate taxpayers, capital gain realized on the disposition of an asset, including a medium-term note, held for more than one year is taxed at a maximum rate of 20%. Capital gain on the disposition of an asset, including a medium-term note, held for not more than one year is taxed at the rates applicable to ordinary income. The distinction between capital gain or loss and ordinary income or loss is relevant for purposes of, among other things, limitations on the deductibility of capital losses.

NOTES DENOMINATED, OR IN RESPECT OF WHICH INTEREST IS PAYABLE, IN A FOREIGN CURRENCY. As used in this prospectus, "foreign currency" means a currency or currency unit other than U.S. dollars.

PAYMENTS OF INTEREST IN A FOREIGN CURRENCY. A United States holder who uses the cash method of accounting for United States federal income tax purposes and who receives a payment of interest on a note, other than original issue discount or market discount, will be required to include in income the U.S.

dollar value of the foreign currency payment, determined on the date such payment is received, regardless of whether the payment is in fact converted to U.S. dollars at that time, and such U.S. dollar value will be the United States holder's tax basis in such foreign currency.

A United States holder who uses the accrual method of accounting for United States federal income tax purposes, or who otherwise is required to accrue interest prior to receipt, will be required to include in income the U.S. dollar value of the amount of interest income, including original issue discount or market discount and reduced by amortizable bond premium to the extent applicable, that has accrued and is otherwise required to be taken into account with respect to a note during an accrual period. The U.S. dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. A United States holder may elect, however, to translate such accrued interest income using the rate of exchange on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the rate of exchange on the last day of the taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a United States holder may translate such interest using the rate of exchange on the date of receipt. The above election will apply to other debt obligations held by the United States holder and may not be changed without the consent of the Internal Revenue Service. A United States holder should consult a tax advisor before making the above election. A United States holder will recognize exchange gain or loss, which will be treated as ordinary income or loss, with respect to accrued interest income on the date such income is received. The amount of ordinary income or loss recognized will equal the difference, if any, between the U.S. dollar value of the foreign currency

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payment received, determined on the date such payment is received, in respect of such accrual period and the U.S. dollar value of interest income that has accrued during such accrual period, as determined above.

**PURCHASE, SALE AND RETIREMENT OF NOTES.** A United States holder who purchases a note with previously owned foreign currency will recognize ordinary income or loss in an amount equal to the difference, if any, between such United States holder's tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency used to purchase the note, determined on the date of purchase. Except as discussed above with respect to short-term notes, upon the sale, exchange or retirement of a note, a United States holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and such United States holder's adjusted tax basis in the note. Such gain or loss generally will be capital gain or loss, except to the extent of any accrued market discount not previously included in the United States holder's income, and would be long-term capital gain or loss if the holding period for the notes is more than one year. To the extent the amount realized represents accrued but unpaid interest, however, such amounts must be taken into account as interest income, with exchange gain or loss computed as described in "Payments of Interest in a Foreign Currency" above. If a United States holder receives foreign currency on such a sale, exchange or retirement the amount realized will be based on the U.S. dollar value of the foreign currency on the date the payment is received or the note is disposed of, or deemed disposed of in the case of a taxable exchange of the note for a new note. In the case of a note that is denominated in foreign currency and is traded on an established securities market, a cash basis United States holder, or, upon election, an accrual basis United States holder, will determine the U.S. dollar value of the amount realized by translating the foreign currency payment at the spot rate of exchange on the settlement date of the sale. A U.S. holder's adjusted tax basis in a note will equal the cost of the note to such holder, increased by the amounts of any market discount or original issue discount previously included in income by the holder with respect to such note and reduced by any amortized acquisition or other premium and any principal payments received by the holder. A United States holder's tax basis in a note, and the amount of any subsequent adjustments to such holder's tax basis, will be the U.S. dollar value of the foreign currency amount paid for such note, or of the foreign currency amount of the adjustment, determined on the date of such purchase or adjustment.

Gain or loss realized upon the sale, exchange or retirement of a note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between the U.S. dollar value of the foreign currency purchase price of the note, determined on the date such payment is received or the note is disposed of, and the U.S. dollar value of the foreign currency purchase price of the note, determined on the date the United States holder acquired the note. Such foreign currency gain or loss will be recognized only to the extent of the total gain or loss realized by the United States holder on the sale, exchange or retirement of the note.

**ORIGINAL ISSUE DISCOUNT.** In the case of a note issued with original issue

discount or short-term note,

- original issue discount is determined in units of the foreign currency,
- accrued original issue discount is translated into U.S. dollars as described in "Payments of Interest in a foreign currency--Accrual Method" above, and
- the amount of foreign currency gain or loss on the accrued original issue discount is determined by comparing the amount of income received attributable to the discount, either upon payment, maturity or an earlier disposition, as translated into U.S. dollars at the rate of exchange on the date of such receipt, with the amount of original issue discount accrued, as translated above.

PREMIUM AND MARKET DISCOUNT. In the case of a note with market discount, (i) market discount is determined in units of the foreign currency, (ii) accrued market discount taken into account upon the receipt of any partial principal payment or upon the sale, exchange, retirement or other disposition of the note, other than accrued market discount required to be taken into account currently, is translated into U.S. dollars at the exchange rate on such disposition date, and no part of such accrued market discount is treated as exchange gain or loss, and (iii) accrued market discount currently includible in income by a United States holder for any accrual period is translated into U.S. dollars on the basis of the average exchange rate in effect during such

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accrual period, and the exchange gain or loss is determined upon the receipt of any partial principal payment or upon the sale, exchange, retirement or other disposition of the note in the manner described in "Payments of Interest in a Foreign Currency--Accrual Method" above with respect to computation of exchange gain or loss on accrued interest.

With respect to a note issued with amortizable bond premium, such premium is determined in the relevant foreign currency and reduces interest income in units of the foreign currency. Although not entirely clear, a United States holder should recognize exchange gain or loss equal to the difference between the U.S. dollar value of the bond premium amortized with respect to a period, determined on the date the interest attributable to such period is received, and the U.S. dollar value of the bond premium determined on the date of the acquisition of the note.

EXCHANGE OF FOREIGN CURRENCIES. A United States holder will have a tax basis in any foreign currency received as interest or on the sale, exchange or retirement of a note equal to the U.S. dollar value of such foreign currency, determined at the time the interest is received or at the time of the sale, exchange or retirement. Any gain or loss realized by a United States holder on a sale or other disposition of foreign currency, including its exchange for U.S. dollars or its use to purchase notes, will be ordinary income or loss.

#### NON-UNITED STATES HOLDERS

PAYMENTS OF INTEREST. Interest paid by us to a non-United States holder will not be subject to United States federal income taxes or withholding tax if such interest, including original issue discount, if any, is not effectively connected with the conduct of a trade or business within the United States by such non-United States holder and such non-United States holder:

- does not actually or constructively own a 10% or greater interest in our capital or profits;
- is not a controlled foreign corporation related to us;
- is not a bank receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code; and
- the non-United States holder appropriately certifies as to its foreign status. A non-United States holder can generally meet this certification requirement by providing a properly executed Form W-8BEN or appropriate substitute form to us, or our paying agent. If the non-United States holder holds the notes through a financial institution or other agent acting on the holder's behalf, the holder may be required to provide appropriate documentation to the agent. The holder's agent will then generally be required to provide appropriate certifications to us or our paying agent, either directly or through other intermediaries. Special certification rules apply to foreign partnerships, estates and trusts, and in certain circumstances certifications as to foreign status of partners, trust owners or beneficiaries may have to be provided to us or our paying agent.

If a non-United States holder does not qualify for an exemption under these rules, interest income, including original issue discount, may be subject to withholding tax at the rate of 30%, or lower applicable treaty rate, at the time

such amount is paid. The payment of interest effectively connected with your United States trade or business, however, would not be subject to a 30% withholding tax so long as you provide us or our agent an adequate certification, currently on Form W-8ECI, but such interest would be subject to United States federal income tax on a net basis at the rates applicable to United States persons generally. In addition, if you are a foreign corporation and the payment of interest is effectively connected with your United States trade or business, you may also be subject to a 30% branch profits tax.

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**SALES OR EXCHANGES OF NOTES.** If you are a non-United States holder, you generally will not be subject to United States federal income tax on any amount which constitutes capital gain upon retirement or disposition of a note, unless any of the following is true:

- your investment in the notes is effectively connected with a United States trade or business;
- if you are a non-United States holder who is a nonresident alien individual holding the note as a capital asset, you are present in the United States for 183 or more days in the taxable year within which sale, redemption or other disposition takes place and certain other requirements are met; or
- you are subject to provisions of United States tax laws applicable to certain United States expatriates.

If you have a United States trade or business and the investment in the notes is effectively connected with such United States trade or business, the payment of the sales proceeds with respect to the notes would be subject to United States federal income tax on a net basis at the rate applicable to United States person generally. In addition, foreign corporations may be subject to a 30% branch profits tax if the investment in the note is effectively connected with the foreign corporation's United States trade or business.

#### BACKUP WITHHOLDING AND INFORMATION REPORTING

**UNITED STATES HOLDERS.** We will, where required, report to the United States holders of notes and the Internal Revenue Service the amount of any interest paid on the notes in each calendar year and the amounts of tax withheld, if any, from those payments. Under section 3406 of the Internal Revenue Code and applicable treasury regulations, a United States holder of a note may be subject to backup withholding with respect to payments made on the notes as well as proceeds from the disposition of notes unless the holder:

- is a corporation or comes within other exempt categories and, when required, demonstrates this fact; or
- provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable requirements of the backup withholding rules.

Amounts paid as backup withholding do not constitute an additional tax and will be credited against the holder's United States federal income tax liabilities, so long as the required information is provided to the Internal Revenue Service. A United States holder of notes who does not provide the payor with his or her correct taxpayer identification number may be subject to penalties imposed by the Internal Revenue Service.

**NON-UNITED STATES HOLDERS.** No backup withholding or information reporting will generally be required with respect to interest on notes paid to non-United States holders if the beneficial owner of the note provides a statement described above in "Non-United States Holders--Payment of Interest" or the non-United States holder is an exempt recipient and, in each case, the payor does not have actual knowledge that the beneficial owner is a United States person.

Information reporting requirements and backup withholding tax will not apply to any payment of the proceeds of the sale of a note effected outside of the United States by a foreign office of a "broker", as defined in applicable treasury regulations, provided that such broker is not:

- a United States person, as defined in the Internal Revenue Code;
- a controlled foreign corporation for United States federal income tax purposes;
- a foreign partnership engaged in the conduct of a United States trade or business;
- a foreign partnership that, at any time during its taxable year, has 50% or more of its income or capital interests owned by United States persons; or



- a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States.

Payment of the proceeds of any sale effected outside the United States by a foreign office of any other broker will not be subject to backup withholding tax or information reporting if such broker has documentary

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evidence in its records that the beneficial owner is a non-United States holder and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of the proceeds of any sale of a note effected by the United States office of a broker will be subject to information reporting and backup withholding requirements, unless the beneficial owner of the note provides the statement described above in "Non-United States Holders--Payment of Interest" or otherwise establishes an exemption from back-up withholding.

If you are a non-United States holder of notes, you should consult your tax advisor regarding the application of information reporting and backup withholding in your particular situation, the availability of an exemption therefrom, and the procedure for obtaining the exemption, if available. Any amounts withheld from payments to you under the backup withholding rules will be allowed as a refund or a credit against your federal income tax liability, provided that the required information is furnished to the Internal Revenue Service.

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#### PLAN OF DISTRIBUTION

We are offering the Series B medium-term notes on a continuing basis through Morgan Stanley & Co. Incorporated, A.G. Edwards & Sons, Inc., Banc of America Securities LLC, Bear, Stearns & Co. Inc., Commerzbank Capital Markets Corp., First Union Securities, Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc. and PNC Capital Markets, Inc. as our agents, who have agreed to use their reasonable best efforts to solicit offers to purchase notes. Each agent may reject, in whole or in part, any offer it solicited to purchase the notes. Unless otherwise specified in the applicable prospectus supplement or pricing supplement, we will pay an agent, in connection with sales of these notes resulting from a solicitation that agent made or an offer to purchase that agent received, a commission ranging from .125% to .750% of the initial offering price of the notes to be sold, depending on the maturity of the notes. We and the agent will negotiate commissions for notes with a maturity of 30 years or greater at the time of sale.

We reserve the right to sell the notes directly on our own behalf in jurisdictions where we and our employees are or may become registered or qualified to do so or in transactions in which they are exempt from having to register or qualify. We will not pay commissions on any sales we make directly. We may sell the notes through one or more additional agents or directly to one or more underwriters for resale to the public.

We may also sell the notes to an agent as principal for its own account at discounts to be agreed upon at the time of sale. That agent may resell the notes to investors and other purchasers at a fixed offering price or at prevailing market prices, or prices related thereto at the time of resale or otherwise, as that agent determines and as we will specify in the applicable prospectus supplement or pricing supplement. An agent may offer the notes it has purchased as principal to other dealers. That agent may sell the notes to any dealer at a discount and, unless otherwise specified in the applicable prospectus supplement or pricing supplement, the discount allowed to any dealer will not be in excess of the discount that agent will receive from us. After the initial public offering of securities that an agent is to resell on a fixed public offering price basis, the agent may change the public offering price, concession and discount.

Each of the agents may be deemed to be an "underwriter" within the meaning of the Securities Act of 1933. We and the agents have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act or to contribute to payments made in respect of those liabilities. We have agreed to reimburse the agents for specified expenses.

Unless otherwise provided in the applicable prospectus supplement or pricing supplement, we do not intend to apply for the listing of the notes on a national securities exchange, but have been advised by the agents that they intend to make a market in the notes, as applicable laws and regulations permit. The agents are not obligated to do so, however, and the agents may discontinue making a market at any time without notice. No assurance can be given as to the liquidity of any trading market for the notes.

In order to facilitate the offering of the notes, the agents may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the agents may over-allot in connection with any offering

of the notes, creating a short position in the notes for their own accounts. In addition, to cover over-allotments or to stabilize the price of the notes, the agents may bid for, and purchase, the notes in the open market. Finally, in any offering of the notes through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the notes in the offering if the syndicate repurchases previously distributed notes in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the notes above independent market levels. The agents are not required to engage in these activities, and may end any of these activities at any time.

In the ordinary course of their respective businesses, certain of the agents and their affiliates have provided various financial advisory and other general financing and banking services to us and AMB Property Corporation and our respective affiliates, for which they have received customary compensation. The agents and their affiliates may continue to provide these or similar services in the future. JPMorgan Chase Bank (formerly Morgan Guaranty Trust Company of New York), an affiliate of J.P. Morgan Securities Inc., is the administrative agent and a lender under our \$500 million credit facility. J.P. Morgan Securities Inc. and Banc

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of America Securities LLC are the joint lead arrangers and joint book managers under the credit facility. Bank of America, N.A. is the syndication agent and a lender under the credit facility. The Chase Manhattan Bank is the documentation agent and a lender under the credit facility and each of Bank One, NA, Commerzbank Aktiengesellschaft New York, PNC Bank, National Association, and Wachovia Bank, N.A., is a managing agent and a lender under the credit facility. In addition, Bank of America, N.A. is a lender and administrative agent under AMB Institutional Alliance Fund II, L.P.'s \$150.0 million credit facility. Dresdner Bank AG is syndication agent for the Institutional Alliance Fund credit facility and Bank One, NA is the syndication agent. To the extent the proceeds of an offering of the notes are used to repay borrowings under our or AMB Institutional Alliance Fund II, L.P.'s credit facility, one or more of the agents may receive a portion of those proceeds. It is possible that 10% or more of the net proceeds of an offering of notes will be applied to the repayment of a loan or loans made to us by one or more of the agents. Under the Conduct Rules of the National Association of Securities Dealers, Inc., special considerations apply to a public offering of securities where more than 10% of the net proceeds will be paid to a participating underwriter or any of its affiliates. Therefore, any such offering will be conducted pursuant to Rule 2710(c)(8) of the Conduct Rules of the National Association of Securities Dealers, Inc. Daniel H. Case III, a director of AMB Property Corporation, is an employee of Chase Securities, Inc.

First Union Securities, Inc., a subsidiary of Wachovia Corporation, conducts its investment banking, institutional, and capital markets businesses under the trade name of Wachovia Securities. Any references to "Wachovia Securities" in this prospectus, however, do not include Wachovia Securities, Inc., a separate broker-dealer subsidiary of Wachovia Corporation and sister affiliate of First Union Securities, Inc. which may or may not be participating as a separate selling dealer in the distribution of the notes.

#### LEGAL MATTERS

Certain legal matters will be passed upon for us, including the validity of the issuance of the notes, by Latham & Watkins, San Francisco, California and by Tamra D. Browne, Esq., our General Counsel. Unless otherwise specified in the applicable prospectus supplement or pricing supplement, certain legal matters will be passed upon for the agents by Gibson, Dunn & Crutcher LLP, San Francisco, California. Certain legal matters relating to Maryland law will be passed upon for AMB Property Corporation, as our general partner, by Ballard Spahr Andrews & Ingersoll, LLP, Baltimore, Maryland.

#### EXPERTS

The audited financial statements and schedules incorporated by reference in this prospectus and elsewhere in the registration statement to the extent and for the periods indicated in their reports have been audited by Arthur Andersen LLP, independent public accountants, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports.

#### WHERE YOU CAN FIND MORE INFORMATION

AMB Property, L.P. and AMB Property Corporation file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any document we file with the Securities and Exchange Commission at its public reference room at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on

the public reference room. The Securities and Exchange Commission also maintains a web site that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the Securities and Exchange Commission (<http://www.sec.gov>). You can inspect reports and other information we file at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have filed a registration statement of which this prospectus is a part and related exhibits with the Securities and Exchange Commission under the Securities Act of 1933, as amended. The registration statement contains additional information about us and the securities. You may inspect the registration

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statement and exhibits without charge at the office of the Securities and Exchange Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and you may obtain copies from the Securities and Exchange Commission at prescribed rates.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission allows us to "incorporate by reference" the information we file with the Securities and Exchange Commission, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus. Any statement contained in a document which is incorporated by reference in this prospectus is automatically updated and superseded if information contained in this prospectus or the applicable prospectus supplement or pricing supplement, or information that we later file with the Securities and Exchange Commission, modifies or replaces this information. We incorporate by reference the following documents:

- Annual Report of AMB Property, L.P. on Form 10-K for the year ended December 31, 2001;
- Annual Report of AMB Property Corporation on Form 10-K for the fiscal year ended December 31, 2001;
- Quarterly Report of AMB Property, L.P. on Form 10-Q for the quarter ended March 31, 2002;
- Quarterly Report of AMB Property Corporation on Form 10-Q for the quarter ended March 31, 2002;
- Current Reports of AMB Property, L.P. on Form 8-K filed on January 23, 2002 and April 23, 2002;
- Current Reports of AMB Property Corporation on Form 8-K filed on January 23, 2002, January 24, 2002, April 11, 2002 and April 23, 2002;
- AMB Property Corporation's definitive proxy statement dated March 29, 2002 with respect to the Annual Meeting of Stockholders to be held on August 7, 2002;
- the proforma financial statements for the divestiture of 25 properties to BPP Retail, LLC during 1999 from our Current Report on 8-K filed on December 14, 1999;
- the reports, financial statements and proforma financial statements for the Columbia Business Center, Manekin Portfolio, Technology Park II Portfolio, WOCAC Portfolio, Junction Industrial Park and the Miami Airport Business Center from our Current Report on Form 8-K on November 16, 1999;
- the reports, financial statements and pro forma financial statements for the J.A. Green Portfolio, Magnum Realty Corp. Portfolio, Beacon Centre Portfolio, AFCO Portfolio, AFCO Investors Portfolio, AFCO Cargo I Associates L.P. Portfolio and the WEST\*PAC Portfolio from our Current Report on Form 8-K filed on December 14, 2000; and
- all documents filed by either AMB Property, L.P. or AMB Property Corporation with the Securities and Exchange Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") after the date of this prospectus and prior to the termination of the offering.

To receive a free copy of any of the documents incorporated by reference in this prospectus (other than exhibits, unless they are specifically incorporated by reference in the documents), call or write AMB Property Corporation, Pier 1, Bay 1, San Francisco, California 94111, Attention: Secretary (415/394-9000).

You should rely only on the information incorporated by reference or set forth in this prospectus or the applicable prospectus supplement or pricing supplement. We have not authorized anyone else to provide you with different information. We may only use this prospectus to sell medium-term notes if it is accompanied by a prospectus supplement or pricing supplement. We are only offering these medium-term notes in states where the offer is permitted. You should not assume that the information in this prospectus or the applicable prospectus supplement or pricing supplement is accurate as of any date other than the dates on the front of these documents.

PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table itemizes the expenses incurred by the Registrant in connection with the issuance and registration of the securities being registered hereunder. All amounts shown are estimates except the Securities and Exchange Commission registration fee.

|                                                          |           |
|----------------------------------------------------------|-----------|
| <Table>                                                  |           |
| <S>                                                      |           |
| Securities and Exchange Commission Registration Fee..... | \$ 37,000 |
| Printing and Engraving Expenses.....                     | \$ 50,000 |
| Legal Fees and Expenses (other than Blue Sky).....       | \$300,000 |
| Accounting Fees and Expenses.....                        | \$ 75,000 |
| Blue Sky Fees and Expenses.....                          | \$ 5,000  |
| Trustee/Issuing and Paying Agent Fees and Expenses.....  | \$ 15,000 |
| Fees of Rating Agencies.....                             | \$200,000 |
| Miscellaneous Expenses.....                              | \$ 8,000  |
|                                                          | -----     |
| Total.....                                               | \$690,000 |
|                                                          | =====     |
| </Table>                                                 |           |

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 2-418 of the Maryland General Corporation Law permits a corporation to indemnify its directors and officers and certain other parties against judgments, penalties, fines, settlements, and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty; (ii) the director or officer actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. Indemnification may be made against judgments, penalties, fines, settlements and reasonable expenses actually incurred by the director or officer in connection with the proceeding; provided, however, that if the proceeding is one by or in the right of the corporation, indemnification may not be made with respect to any proceeding in which the director or officer has been adjudged to be liable to the corporation. In addition, a director or officer may not be indemnified with respect to any proceeding charging improper personal benefit to the director or officer, whether or not involving action in the director's or officer's official capacity, in which the director or officer was adjudged to be liable on the basis that personal benefit was improperly received. The termination of any proceeding by conviction, or upon a plea of nolo contendere or its equivalent, or an entry of any order of probation prior to judgment, creates a rebuttable presumption that the director or officer did not meet the requisite standard of conduct required for indemnification to be permitted.

In addition, Section 2-418 of the Maryland General Corporation Law requires that, unless prohibited by its Charter, a corporation indemnify any director or officer who is made a party to any proceeding by reason of service in that capacity against reasonable expenses incurred by the director or officer in connection with the proceeding, in the event that the director or officer is successful, on the merits or otherwise, in the defense of the proceeding.

AMB Property Corporation's Charter and Bylaws provide in effect for the indemnification by the company of its the directors and officers to the fullest extent permitted by applicable law. AMB Property Corporation has purchased directors' and officers' liability insurance for the benefit of its directors and officers.

AMB Property Corporation has entered into indemnification agreements with each of its executive officers and directors. The indemnification agreements require, among other matters, that AMB Property Corporation indemnify its executive officers and directors to the fullest extent permitted by law and reimburse the executive officers and directors for all related expenses as incurred, subject to return if it is subsequently determined that indemnification is not permitted.

The Partnership Agreement of the AMB Property, L.P. requires AMB Property, L.P. to indemnify AMB Property Corporation, the directors and officers of AMB Property Corporation, and such other persons as AMB Property Corporation may from time to time designate against any loss or damage, including reasonable legal fees and court costs incurred by the person by reason of anything it may do or refrain from doing for or on behalf of AMB Property, L.P. or in connection with its business or affairs unless it is established that: (i) the act or omission of the indemnified person was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the indemnified person actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful.

## ITEM 16. EXHIBITS

| <Table>  | <C>  | <S>                                                                                                                                                                                                                                                                                                                                      |
|----------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|          | 1.1  | Form of Distribution Agreement between AMB Property, L.P., AMB Property Corporation and the Agents.                                                                                                                                                                                                                                      |
|          | 4.1  | Articles of Incorporation of AMB Property Corporation (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)).                                                                                                                                                      |
|          | 4.2  | Certificate of Correction of AMB Property Corporation's Articles Supplementary establishing and fixing the rights and preferences of the 8 1/2% Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.2 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 1998). |
|          | 4.3  | Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 8 1/2% Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.4(4) of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998).                    |
|          | 4.4  | Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 8 5/8% Series B Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's current report on Form 8-K filed on January 7, 1999).                                              |
|          | 4.5  | Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 8.75% Series C Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.2 of AMB Property Corporation's current report on Form 8-K filed on January 7, 1999).                                               |
|          | 4.6  | Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 7.75% Series D Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of the AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999).                            |
|          | 4.7  | Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 7.75% Series E Cumulative Preferred Stock (incorporated by reference to Exhibit 3.1 of the AMB Property Corporation's Current Report on Form 8-K filed on September 14, 1999).                                                   |
|          | 4.8  | Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 7.95% Series F Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on April 14, 2000).                                                |
|          | 4.9  | Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 7.95% Series G Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 29, 2000).                                            |
|          | 4.10 | Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 8.125% Series H Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Current Report on Form 8-K filed on September 29, 2000).                                           |
| </Table> |      |                                                                                                                                                                                                                                                                                                                                          |

| <Table> | <C>  | <S>                                                                                                                    |
|---------|------|------------------------------------------------------------------------------------------------------------------------|
|         | 4.11 | Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 8.00% Series I |

|       |                                                                                                                                                                                                                                                                                                                         |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|       | Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 23, 2001).                                                                                                                                                      |
| 4.12  | Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 7.95% Series J Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on October 3, 2001).                              |
| 4.13  | Articles Supplementary redesignating and reclassifying all 2,200,000 Shares of AMB Property Corporation's 8.75% Series C Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on December 7, 2001).        |
| 4.14  | Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 7.95% Series K Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on April 23, 2002).                               |
| 4.15  | Second Amended and Restated Bylaws of AMB Property Corporation (incorporated by reference to Exhibit 3.11 of AMB Property Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2000).                                                                                                        |
| 4.16  | Indenture by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property, L.P.'s and AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).                      |
| 4.17  | First Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.2 to AMB Property, L.P.'s and AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).  |
| 4.18  | Second Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.3 to AMB Property, L.P.'s and AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)). |
| 4.19  | Third Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.4 to AMB Property, L.P.'s and AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).  |
| 4.20  | Fourth Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated herein by reference as Exhibit 4.1 of AMB Property Corporation's Amendment to Current Report on Form 8-K/A filed on November 9, 2000).   |
| 4.21  | Form of Fifth Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee.                                                                                                                                                |
| 4.22  | Form of Fixed Rate Medium-Term Note, Series B, attaching the Form of Parent Guarantee.                                                                                                                                                                                                                                  |
| 4.23  | Form of Floating Rate Medium-Term Note, Series B, attaching the Form of Parent Guarantee.                                                                                                                                                                                                                               |
| *5.1  | Opinion of Ballard Spahr Andrews & Ingersoll, LLP regarding the validity of the securities being registered.                                                                                                                                                                                                            |
| *5.2  | Opinion of Latham & Watkins regarding the validity of the securities being registered.                                                                                                                                                                                                                                  |
| 8.1   | Opinion of Latham & Watkins regarding certain federal income tax matters.                                                                                                                                                                                                                                               |
| *12.1 | Calculation of Ratio of Earnings to Fixed Charges for AMB Property Corporation.                                                                                                                                                                                                                                         |
| *12.2 | Calculation of Ratio of Earnings to Fixed Charges for AMB Property, L.P.                                                                                                                                                                                                                                                |
| *23.1 | Consent of Arthur Andersen LLP.                                                                                                                                                                                                                                                                                         |
| *23.2 | Consent of Ballard Spahr Andrews & Ingersoll, LLP (contained in Exhibit 5.1).                                                                                                                                                                                                                                           |
| *23.3 | Consent of Latham & Watkins (contained in Exhibit 5.2).                                                                                                                                                                                                                                                                 |

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|         |                                                                                                                    |
|---------|--------------------------------------------------------------------------------------------------------------------|
| <Table> |                                                                                                                    |
| <C>     |                                                                                                                    |
| 23.4    | Consent of Latham & Watkins (contained in Exhibit 8.1).                                                            |
| *24.1   | Power of Attorney.                                                                                                 |
| 25.1    | Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of State Street Bank and |

Trust Company of California, N.A., as Trustee (incorporated by reference to Exhibit 25.1 of AMB Property, L.P.'s and AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).

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\* Previously filed.

#### ITEM 17. UNDERTAKINGS

The undersigned Registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

Provided, however, that subparagraphs (i) and (ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in the periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned Registrants hereby further undertake that, for the purposes of determining any liability under the Securities Act of 1933, each filing of the Registrants' annual reports pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned Registrants hereby further undertake to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the Prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

The undersigned Registrants hereby further undertake that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance under

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Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to

the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

AMB Property, L.P., an undersigned Registrant, hereby further undertakes to file an application for the purpose of determining the eligibility of the Trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Act.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described under Item 15 above, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrants certify that they have reasonable grounds to believe that they meets all of the requirements for filing on Form S-3 and have duly caused this Amendment No. 1 to the Registration Statement to be signed on their behalf by the undersigned thereunto duly authorized in the City of San Francisco, State of California, on the 6th day of May, 2002.

AMB PROPERTY CORPORATION

By: /s/ MICHAEL A. COKE

-----  
Michael A. Coke,  
Executive Vice President and  
Chief Financial Officer

AMB PROPERTY, L.P.

By: AMB Property Corporation

Its: General Partner

By: /s/ MICHAEL A. COKE

-----  
Michael A. Coke,  
Executive Vice President and  
Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURES

<Table>  
<Caption>

|     | SIGNATURE<br>-----              | TITLE<br>-----                                                                        | DATE<br>---- |
|-----|---------------------------------|---------------------------------------------------------------------------------------|--------------|
| <S> | <C>                             | <C>                                                                                   | <C>          |
| -   | *<br>-----<br>Hamid R. Moghadam | Chairman of the Board and Chief<br>Executive Officer<br>(Principal Executive Officer) | May 6, 2002  |
| -   | *<br>-----<br>W. Blake Baird    | Director and President                                                                | May 6, 2002  |



|                                                                          |  |          |             |
|--------------------------------------------------------------------------|--|----------|-------------|
| <div> <div>*</div> <div>-----</div> <div>T. Robert Burke</div> </div>    |  | Director | May 6, 2002 |
| <div> <div>*</div> <div>-----</div> <div>Daniel H. Case III</div> </div> |  | Director | May 6, 2002 |

</Table>

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| <Table><br><Caption>                                                                                                     |     |                                                                                                            |             |
|--------------------------------------------------------------------------------------------------------------------------|-----|------------------------------------------------------------------------------------------------------------|-------------|
| SIGNATURE                                                                                                                |     | TITLE                                                                                                      | DATE        |
| -----                                                                                                                    |     | -----                                                                                                      | ----        |
| <S>                                                                                                                      | <C> | <C>                                                                                                        | <C>         |
| <div> <div>*</div> <div>-----</div> <div>David A. Cole</div> </div>                                                      |     | Director                                                                                                   | May 6, 2002 |
| <div> <div>*</div> <div>-----</div> <div>Lynn M. Sedway</div> </div>                                                     |     | Director                                                                                                   | May 6, 2002 |
| <div> <div>*</div> <div>-----</div> <div>Jeffrey L. Skelton</div> </div>                                                 |     | Director                                                                                                   | May 6, 2002 |
| <div> <div>*</div> <div>-----</div> <div>Thomas W. Tusher</div> </div>                                                   |     | Director                                                                                                   | May 6, 2002 |
| <div> <div>*</div> <div>-----</div> <div>Caryl B. Welborn</div> </div>                                                   |     | Director                                                                                                   | May 6, 2002 |
| <div> <div>/s/ MICHAEL A. COKE</div> <div>-----</div> <div>Michael A. Coke</div> </div>                                  |     | Executive Vice President and<br>Chief Financial Officer<br>(Principal Financial and<br>Accounting Officer) | May 6, 2002 |
| <div> <div>*By: /s/ MICHAEL A. COKE</div> <div>-----</div> <div>Michael A. Coke</div> <div>Attorney-in-Fact</div> </div> |     |                                                                                                            |             |

</Table>

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EXHIBIT INDEX

| <Table><br><C> |                                                                                                                                                                                                                                                                                                                                          |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <S>            |                                                                                                                                                                                                                                                                                                                                          |
| 1.1            | Form of Distribution Agreement between AMB Property, L.P., AMB Property Corporation and the Agents.                                                                                                                                                                                                                                      |
| 4.1            | Articles of Incorporation of AMB Property Corporation (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)).                                                                                                                                                      |
| 4.2            | Certificate of Correction of AMB Property Corporation's Articles Supplementary establishing and fixing the rights and preferences of the 8 1/2% Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.2 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 1998). |
| 4.3            | Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 8 1/2% Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.4(4) of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998).                    |
| 4.4            | Articles Supplementary establishing and fixing the rights                                                                                                                                                                                                                                                                                |

and preferences of AMB Property Corporation's 8 5/8% Series B Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's current report on Form 8-K filed on January 7, 1999).

4.5 Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 8.75% Series C Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.2 of AMB Property Corporation's current report on Form 8-K filed on January 7, 1999).

4.6 Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 7.75% Series D Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of the AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999).

4.7 Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 7.75% Series E Cumulative Preferred Stock (incorporated by reference to Exhibit 3.1 of the AMB Property Corporation's Current Report on Form 8-K filed on September 14, 1999).

4.8 Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 7.95% Series F Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on April 14, 2000).

4.9 Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 7.95% Series G Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 29, 2000).

4.10 Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 8.125% Series H Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Current Report on Form 8-K filed on September 29, 2000).

4.11 Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 8.00% Series I Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 23, 2001).

4.12 Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 7.95% Series J Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on October 3, 2001).

4.13 Articles Supplementary redesignating and reclassifying all 2,200,000 Shares of AMB Property Corporation's 8.75% Series C Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on December 7, 2001).

</Table>

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<Table>

<C>      <S>

4.14 Articles Supplementary establishing and fixing the rights and preferences of AMB Property Corporation's 7.95% Series K Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on April 23, 2002).

4.15 Second Amended and Restated Bylaws of AMB Property Corporation (incorporated by reference to Exhibit 3.11 of AMB Property Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2000).

4.16 Indenture by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property, L.P.'s and AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).

4.17 First Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.2 to AMB Property, L.P.'s and AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).

4.18 Second Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.3 to AMB Property, L.P.'s and AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).

- 4.19 Third Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.4 to AMB Property, L.P.'s and AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
- 4.20 Fourth Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated herein by reference as Exhibit 4.1 of AMB Property Corporation's Amendment to Current Report on Form 8-K/A filed on November 9, 2000).
- 4.21 Form of Fifth Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee.
- 4.22 Form of Fixed Rate Medium-Term Note, Series B, attaching the Form of Parent Guarantee.
- 4.23 Form of Floating Rate Medium-Term Note, Series B, attaching the Form of Parent Guarantee.
- \*5.1 Opinion of Ballard Spahr Andrews & Ingersoll, LLP regarding the validity of the securities being registered.
- \*5.2 Opinion of Latham & Watkins regarding the validity of the securities being registered.
- 8.1 Opinion of Latham & Watkins regarding certain federal income tax matters.
- \*12.1 Calculation of Ratio of Earnings to Fixed Charges for AMB Property Corporation.
- \*12.2 Calculation of Ratio of Earnings to Fixed Charges for AMB Property, L.P.
- \*23.1 Consent of Arthur Andersen LLP.
- \*23.2 Consent of Ballard Spahr Andrews & Ingersoll, LLP (contained in Exhibit 5.1).
- \*23.3 Consent of Latham & Watkins (contained in Exhibit 5.2).
- 23.4 Consent of Latham & Watkins (contained in Exhibit 8.1).
- \*24.1 Power of Attorney.
- 25.1 Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of State Street Bank and Trust Company of California, N.A., as Trustee (incorporated by reference to Exhibit 25.1 of AMB Property, L.P.'s and AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).

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\* Previously filed.

AMB PROPERTY, L.P.

\$400,000,000 SERIES B MEDIUM-TERM NOTES

DUE 9 MONTHS OR MORE FROM DATE OF ISSUE

DISTRIBUTION AGREEMENT

MAY \_\_, 2002

MAY \_\_, 2002

Morgan Stanley & Co. Incorporated  
A.G. Edwards & Sons, Inc.  
Banc of America Securities LLC  
Bear, Stearns & Co. Inc.  
Commerzbank Capital Markets Corp.  
First Union Securities, Inc.  
J.P. Morgan Securities Inc.  
Lehman Brothers Inc. and  
PNC Capital Markets, Inc.  
c/o Morgan Stanley & Co. Incorporated  
1585 Broadway  
New York, New York 10036

Dear Ladies and Gentleman:

AMB Property, L.P., a Delaware limited partnership (the "OPERATING PARTNERSHIP"), confirms its agreement with each of you with respect to the issue and sale from time to time by the Operating Partnership of up to \$400,000,000 (or the equivalent thereof in one or more foreign currencies or composite currencies) aggregate initial public offering price of Series B medium-term notes due from 9 months or more from date of issue (the "NOTES"), which amount may be increased from time to time in accordance with the Indenture (as defined below). The Notes will be issued pursuant to the provisions of an Indenture and the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture thereto, each dated as of June 30, 1998, the Fourth Supplemental Indenture, dated as of August 15, 2000 and the Fifth Supplemental Indenture dated as of May \_\_, 2002 (collectively, the "INDENTURE"), and each by and among the Operating Partnership, AMB Property Corporation, a Maryland corporation, the sole general partner of the Operating Partnership and guarantor of the Notes (the "GUARANTOR"), and State Street Bank and Trust Company of California, N.A., as Trustee (the "TRUSTEE"), and will have the maturities, interest rates, redemption provisions, if any, and other terms as set forth in supplements to the Basic Prospectus referred to below.

As used herein, the "COMPANY" shall include the Operating Partnership, the Guarantor and each of the subsidiaries of the Operating Partnership or the Guarantor which is a significant subsidiary as defined in Rule 405 of Regulation C of the Securities Act of 1933, as amended (the "SECURITIES ACT"), as set forth on Schedule I hereto (each, a "SUBSIDIARY," and, collectively, the "SUBSIDIARIES").

The Operating Partnership hereby appoints Morgan Stanley & Co. Incorporated ("MORGAN STANLEY"), A.G. Edwards & Sons, Inc., Banc of America Securities LLC, Bear, Stearns & Co. Inc., Commerzbank Capital Markets Corp., First Union Securities, Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc. and PNC Capital Markets, Inc., and each other agent set forth on Schedule II hereto (individually, an "AGENT" and collectively, the "AGENTS") as

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its agents, subject to Section 8 and the other terms and conditions herein set forth, for the purpose of soliciting and receiving offers to purchase Notes from the Operating Partnership by others and, on the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, each Agent agrees to use reasonable best efforts to solicit and receive offers to purchase Notes upon terms acceptable to the Operating Partnership at such times and in such amounts as the Operating Partnership shall from time to time specify. In addition, any Agent may also purchase Notes as principal pursuant to the terms of a terms agreement relating to such sale (a "TERMS AGREEMENT") in accordance with the provisions of Section 2(b) hereof. The Operating Partnership reserves the right to sell Notes through one or more

additional agents or directly to or through certain investment banking firms as underwriters for resale to the public. The Operating Partnership has additionally reserved the right to sell Notes to investors on its own behalf in those jurisdictions where it is authorized to do so. No commission will be payable to the Agents on any Notes sold as described in the immediately preceding two sentences.

The Operating Partnership and the Guarantor have filed with the Securities and Exchange Commission (the "COMMISSION") a registration statement on Form S-3 (File No. 333-86842), including a prospectus, relating to the Notes and the guarantees of the Notes (the "GUARANTEES"). Such registration statement, including the exhibits thereto, as amended at the Commencement Date (as hereinafter defined), but excluding the statement of eligibility of the trustee on Form T-1, is hereinafter referred to as the "REGISTRATION STATEMENT." The Operating Partnership proposes to file with the Commission from time to time, pursuant to Rule 424 under the Securities Act, supplements to the prospectus included in the Registration Statement that will describe certain terms of the Notes. The prospectus in the form in which it appears in the Registration Statement is hereinafter referred to as the "BASIC PROSPECTUS." The term "PROSPECTUS" means the Basic Prospectus together with the prospectus supplements and/or the pricing supplements referred to therein and issued from time to time (each a "PROSPECTUS SUPPLEMENT") specifically relating to Notes, as filed with, or transmitted for filing to, the Commission pursuant to Rule 424. As used herein, the terms "BASIC PROSPECTUS" and "PROSPECTUS" shall include in each case the documents, if any, incorporated by reference therein. The terms "SUPPLEMENT," "AMENDMENT" and "AMEND" as used herein shall include all documents deemed to be incorporated by reference in the Prospectus that are filed subsequent to the date of the Basic Prospectus by the Operating Partnership or the Guarantor with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT").

1. REPRESENTATIONS AND WARRANTIES. The Operating Partnership and the Guarantor, jointly and severally, represent and warrant to and agree with each Agent as of the Commencement Date, as of each date on which an Agent solicits offers to purchase Notes, as of each date on which the Operating Partnership accepts an offer to purchase Notes (including any purchase by an Agent pursuant to a Terms Agreement), as of each date the Operating Partnership issues and delivers Notes and as of each date the Registration Statement or the Basic Prospectus is amended or supplemented, as follows (it being understood that such representations, warranties and agreements shall be deemed to relate to the Registration Statement, the Basic Prospectus and the Prospectus, each as amended or supplemented to each such date):

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(a) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or, to the knowledge of the Operating Partnership and the Guarantor, threatened by the Commission.

(b) Except for statements in such documents which do not constitute part of the Registration Statement or Prospectus pursuant to Rule 412 of Regulation C under the Securities Act, (i) each document, if any, filed or to be filed pursuant to the Exchange Act and incorporated by reference in the Prospectus complied or will comply when so filed in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder, (ii) each part of the Registration Statement, when such part became effective, did not contain and each such part, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) the Registration Statement and the Prospectus complied when originally filed, comply and, as amended or supplemented, if applicable, will comply in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder and (iv) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that (A) the representations and warranties set forth in this paragraph 1(b) do not apply to (1) statements or omissions in the Registration Statement or the Prospectus based upon information relating to any Agent furnished to the Operating Partnership in writing by such Agent expressly for use therein, which are the names of the Agents in the first paragraph, the second, third, fourth and fifth sentences of the third paragraph, the first sentence of fifth paragraph, beginning with the language "but have been advised . . .", the sixth paragraph and the eighth paragraph (it being understood that First Union Securities, Inc. shall be solely responsible for the contents of this eighth paragraph) under the heading "Plan of Distribution", or (2) that part of the Registration Statement that constitutes the Statement of Eligibility (Form T-1) under the Trust Indenture Act of 1939, as amended (the "TRUST INDENTURE

ACT"), of the Trustee and (B) the representations and warranties set forth in clauses 1(b)(iii) and 1(b)(iv) above, when made as of the Commencement Date or as of any date on which an Agent solicits offers to purchase Notes or on which the Operating Partnership accepts an offer to purchase Notes, shall be deemed not to cover information concerning an offering of particular Notes to the extent such information will be set forth in a supplement to the Basic Prospectus or the Prospectus Supplement.

(c) The Guarantor has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Maryland, and has all power and authority necessary to own, lease and operate its properties and to conduct the businesses in which it is engaged or proposes to engage as described in the Prospectus and to enter into and perform its obligations under this Distribution Agreement, the Guarantees, the Indenture and any applicable Written Terms Agreement (as hereinafter defined). The Guarantor is duly qualified or registered as a foreign corporation and is in good standing in California and is in good standing in each other jurisdiction in which

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such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or be registered or to be in good standing in such other jurisdiction would not result in a material adverse effect on the consolidated financial position, results of operations or business of the Operating Partnership, the Guarantor and their subsidiaries, taken as a whole (a "MATERIAL ADVERSE EFFECT").

(d) The Operating Partnership is a limited partnership duly formed and existing under and by virtue of the laws of the State of Delaware and is in good standing under the Delaware Revised Uniform Limited Partnership Act with partnership power and authority to own, lease and operate its properties, to conduct the business in which it is engaged or proposes to engage as described in the Prospectus and to enter into and perform its obligations under this Distribution Agreement, the Notes, the Indenture, the Calculation Agency Agreement between the Operating Partnership and the Trustee (the "CALCULATION AGENCY AGREEMENT") and any applicable Written Terms Agreement. The Operating Partnership is duly qualified or registered as a foreign partnership and is in good standing in California and is in good standing in each other jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or be registered or to be in good standing in such other jurisdiction would not have Material Adverse Effect. The Guarantor is the sole general partner of the Operating Partnership and owns the percentage interest in the Operating Partnership as set forth or incorporated by reference in the Prospectus.

(e) Each Subsidiary has been, as the case may be, duly incorporated or organized, is validly existing as a partnership, corporation or limited liability company in good standing under the laws of its respective jurisdiction of organization, has the corporate, partnership or other power and authority to own its property and to conduct its business as described in the Prospectus. Each Subsidiary is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect; all of the issued shares of capital stock or other ownership interests of each Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and, except as set forth or incorporated by reference in the Prospectus, are owned directly or indirectly by the Operating Partnership or the Guarantor, free and clear of all liens, encumbrances, equities or claims.

(f) Each of the joint venture partnerships or limited liability companies listed on Schedule III hereto (the "JOINT VENTURES") has been duly formed and is validly existing as a limited partnership or limited liability company in good standing under the laws of its state of organization, with power and authority to own, lease and operate its properties and to conduct the business in which it is engaged. Each Joint Venture is duly qualified or registered as a foreign limited partnership or limited liability company to transact business in each jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or be registered would not have a Material

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Adverse Effect. The Operating Partnership, the Guarantor or a subsidiary of the Operating Partnership or the Guarantor owns the

percentage of the partnership or other equity interest in each of the Joint Ventures as set forth on Schedule III hereto (the "JOINT VENTURE INTERESTS"), and each of the Joint Venture Interests is validly issued and fully paid and free and clear of any security interest, mortgage, pledge, lien encumbrance, claim or equity. The Operating Partnership and the Guarantor have no other interests in joint ventures, partnerships or limited liability companies in which unrelated third parties have interests, other than as set forth on Schedule III hereto or the Subsidiaries.

(g) This Distribution Agreement, the Calculation Agency Agreement and any applicable Written Terms Agreement have been duly authorized, executed and delivered by the Operating Partnership and the Guarantor and constitute the valid and binding agreement of each of them, enforceable against them in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity.

(h) The Indenture has been duly qualified under the Trust Indenture Act and has been duly authorized, executed and delivered by the Operating Partnership and the Guarantor and is a valid and binding agreement of each of them, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity.

(i) The Notes have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the purchasers thereof, will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Operating Partnership, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity.

(j) The Guarantees have been duly authorized and, when executed and the Notes are authenticated in accordance with the provisions of the Indenture, will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Guarantor, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity.

(k) The Notes, the Guarantees and the Indenture will conform in all material respects to the respective statements relating thereto contained in the Prospectus and will be in substantially the respective forms filed as exhibits to the Registration Statement.

(l) All of the issued and outstanding partnership units of the Operating Partnership (the "UNITS") have been duly and validly authorized and issued and conform to the description thereof contained or incorporated by reference in the Prospectus. The Units owned by the Guarantor are owned directly by the Guarantor, free and clear of all liens, encumbrances, equities or claims.

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(m) The execution and delivery by the Operating Partnership and the Guarantor of, and the performance by each of the Operating Partnership and the Guarantor of its respective obligations under, this Distribution Agreement, the Notes, the Guarantees, the Indenture, the Calculation Agency Agreement and any applicable Written Terms Agreement and the consummation of the transactions contemplated hereby and thereby, will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, joint venture agreement, partnership agreement, limited liability company agreement or any other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject, except for such conflicts, breaches or violations which would not, singly or in the aggregate, have a Material Adverse Effect, (ii) result in any violation of the provisions of the charter, by-laws, certificate of limited partnership, partnership agreement or other organizational documents of the Operating Partnership, the Guarantor or any Subsidiary, as the case may be, or (iii) result in any violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company, except where such noncompliance or violation of any such statute, order, rule or regulation would not, singly or in the aggregate, have a Material Adverse Effect. No consent, approval, authorization or order of, or filing or registration with, any such court or governmental agency or body is required for the execution and delivery by the Operating Partnership and the Guarantor of, and the performance by each of the Operating Partnership and the

Guarantor of its respective obligations under, this Distribution Agreement, the Notes, the Guarantees, the Indenture, the Calculation Agency Agreement and any applicable Written Terms Agreement and the consummation of the transactions contemplated hereby and thereby, except for (A) the registration of the Notes under the Securities Act or the rules and regulations thereunder and such consents, approvals, authorizations, registrations or qualifications as may be required under the Securities Act, Exchange Act of 1934, the Trust Indenture Act, or the rules and regulations thereunder, and applicable state and foreign securities laws in connection with issuance, offer and sale of the Notes or (B) consents, approvals, authorizations, orders, filings or registrations that will be completed on or prior to the Commencement Date or in connection with the issuance of Notes.

(n) There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened, to which the Company is a party or to which any of the properties of the Company is subject that are required to be described in the Registration Statement or the Prospectus and are not so described or incorporated by reference, or any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described, incorporated by reference or filed as required.

(o) None of the Operating Partnership, the Guarantor or any Subsidiary is, and after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, none will be, an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

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(p) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Operating Partnership, the Guarantor and their subsidiaries, taken as a whole, from that set forth or incorporated by reference in the Prospectus. Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, except as described in or contemplated by the Prospectus or a document incorporated therein by reference, (i) the Company has not incurred any liability or obligation, direct or contingent, nor entered into any transaction not in the ordinary course of business that is material with respect to the Operating Partnership, the Guarantor and their subsidiaries, taken as a whole; and (ii) there has not been any change in the capital stock or increase in the short-term debt or long-term debt that is, in either case, material with respect to the Operating Partnership, the Guarantor and their subsidiaries, taken as a whole (excluding Notes issued under the medium-term note program established by this Distribution Agreement and excluding debt resulting from a draw down on the Operating Partnership's credit facility).

(q) Except as otherwise disclosed or incorporated by reference in the Prospectus:

(i) as of March 31, 2002 the Company (directly or indirectly) owned 921 buildings and centers (the "Properties"), comprised of 914 industrial buildings and 7 retail centers;

(ii) the Company (directly or indirectly) has good and marketable fee simple title to the land underlying the Properties and good and marketable title to the improvements thereon, other than those improvements located on land which the Company (directly or indirectly) acts as the ground lessor (the "TENANT OWNED IMPROVEMENTS"), and all other assets that are required for the effective operation of such Properties in the manner in which they currently are operated, subject, however, to existing mortgages on such Properties, to utility easements serving such Properties and other immaterial easements, reciprocal easement agreements and licenses, to liens of ad valorem taxes and other assessments not delinquent, to zoning and similar governmental land use matters affecting such Properties that are consistent with the current uses of such Properties, to matters of title not adversely affecting marketability of title to such Properties, other immaterial statutory liens not due and payable, title matters that may be material in character, amount or extent but which do not materially detract from the value, or interfere with the use of, the Properties or otherwise materially impair the business operations being conducted or proposed to be conducted thereon, service marks and trade names used in connection with such Properties, ownership by others of certain items of equipment and other items of personal property that are not material to the conduct of



business operations at such Properties and ownership of improvements pursuant to certain valid, existing and enforceable ground leases;

(iii) except as would not have a Material Adverse Effect, with respect to the Properties held through Joint Ventures (the "JOINT VENTURE PROPERTIES"),

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the Joint Ventures that currently own such Properties have good and marketable fee simple title to the land underlying such Properties, and good and marketable title to the improvements thereon, other than the Tenant Owned Improvements, and all other assets that are required for the effective operation of such Properties in the manner in which they currently are operated, subject to the exceptions set forth in clause (ii) above;

(iv) all liens, charges, encumbrances, claims, or restrictions on or affecting any of the Properties or the assets of the Company which are required to be disclosed in the Prospectus are disclosed or incorporated by reference therein;

(v) neither the Company nor, to the knowledge of the Operating Partnership or the Guarantor, any tenant of any of the Properties is in default under any of the leases pursuant to which the Company, as lessor, leases its Property (and the Company does not know of any event which, but for the passage of time or the giving of notice, or both, would constitute a default under any of such leases) other than such defaults that would not result in a Material Adverse Effect;

(vi) any real property and buildings held under lease by the Company are held by it under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company, except as described in or contemplated by the Prospectus;

(vii) no person has an option or right of first refusal to purchase all or part of any Property or any interest therein which is material to the Operating Partnership, the Guarantor and their subsidiaries, taken as a whole;

(viii) each of the Properties complies with all applicable codes, laws and regulations (including, without limitation, building and zoning codes, laws and regulations and laws relating to access to the Properties), except if and to the extent disclosed or incorporated by reference in the Prospectus and except for such failures to comply that would not individually or in the aggregate result in a Material Adverse Effect;

(ix) neither the Operating Partnership nor the Guarantor has knowledge of any pending or threatened condemnation proceedings, zoning change, or other similar proceeding or action that will in any manner affect the size of, use of, improvements on, construction on or access to any of the Properties, except such proceedings or actions that would not have a Material Adverse Effect; and

(x) except as would not result in a Material Adverse Effect,

(i) the ground leases under which the Company (directly or indirectly) or a Joint Venture holds or uses real property relating to the Properties are in full force and effect, and

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(ii) the Company and, to the knowledge of the Company, the Joint Ventures or other named lessees under such leases (A) are not in default in respect of any of the terms or provisions of such leases and (B) have not received notice of the assertion of any claim by anyone adverse to such person's or entity's rights as lessees under such leases, or affecting or questioning such person's or entity's right to the continued possession or use of the Property under such leases or of a default under such leases.

(r) Except as disclosed or incorporated by reference in the Prospectus:

(i) each Property, including, without limitation, the Environment (as defined below) associated with such Property, is free of any Hazardous Substance (as defined below) in violation of any Environmental Law (as defined below) applicable to such Property, except for Hazardous Substances that would not result in a Material Adverse Effect;

(ii) the Company has not caused or suffered to occur any Release (as defined below) of any Hazardous Substance into the Environment on, in, under or from any Property, and no condition exists on, in, under or, to the knowledge of the Company, adjacent to any Property that could result in the incurrence of liabilities or any violations of any Environmental Law applicable to such Property, give rise to the imposition of any Lien (as defined below) under any Environmental Law, or cause or constitute a health, safety or environmental hazard to any property, person or entity, except in each case that would not, singly or in the aggregate, have a Material Adverse Effect;

(iii) neither the Company nor, to the knowledge of the Company, any tenant of any of the Properties has received any written notice of a claim under or pursuant to any Environmental Law applicable to a Property or under common law pertaining to Hazardous Substances on or originating from any Property, except for any such claims which would not, singly or in the aggregate, have a Material Adverse Effect;

(iv) neither the Company nor, to the knowledge of the Company, any tenant of any of the Properties has received any written notice from any Governmental Authority (as defined below) claiming any violation of any Environmental Law applicable to a Property that is uncured or unremediated as of the date hereof, except for any such violations which would not, singly or in the aggregate, have a Material Adverse Effect;

(v) no Property is included or, to the knowledge of the Company, proposed for inclusion on the National Priorities List issued pursuant to CERCLA (as defined below) by the United States Environmental Protection Agency (the "EPA"), nor has the Company received any written notice from the EPA or any other Governmental Authority proposing the inclusion of any Property on such list;

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(vi) the Company and, to the knowledge of the Company, each tenant at any of the Properties (A) has received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (B) is in compliance with all terms and conditions of any such permit, license or approval, except in each case where such noncompliance, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a Material Adverse Effect; and

(vii) there are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have a Material Adverse Effect.

As used herein: "HAZARDOUS SUBSTANCE" shall include, without limitation, any hazardous substance, hazardous waste, toxic or dangerous substance, pollutant, solid waste or similarly designated materials, including, without limitation, oil, petroleum or any

petroleum-derived substance or waste, asbestos or asbestos-containing materials, PCBs, pesticides, explosives, radioactive materials, dioxins, urea formaldehyde insulation or any constituent of any such substance, pollutant or waste, including any such substance, pollutant or waste identified or regulated under any Environmental Law (including, without limitation, materials listed in the United States Department of Transportation Optional Hazardous Material Table, 49 C.F.R. Section 172.101, as heretofore amended, or in the EPA's List of Hazardous Substances and Reportable Quantities, 40 C.F.R. Part 302, as heretofore amended); "ENVIRONMENT" shall mean any surface water, drinking water, ground water, land surface, subsurface strata, river sediment, buildings, structures, and ambient, workplace and indoor air; "ENVIRONMENTAL LAW" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.) ("CERCLA"), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. Section 6901, et seq.), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.), the Clean Water Act, as amended (33 U.S.C. Section 1251, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, et seq.), the Occupational Safety and Health Act of 1970, as amended (29 U.S.C. Section 651, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801, et seq.), and all other applicable Federal, state and local laws, ordinances, regulations, rules, orders, decisions and permits relating to the protection of the environment or of human health from environmental effects; "GOVERNMENTAL AUTHORITY" shall mean any Federal, state or local governmental office, agency or authority having the duty or authority to promulgate, implement or enforce any Environmental Law; "LIEN" shall mean, with respect to any Property, any mortgage, deed of trust, pledge, security interest, lien, encumbrance, penalty, fine, charge, assessment, judgment or other liability in, on or affecting such Property; and "RELEASE" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, emanating or disposing of any Hazardous Substance into the Environment, including, without limitation, the

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abandonment or discard of barrels, containers, tanks (including, without limitation, underground storage tanks) or other receptacles containing or previously containing any Hazardous Substance or any release, emission, discharge or similar term, as those terms are defined or used in any Environmental Law.

(s) The independent auditors of the Company, who have certified certain financial statements in the Registration Statement, whose report appears in the Prospectus, are independent public accountants as required by the Securities Act and the rules and regulations of the Commission thereunder during the periods covered by the financial statements on which they reported contained in the Prospectus.

(t) The Company is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; the Company has not been refused any insurance coverage sought or applied for; and the Company does not have any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect, except as described in or contemplated by the Prospectus or in a document incorporated by reference in the Prospectus.

(u) The Company possesses all certificates, authorizations and permits issued by the appropriate Federal, state or foreign regulatory authorities necessary to conduct its businesses, and the Company has not received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect, except as described in or contemplated by the Prospectus or in a document incorporated by reference in the Prospectus.

(v) The Company has filed all Federal, state, and local income tax returns which have been required to be filed and has paid all taxes required to be paid and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except, in all cases, for any such tax, assessment, fine or penalty that is being contested in good faith (and except in any case in which the failure to so file or pay would not have a Material Adverse Effect).

(w) The financial statements (including the notes thereto) included in the Registration Statement and the Prospectus present fairly the financial position of the respective entity or entities

presented therein at the respective dates indicated and the results of their operations for the respective periods specified, and except as otherwise stated or incorporated by reference in the Registration Statement, said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis. The supporting schedules included in the Registration Statement present fairly the information required to be stated or incorporated by reference therein. The financial information and data included in the Registration Statement and the Prospectus present fairly the information included therein and have been prepared on a basis consistent with that of the books and records of the

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respective entities presented therein. Pro forma financial information included or incorporated by reference in the Prospectus has been prepared in accordance with the applicable requirements of Rules 11-01 and 11-02 of Regulation S-X under the Securities Act, and the necessary pro forma adjustments have been properly applied to the historical amounts in the compilation of such information, and, in management's opinion, the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(x) The Company is currently in compliance with all presently applicable provisions of the Americans with Disabilities Act, except for such noncompliance which would not, singly or in the aggregate, have a Material Adverse Effect, and no failure of the Company to comply with all presently applicable provisions of the Americans with Disabilities Act would have a Material Adverse Effect.

(y) The Guarantor has elected to be taxed as a "real estate investment trust" under the Internal Revenue Code of 1986, as amended (the "CODE"), commencing with its taxable year ended December 31, 1997; the Guarantor has qualified and expects that it will continue to qualify as a "real estate investment trust" under the Code beginning with its taxable year ended December 31, 1997, and will continue to qualify as a "real estate investment trust" under the Code after consummation of the transactions contemplated by the Prospectus; and the Guarantor's present and contemplated operations, assets and income will enable it to meet the requirements for qualification as a "real estate investment trust" under the Code.

(z) Each of the Second Amended and Restated Credit Agreement dated November 26, 1997 among the Operating Partnership and the banks listed therein, the Amendment thereto dated as of May 29, 1998, the Second Amendment thereto made as of September 30, 1998, and the Third Amendment thereto made as of March 22, 1999 (collectively, the "PRIOR CREDIT AGREEMENT"), have been superceded and terminated by all of the parties thereto and no longer have any force or effect and the Company does not have any obligations under or with respect to such agreements.

## 2. SOLICITATIONS AS AGENT; PURCHASES AS PRINCIPAL.

(a) Solicitations as Agent. In connection with an Agent's actions as agent hereunder, such Agent agrees to use reasonable best efforts to solicit offers to purchase Notes upon the terms and conditions set forth in the Prospectus as then amended or supplemented.

The Operating Partnership reserves the right, in its sole discretion, to instruct the Agents to suspend at any time, for any period of time or permanently, the solicitation of offers to purchase Notes. As soon as practicable, but in any event not later than one business day after written notice from the Operating Partnership, the Agents will forthwith suspend solicitations of offers to purchase Notes from the Operating Partnership until such time as the Operating Partnership has advised the Agents that such solicitation may be resumed. While such solicitation is suspended, the Company shall

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not be required to deliver any certificates, opinions or letters in accordance with Sections 5(a), 5(b) and 5(c); provided, however, that if the Registration Statement or Prospectus is amended or supplemented during the period of suspension (other than by an amendment or supplement providing solely for a change in the interest rates, redemption provisions, amortization schedules or maturities offered on the Notes or for a change the Agents deem to be immaterial), no Agent shall be required to resume soliciting offers to purchase Notes until the Company has delivered such certificates, opinions and letters as such Agent may request.

The Operating Partnership agrees to pay to each Agent, as consideration for the sale of each Note resulting from a solicitation made or an offer to purchase received by such Agent, a commission in the form of a discount from the purchase price of such Note equal to the percentage set forth below of the purchase price of such Note:

<TABLE>  
<CAPTION>

| TERM<br>----                        | COMMISSION RATE<br>----- |
|-------------------------------------|--------------------------|
| <S>                                 | <C>                      |
| From 9 months to less than 1 year   | .125%                    |
| From 1 year to less than 18 months  | .150%                    |
| From 18 months to less than 2 years | .200%                    |
| From 2 years to less than 3 years   | .250%                    |
| From 3 years to less than 4 years   | .350%                    |
| From 4 years to less than 5 years   | .450%                    |
| From 5 years to less than 6 years   | .500%                    |
| From 6 years to less than 7 years   | .550%                    |
| From 7 years to less than 10 years  | .600%                    |
| From 10 years to less than 15 years | .625%                    |
| From 15 years to less than 20 years | .700%                    |
| From 20 years to less than 30 years | .750%                    |
| From 30 years and beyond            | To be Negotiated         |

</TABLE>

Each Agent shall communicate to the Operating Partnership, orally or in writing, each offer to purchase Notes received by such Agent as agent that in its judgment should be considered by the Operating Partnership. The Operating Partnership shall have the sole right to accept offers to purchase Notes and may reject any offer in whole or in part. Each Agent shall have the right to reject any offer to purchase Notes that it, in its reasonable discretion, considers to be unacceptable, and any such rejection shall not be deemed a breach of its agreements contained herein. Each Agent shall make reasonable best efforts to assist the Operating Partnership in obtaining performance by each purchaser whose offer to purchase Notes has been solicited by such Agent and accepted by the Operating Partnership. The procedural details relating to the issue and delivery of Notes sold by the Agents as agents and the payment therefor shall be as set forth in the

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Administrative Procedures (as hereinafter defined). All Notes sold through an Agent as agent will be sold at 100% of their principal amount, unless otherwise agreed to by the Operating Partnership and such Agent or provided in the applicable Note or pricing supplement.

(b) Purchases as Principal. Each sale of Notes to an Agent as principal shall be made in accordance with the terms of this Distribution Agreement. In connection with each such sale, the Operating Partnership will enter into a Terms Agreement that will provide for the sale of such Notes to and the purchase thereof by such Agent. Each Terms Agreement will take the form of either (i) a written agreement between such Agent and the Operating Partnership, which, unless otherwise agreed by the Operating Partnership and such Agent, may be substantially in the form of Exhibit A hereto (a "WRITTEN TERMS AGREEMENT"), or (ii) an oral agreement between such Agent and the Operating Partnership confirmed in writing by such Agent to the Operating Partnership.

An Agent's commitment to purchase Notes pursuant to a Terms Agreement shall be deemed to have been made on the basis of the representations and warranties of the Operating Partnership and the Guarantor herein contained and shall be subject to the terms and conditions herein set forth. Each Terms Agreement shall specify the principal amount of Notes to be purchased by such Agent pursuant thereto, the maturity date of such Notes, the price to be paid to the Operating Partnership for such Notes, the interest rate and interest rate formula, if any, applicable to such Notes and any other terms of such Notes. Each purchase of Notes, unless otherwise agreed, shall be at a discount from the principal amount of each such Note equivalent to the applicable commission set forth in Section 2(a) above. Each such Terms Agreement may also specify any requirements for officers' certificates, opinions of counsel and letters from the independent public accountants of the Company pursuant to Section 4 hereof. A Terms Agreement may also specify certain provisions relating to the reoffering of such Notes by such Agent.

Each Terms Agreement shall specify the time and place of delivery of and payment for such Notes. Unless otherwise specified in a Terms Agreement, the procedural details relating to the issue and delivery of Notes purchased by an Agent as principal and the payment therefor shall be as set forth in the Administrative Procedures. Each date of delivery of and payment for Notes to be purchased by an Agent as principal pursuant to a Terms Agreement is referred to herein as a "SETTLEMENT DATE."

Unless otherwise specified in a Terms Agreement, if an Agent is purchasing Notes as principal it may resell such Notes to other

dealers. Any such sales may be at a discount, which shall not exceed the amount set forth in the Prospectus Supplement relating to such Notes.

(c) Administrative Procedures. The Agents and the Operating Partnership and the Guarantor agree to perform their respective duties and obligations specifically provided to be performed in the Medium-Term Notes Administrative Procedures (attached hereto as Exhibit B) (the "ADMINISTRATIVE PROCEDURES"), as amended from time to time. The Administrative Procedures may be amended only by written agreement of the Operating Partnership, the Guarantor and the Agents.

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(d) Delivery. The documents required to be delivered by Section 4 of this Distribution Agreement as a condition precedent to each Agent's obligation to begin soliciting offers to purchase Notes as an agent of the Operating Partnership shall be delivered at the office of Latham & Watkins, counsel for the Operating Partnership and the Guarantor, not later than 9:00 A.M., San Francisco time, on the date hereof, or at such other time and/or place as the Agents and the Operating Partnership and the Guarantor may agree upon in writing, but in no event later than the day prior to the earlier of (i) the date on which the Agents begin soliciting offers to purchase Notes and (ii) the first date on which the Operating Partnership accepts any offer by an Agent to purchase Notes pursuant to a Terms Agreement. The date of delivery of such documents is referred to herein as the "COMMENCEMENT DATE."

(e) Obligations Several. The Operating Partnership and the Guarantor acknowledge that the obligations of the Agents under this Distribution Agreement are several and not joint.

3. AGREEMENTS. The Operating Partnership and the Guarantor agree with each Agent that:

(a) Prior to the termination of the offering of the Notes pursuant to this Distribution Agreement or any Terms Agreement, the Operating Partnership and the Guarantor will not file any Prospectus Supplement relating to the Notes or any amendment to the Registration Statement unless the Operating Partnership and the Guarantor have previously furnished to the Agents copies thereof for their review and will not file any such proposed supplement or amendment to which the Agents reasonably object; provided, however, that (i) the foregoing requirement shall not apply to the filing of documents which are incorporated by reference in the Prospectus and (ii) any Prospectus Supplement that merely sets forth the terms or a description of particular Notes shall only be reviewed and approved by the Agent or Agents offering such Notes. Subject to the foregoing sentence, the Operating Partnership and the Guarantor will promptly cause each Prospectus Supplement to be filed with or transmitted for filing to the Commission in accordance with Rule 424(b) under the Securities Act. The Operating Partnership and the Guarantor will promptly advise the Agents (A) of the filing of any amendment or supplement to the Basic Prospectus (except that notice of the filing of an amendment or supplement to the Basic Prospectus that merely sets forth the terms or a description of particular Notes shall only be given to the Agent or Agents offering such Notes and the Operating Partnership and the Guarantor shall not be required to so advise the Agents of the filing of documents which are incorporated by reference therein), (B) of the filing and effectiveness of any amendment to the Registration Statement, except for the filing of documents which are incorporated by reference therein, (C) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Basic Prospectus or for any additional information, (D) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose and (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Notes for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The

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Operating Partnership and the Guarantor will use best efforts to prevent the issuance of any such stop order or notice of suspension of qualification and, if issued, to obtain as soon as possible the withdrawal thereof. If the Basic Prospectus is amended or supplemented as a result of the filing under the Exchange Act of any document incorporated by reference in the Prospectus, no Agent shall be obligated to solicit offers to purchase Notes so long as it is not reasonably satisfied with such document.

(b) If, at any time when a prospectus relating to the Notes is required to be delivered under the Securities Act, any event occurs or

condition exists as a result of which the Prospectus, as then amended or supplemented, would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in the light of the circumstances when the Prospectus, as then amended or supplemented, is delivered to a purchaser, not misleading, or if, in the opinion of the Agents or in the opinion of the Operating Partnership and the Guarantor, it is necessary at any time to amend or supplement the Prospectus, as then amended or supplemented, to comply with applicable law, the Operating Partnership and the Guarantor will immediately notify the Agents by telephone (with confirmation in writing) to suspend solicitation of offers to purchase Notes and, if so notified by the Operating Partnership and the Guarantor, the Agents shall forthwith suspend such solicitation and cease using the Prospectus, as then amended or supplemented. If the Operating Partnership and the Guarantor shall decide to amend or supplement the Registration Statement or Prospectus, as then amended or supplemented, it shall so advise the Agents promptly by telephone (with confirmation in writing) and, at its expense, shall prepare and cause to be filed promptly with the Commission an amendment or supplement to the Registration Statement or Prospectus, as then amended or supplemented, satisfactory in all respects to the Agents, that will correct such statement or omission or effect such compliance and will supply such amended or supplemented Prospectus to the Agents in such quantities as they may reasonably request. If the documents, certificates, opinions and letters furnished to the Agents pursuant to Sections 3(f), 5(a), 5(b) and 5(c) hereof in connection with the preparation and filing of such amendment or supplement are satisfactory in all respects to the Agents, upon the filing with the Commission of such amendment or supplement to the Prospectus or upon the effectiveness of an amendment to the Registration Statement, the Agents will resume the solicitation of offers to purchase Notes hereunder. Notwithstanding any other provision of this paragraph, until the distribution of any Notes an Agent may own as principal has been completed, if any event described above in this paragraph occurs, the Operating Partnership and the Guarantor will, at their own expense, forthwith prepare and cause to be filed promptly with the Commission an amendment or supplement to the Registration Statement or Prospectus, as then amended or supplemented, satisfactory in all respects to such Agent and the Operating Partnership and the Guarantor, will supply such amended or supplemented Prospectus to such Agent in such quantities as it may reasonably request and shall furnish to such Agent pursuant to Sections 3(f), 5(a), 5(b) and 5(c) hereof such documents, certificates, opinions and letters specified therein in connection with the preparation and filing of such amendment or supplement.

(c) Each of the Operating Partnership and the Guarantor will make generally available to its respective security holders and to the Agents as soon as practicable

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earning statements that satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder covering twelve month periods beginning, in each case, not later than the first day of the Operating Partnership's and the Guarantor's respective fiscal quarter next following the "effective date" (as defined in Rule 158 under the Securities Act) of the Registration Statement with respect to each sale of Notes. If such fiscal quarter is the last fiscal quarter of the Operating Partnership's and the Guarantor's respective fiscal year, such earning statement shall be made available not later than 90 days after the close of the period covered thereby and in all other cases shall be made available not later than 45 days after the close of the period covered thereby.

(d) The Operating Partnership and the Guarantor will furnish to each Agent, without charge, a signed copy of the Registration Statement, including exhibits and all amendments thereto, and as many copies of the Prospectus, any documents incorporated by reference therein and any supplements and amendments thereto as such Agent may reasonably request.

(e) The Operating Partnership and the Guarantor will endeavor to qualify the Notes and the Guarantees for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Agents shall reasonably request and to maintain such qualifications for as long as the Agents shall reasonably request.

(f) The Operating Partnership and the Guarantor shall furnish to the Agents such relevant documents and certificates of officers of the Company relating to the business, operations and affairs of the Company, the Registration Statement, the Basic Prospectus, any amendments or supplements thereto, the Indenture, the Notes, this Distribution Agreement, the Administrative Procedures, any Terms Agreement and the performance by the Company of its obligations hereunder or thereunder as the Agents may from time to time reasonably

request.

(g) The Operating Partnership and the Guarantor, as applicable, shall notify the Agents promptly in writing of any downgrading, or of its receipt of any notice of any intended or potential downgrading or of any review for possible change that does not indicate the direction of the possible change, in the rating accorded any of the Operating Partnership's or the Guarantor's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act.

(h) The Operating Partnership and the Guarantor will, whether or not any sale of Notes is consummated, pay all expenses incident to the performance of its obligations under this Distribution Agreement and any Terms Agreement, including: (i) the preparation and filing of the Registration Statement and the Prospectus and all amendments and supplements thereto, (ii) the preparation, issuance and delivery of the Notes and the Guarantees, (iii) the fees and disbursements of the Company's counsel and accountants and of the Trustee and its counsel, (iv) the qualification of the Notes and Guarantees under securities or Blue Sky laws in accordance with the provisions of Section 3(e) hereof, including filing fees and the fees and disbursements of counsel for the Agents in connection therewith and in connection with the preparation of any Blue

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Sky or Legal Investment Memoranda, (v) the printing and delivery to the Agents in quantities as hereinabove stated of copies of the Registration Statement and all amendments thereto and of the Prospectus and any amendments or supplements thereto, (vi) the printing and delivery to the Agents of copies of any Blue Sky or Legal Investment Memoranda, (vii) any fees charged by rating agencies for the rating of the Notes, (viii) any expenses incurred by the Company in connection with a "road show" presentation to potential investors, (ix) the reasonable fees and disbursements of counsel for the Agents incurred in connection with the offering and sale of the Notes, including any opinions to be rendered by such counsel hereunder, and (x) any out-of-pocket expenses incurred by the Agents; provided that any advertising expenses incurred by the Agents shall have been approved by the Operating Partnership and the Guarantor.

(i) During the period beginning the date of any Terms Agreement and continuing to and including the Settlement Date with respect to such Terms Agreement, neither the Operating Partnership nor the Guarantor will, without such Agent's prior written consent, offer, sell, contract to sell or otherwise dispose of any debt securities of the Operating Partnership or the Guarantor or warrants to purchase debt securities of the Operating Partnership or the Guarantor substantially similar to such Notes (other than (i) the Notes that are to be sold pursuant to such Terms Agreement, (ii) Notes previously agreed to be sold by the Operating Partnership or the Guarantor and (iii) commercial paper issued in the ordinary course of business), except as may otherwise be provided in such Terms Agreement.

4. CONDITIONS OF THE OBLIGATIONS OF THE AGENTS. Each Agent's obligation to solicit offers to purchase Notes as agent of the Operating Partnership, each Agent's obligation to purchase Notes pursuant to any Terms Agreement and the obligation of any other purchaser to purchase Notes will be subject to the accuracy of the representations and warranties on the part of the Operating Partnership and the Guarantor herein, to the accuracy of the statements of the Company's officers made in each certificate furnished pursuant to the provisions hereof and to the performance and observance by the Company of all covenants and agreements herein contained on its part to be performed and observed (in the case of an Agent's obligation to solicit offers to purchase Notes, at the time of such solicitation, and, in the case of an Agent's or any other purchaser's obligation to purchase Notes, at the time the Operating Partnership accepts the offer to purchase such Notes and at the time of issuance and delivery) and (in each case) to the following additional conditions precedent when and as specified:

(a) Prior to such solicitation or purchase, as the case may be:

(i) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Operating Partnership, the Guarantor and their subsidiaries, taken as a whole, from that set forth in the Prospectus, as amended or supplemented (including by incorporation by reference) at the time of such solicitation or at the time such offer to purchase was made, that, in the judgment of the relevant Agent, is material and adverse and that makes it, in the judgment of such Agent, impracticable to market the Notes on the terms and in the manner contemplated



(ii) there shall not have occurred any (A) suspension or material limitation of trading generally on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Inc., the Chicago Board Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade or a material disruption in securities settlement or clearance services, (B) suspension of trading of any securities of the Operating Partnership or the Guarantor on any exchange or in any over-the-counter market, (C) declaration of a general moratorium on commercial banking activities in New York by either Federal or New York State authorities or (D) any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis, including, without limitation, an act of terrorism, that, in the judgment of the relevant Agent, is material and adverse and, in the case of any of the events described in clauses 4(a)(ii)(A) through 4(a)(ii)(D), such event, singly or together with any other such event, makes it, in the judgment of such Agent, impracticable or inadvisable to market the Notes on the terms and in the manner contemplated by the Prospectus, as amended or supplemented (including by incorporation by reference) at the time of such solicitation or at the time such offer to purchase was made; and

(iii) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded the Operating Partnership, the Guarantor or any of their respective securities or the rating outlook for any of them by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act;

(A) except, in each case described in Section 4(a)(i), 4(a)(ii) or 4(a)(iii) above, as disclosed to the relevant Agent in writing by the Operating Partnership and the Guarantor prior to such solicitation or, in the case of a purchase of Notes, as disclosed to the relevant Agent before the offer to purchase such Notes was made; or

(B) unless in each case described in Section 4(a)(ii) above, the relevant event shall have occurred and been known to the relevant Agent before such solicitation or, in the case of a purchase of Notes, before the offer to purchase such Notes was made.

(b) On the Commencement Date and, if called for by any Terms Agreement, on the corresponding Settlement Date, the relevant Agents shall have received:

(i) An opinion, dated as of such date, of Latham & Watkins, outside counsel for the Operating Partnership and the Guarantor, to the effect that:

(A) the Operating Partnership has been duly formed and is a limited partnership in good standing under the Delaware Revised Uniform Limited Partnership Act, with partnership power and authority to own,

lease and operate its properties, to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement, the Notes, the Indenture, the Calculation Agency Agreement and any applicable Written Terms Agreement in the form attached as Exhibit A to this Agreement. Based solely on certificates of public officials, counsel confirms that the Operating Partnership is qualified to do business in the following States: \_\_\_\_\_;

(B) based solely on certificates of public officials, counsel confirms that the Guarantor is qualified to do business in the following states: \_\_\_\_\_;

(C) each Subsidiary has been duly formed and is a limited partnership, corporation or limited liability company in good standing under the applicable laws of its jurisdiction, with partnership, corporate or other power and authority to own, lease and operate its properties and conduct its business as described in a certificate provided to us by such Subsidiary, and, based solely on certificates of public officials, is qualified to do business in the following states: \_\_\_\_\_;

(D) the issuance and sale of the Notes by the Operating Partnership and the issuance of the Guarantees by the Guarantor pursuant to this Agreement, the Indenture and any applicable Written Terms Agreement in the form attached as Exhibit A to this Agreement and the execution and delivery by the Operating Partnership and the Guarantor of, and the performance on or prior to the date of such opinion by the Operating Partnership and the Guarantor of their respective obligations under, this Agreement, the Notes, the Guarantees, the Indenture, the Calculation Agency Agreement and any applicable Written Terms Agreement in the form attached as Exhibit A to this Agreement and the consummation of the transactions contemplated thereby, will not result in (i) the violation by the Operating Partnership of its certificate of limited partnership, the Sixth Amended and Restated Agreement of Limited Partnership of the Operating Partnership dated as of April 17, 2002 or the Revised Uniform Limited Partnership Act of the State of Delaware or (ii) the violation by the Operating Partnership or the Guarantor of any federal, New York or California statute, rule or regulation known to such counsel to be applicable to the Operating Partnership or the Guarantor (other than federal or state securities laws, which are specifically addressed elsewhere herein) or (iii) in the breach or default under any of the Material Agreements; it being understood, however, that counsel need express no opinion with respect to the Credit Agreement dated as of September 27, 1999 among AMB Institutional Alliance Fund I, L.P., AMB Institutional Alliance REIT I, Inc., the lenders and issuing bank party thereto, BT Realty Resources, Inc. and The Chase Manhattan Bank, the Revolving Credit Agreement dated as of May 24, 2000 among the Operating

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Partnership and the banks listed therein (the "Revolving Credit Agreement"), the Guaranty of Payment made as of May 24, 2000 between the Guarantor and JP Morgan Chase Bank (formerly Morgan Guaranty Trust Company of New York), as administrative agent for the banks listed on the signature page of the Revolving Credit Agreement or the Revolving Credit Agreement dated as of August 23, 2001, among AMB Institutional Alliance Fund II, L.P., AMB Institutional Alliance REIT II, Inc., the banks and financial institutions listed therein, Bank of America, N.A., as Administrative Agent, Dresdner Bank, AG, as Syndication Agent, and Bank One, N.A., as Documentation Agent. To the best of counsel's knowledge, no consent, approval, authorization or order of, or filing with, any federal, New York or California court or governmental agency or body or under the Revised Uniform Limited Partnership Act of the State of Delaware is required for the consummation of the issuance and sale of the Notes by the Operating Partnership or the issuance of the Guarantees by the Guarantor pursuant to this Agreement, the Indenture and any applicable Written Terms Agreement in the form attached as Exhibit A to this Agreement and the execution and delivery by the Operating Partnership and the Guarantor of, and the performance on or prior to the date hereof by the Operating Partnership and the Guarantor of their respective obligations under, the Distribution Agreement, the Notes, the Guarantees, the Indenture, the Calculation Agency Agreement and any applicable Written Terms Agreement in the form attached as Exhibit A to this Agreement and the consummation of the transactions contemplated hereby and thereby, except such as have been obtained under the Act and

such as may be required under the Act or under state securities laws in connection with the issuance and sale of the Notes.

No opinion is expressed in this paragraph as to the application of Section 548 of the Federal Bankruptcy Code and comparable provisions of state law, or under other laws customarily excluded from such opinions, including federal securities laws (certain aspects of which are expressly addressed elsewhere herein), state securities laws, antifraud laws, or antitrust or trade regulation laws, ERISA or similar laws.

(E) assuming due authorization by the Guarantor on its own behalf and in its capacity as the general partner of the Operating Partnership, this Agreement has been duly authorized, executed and delivered by the Operating Partnership;

(F) assuming due authorization by the Guarantor on its own behalf and in its capacity as the general partner of the Operating Partnership, when the terms of an applicable Written Terms Agreement are determined by the Guarantor's Board of Directors, the Medium-Term Note Committee of the Guarantor's Board of Directors or an authorized officer of the Guarantor, and when such Written Terms Agreement has been executed by a duly authorized officer of the Guarantor, in its capacity

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as general partner Operating Partnership, and delivered to the other party thereto by a duly authorized officer of the Guarantor on its own behalf and in its capacity as general partner of the Operating Partnership, any such Written Terms Agreement will have been duly authorized, executed and delivered by the Operating Partnership;

(G) the Indenture has been duly qualified under the Trust Indenture Act and (assuming due authorization by the Guarantor on its own behalf and in its capacity as general partner of the Operating Partnership) has been duly authorized, executed and delivered by the Operating Partnership and (assuming due authorization, execution and delivery by the Trustee) is the legally valid and binding agreement of the Operating Partnership and the Guarantor, enforceable against the Operating Partnership and the Guarantor in accordance with its terms;

(H) assuming due authorization by the Guarantor on its own behalf and in its capacity as the general partner of the Operating Partnership, when the remaining terms of the Notes are determined by the Guarantor's Board of Directors, the Medium-Term Note Committee of the Guarantor's Board of Directors or an authorized officer of the Guarantor, and when executed and authenticated in accordance with the terms of the Indenture and delivered to and paid for by the purchasers thereof in accordance with the terms of this Agreement and any applicable Written Terms Agreement in the form attached as Exhibit A to the Distribution Agreement, the Notes will have been duly authorized, executed and delivered by, and will be legally valid and binding obligations of the Operating Partnership, enforceable against the Operating Partnership in accordance with their terms and entitled to the benefits of the Indenture;

(I) assuming due authorization by the Guarantor, when the remaining terms of the Notes are determined by the Guarantor's Board of Directors, the Medium Term Note Committee of the Guarantor's Board of Directors or an authorized officer of the Guarantor, and when executed in accordance with the terms of the Indenture and upon due execution, authentication and delivery of the Notes and payment therefor, the Guarantees will be legally valid and binding obligations of the Guarantor, enforceable against the Guarantor in accordance with their terms and entitled to the benefits of the Indenture;

(J) the statements in the Prospectus under the captions "Description of Notes" and "Plan of Distribution," insofar as they purport to describe or summarize certain provisions of the agreements, statutes or regulations referred to therein, are accurate descriptions or summaries in all material respects;

(K) the statements in the Prospectus under the caption "Certain Federal Income Tax Considerations," insofar as they purport to describe or

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summarize certain provisions of the agreements, statutes or regulations referred to therein, are accurate descriptions or summaries in all material respects;

(L) neither the Operating Partnership, the Guarantor nor any Subsidiary is, and after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, neither the Operating Partnership, the Guarantor nor any Subsidiary will be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended; and

(M) the Registration Statement, as of the date it was declared effective, and the Prospectus, as of its date, complied as to form in all material respects with the requirements for registration statements on Form S-3 under the Act, the Trust Indenture Act and the rules and regulations of the Commission thereunder; it being understood, however, that counsel need express no opinion with respect to the financial statements, schedules, other financial data, or exhibits included in, incorporated by reference in, or omitted from, the Registration Statement, the Prospectus or the Incorporated Documents, with respect to the Form T-1 or with respect to the compliance as to form with the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, of the Incorporated Documents. In passing upon the compliance as to form of the Registration Statement and the Prospectus, counsel may have assume that the statements made and incorporated by reference therein are correct and complete.

In addition, such counsel shall state it has participated in conferences with officers and other representatives of the Operating Partnership and the Guarantor, representatives of the independent public accountants for the Operating Partnership and the Guarantor, and the Agents representatives, at which the contents of the Registration Statement and the Prospectus and related matters were discussed and, although counsel is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements contained or incorporated by reference in the Registration Statement and the Prospectus (except as specifically stated in paragraphs (J) and (K) above) or the Incorporated Documents and have not made any independent check or verification thereof, during the course of such participation, no facts came to such counsel's attention that caused it to believe that the Registration Statement, including the Incorporated Documents, at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus (including the Incorporated Documents), as of its date and the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; it being understood that such counsel need express no belief with respect to the

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financial statements, schedules, other financial data, or exhibits included or incorporated by reference in, or omitted from, the Registration Statement or the Prospectus or with respect to the Form T-1.

(ii) An opinion, dated as of such date, of Tamra D.

Browne, General Counsel to the Guarantor, to the effect that:

(A) the Guarantor is the sole general partner of the Operating Partnership;

(B) assuming the due authorization by the Guarantor in its capacity as the sole general partner of the Operating Partnership, the Units held by the Guarantor are as set forth in the Prospectus and have been duly authorized and validly issued. The Units owned by the Guarantor are owned of record directly by the Guarantor and, to the best of such counsel's knowledge, are free and clear of all liens and encumbrances;

(C) the issuance and sale of the Notes by the Operating Partnership and the issuance of the Guarantees by the Guarantor pursuant to this Agreement, the Indenture and any applicable Written Terms Agreement in the form attached as Exhibit A to this Agreement and the execution and delivery by the Operating Partnership and the Guarantor of, and the performance by the Company on or prior to the date hereof of its obligations under, this Agreement, the Notes, the Guarantees, the Indenture, the Calculation Agency Agreement and any applicable Written Terms Agreement in the form attached as Exhibit A hereto and the consummation of the transactions contemplated thereby, will not result in a breach or default under (i) the Revolving Credit Agreement, (ii) the Revolving Credit Agreement dated as of August 23, 2001, among AMB Institutional Alliance Fund II, L.P., AMB Institutional Alliance REIT II, Inc., the banks and financial institutions listed therein, Bank of America, N.A., as Administrative Agent, Dresdner Bank, AG, as Syndication Agent, and Bank One, N.A., as Documentation Agent (the "Alliance Fund II Credit Agreement") or (iii) the Guaranty of Payment made as of May 24, 2000 between the Guarantor and JPMorgan Chase Bank (formerly Morgan Guaranty Trust Company of New York), as administrative agent for the banks listed on the signature page of the Revolving Credit Agreement (the "Guaranty of Payment").;

(D) each of the Incorporated Documents complied as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder; it being understood, however, that counsel expresses no opinion with respect to the financial statements, schedules and other financial data included in the Incorporated Documents; and

(E) to the best of counsel's knowledge, there are no legal or governmental proceedings required to be described in the Registration Statement or the Prospectus that are not so described and there are no contracts or other documents of a character required to be described in the Registration Statement or Prospectus, to be filed as exhibits to the Registration Statement or to be filed under the Exchange Act, if upon such filing they would be incorporated by reference therein that are not described or filed as required.

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(iii) An opinion, dated as of such date, of Ballard Spahr Andrews & Ingersoll, LLP, special Maryland counsel for the Guarantor, to the effect that:

(A) the Guarantor has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Maryland, has the corporate power and authority to own its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement, the Guarantees, the Indenture and any applicable Written Terms Agreement delivered in accordance with the terms of this Agreement and the Indenture;

(B) the issuance of the Notes in accordance with the terms of this Agreement and the Indenture has been duly authorized by the Guarantor in its capacity as general partner of the Operating

Partnership pursuant to all necessary corporate action required under the Charter and Bylaws of the Guarantor and the Maryland General Corporation Law (the "MGCL"); and when the remaining terms of the issuance and sale of the Notes are determined in accordance with the terms of this Agreement and the Indenture, by the Board of Directors or the Medium Term Note Committee of the Board of Directors of the Guarantor, or by an authorized officer of the Guarantor, on behalf of the Guarantor as general partner of the Operating Partnership, and such Notes, each with an executed Guarantee endorsed thereon, are executed and delivered by a duly authorized officer of the Guarantor, and are authenticated, issued and delivered against payment therefor in accordance with the terms of the Indenture and this Agreement, the Notes will have been duly executed, and, to the best of such counsel's knowledge, delivered by the Guarantor in its capacity as general partner of the Operating Partnership;

(C) the execution and delivery by the Guarantor, in its individual capacity and in its capacity as general partner of the Operating Partnership, of this Agreement have been duly authorized by all necessary corporate action required under the Charter and Bylaws of the Guarantor and the MGCL; and this Agreement has been duly executed and, to the best of such counsel's knowledge, delivered by the Guarantor in its individual capacity and its capacity as general partner of the Operating Partnership;

(D) the execution and delivery in accordance with the terms of this Agreement and the Indenture by the Guarantor, in its individual capacity and in its capacity as general partner of the Operating Partnership, of any applicable Written Terms Agreement have been duly authorized by all necessary corporate action required under the Charter and Bylaws of the Guarantor and the MGCL; and when the remaining terms of the issuance and sale of the Notes are determined in accordance with the terms of this Agreement and the Indenture by the Board of Directors or the Medium Term Note Committee of the Board of Directors

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of the Guarantor, or by an authorized officer of the Guarantor, on behalf of the Guarantor as general partner of the Operating Partnership, and such Notes, each with an executed Guarantee endorsed thereon, are authenticated, issued and delivered against payment therefor in accordance with the terms of the Indenture and this Agreement, any applicable Written Terms Agreement executed and delivered on or before a Settlement Date will have been duly executed and, to the best of counsel's knowledge, delivered by the Guarantor in its individual capacity and in its capacity as the general partner of the Operating Partnership;

(E) the execution and delivery by the Guarantor, in its individual capacity and in its capacity as general partner of the Operating Partnership, of the Indenture, have been duly authorized by all necessary corporate action required under the Charter and Bylaws of the Guarantor and the MGCL; and the Indenture has been duly executed, and, to the best of such counsel's knowledge, delivered by the Guarantor, in its individual capacity and in its capacity as the general partner of the Operating Partnership;

(F) the execution and delivery by the Guarantor of the Guarantees in accordance with the terms of this Agreement and the Indenture have been duly authorized by all necessary corporate action required under the Charter and Bylaws of the Guarantor and the MGCL; and when the remaining terms of the issuance and sale of the Notes are determined in accordance with the terms of this Agreement and the Indenture, by the Board of Directors or the Medium Term Note Committee of the Board of Directors of the Guarantor, or by an authorized officer of the

Guarantor, on behalf of the Guarantor as general partner of the Operating Partnership, and such Notes, each with an executed Guarantee endorsed thereon, are authenticated, issued and delivered against payment therefor in accordance with the terms of the Indenture and this Agreement, such Guarantees will have been duly executed, and, to the best of such counsel's knowledge, delivered by the Guarantor, in its individual capacity;

(G) the execution and delivery by the Guarantor of, and the performance by the Guarantor of its obligations under, this Agreement, the Guarantees, the Indenture and any applicable Written Terms Agreement, and the consummation of the transactions contemplated thereby, in each case in accordance with the terms of this Agreement and the Indenture (i) will not contravene any provision of the MGCL, (ii) will not result in any violation of the provisions of the Charter or Bylaws of the Guarantor, and (iii) will not, to such counsel's knowledge, result in any violation of any order, rule, regulation or decree of any court or governmental agency or authority of the State of Maryland issued under or pursuant to the MGCL and applicable to the properties, assets or businesses owned directly or indirectly by the Guarantor;

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(H) no consent, approval, authorization, order of or qualification with any court or governmental agency or authority of the State of Maryland is required to be obtained under the MGCL by the Guarantor, the Operating Partnership or any Subsidiary organized under the laws of the State of Maryland, in connection with the offer, issuance or sale of the Notes, together with the corresponding Guarantees, in accordance with this Agreement and the Indenture, except for such as have been obtained; and

(I) the information in the Registration Statement under Item 15 to the extent that it constitutes matters of Maryland law or a summary of the provisions of the Charter of the Guarantor has been reviewed by us and is correct in all material respects.

(iv) An opinion, dated as of such date, of Gibson, Dunn & Crutcher LLP, counsel for the Agents, in form and substance satisfactory to the Agents.

The opinions of Latham & Watkins, Counsel to the Guarantor and Ballard Spahr Andrews & Ingersoll described in paragraphs (i), (ii) and (iii) above shall be rendered to the Agents at the request of the Operating Partnership and the Guarantor and shall so state therein.

(c) On the Commencement Date and, if called for by any Terms Agreement, on the corresponding Settlement Date, the relevant Agents shall have received a certificate, dated the Commencement Date or such Settlement Date, as the case may be, in form and substance reasonably satisfactory to such Agents and signed by an executive officer of the Guarantor, on behalf of the Guarantor and on behalf of the Guarantor as General Partner of the Operating Partnership, to the effect set forth in Sections 4(a) (i) and 4(a) (iii) and to the effect that the representations and warranties of the Operating Partnership and the Guarantor contained in this Distribution Agreement are true and correct as of such date and that the Company has complied in all material respects with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied on or before such date.

The officers signing and delivering such certificate may rely upon the best of his or her knowledge as to proceedings threatened.

(d) On the Commencement Date and, if called for by any Terms Agreement, on the corresponding Settlement Date, the relevant Agents shall have received from the Company's independent public accountants, a letter or letters, dated the Commencement Date or such Settlement Date, as the case may be, in form and substance satisfactory to such Agents containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Prospectus, as then amended or supplemented.

(e) On the Commencement Date and on each Settlement Date, the Company shall have furnished to the relevant Agents such appropriate further information, certificates and documents as they may reasonably request.

#### 5. ADDITIONAL AGREEMENTS OF THE OPERATING PARTNERSHIP AND THE GUARANTOR.

(a) Each time the Registration Statement or Prospectus is amended or supplemented (including the filing of documents which are incorporated by reference in the Registration Statement or Prospectus but excluding (i) amendments, supplements or the incorporation by reference of documents relating to the terms of a particular issue of the Notes or an offering of securities other than the Notes, (ii) pricing supplements, (iii) amendments or supplements providing solely for a change in the interest rates, redemption provisions, amortization schedules, maturities or similar changes with respect to the Notes, (iv) the filing by the Guarantor of a proxy statement for its annual meeting of shareholders, (v) the filing by the Operating Partnership or the Guarantor of a Current Report on Form 8-K, unless in the Agents' reasonable judgment, the information contained in such report is of such a character that an officer's certificate should be furnished and the Agents so specify in writing, or (vi) amendments or supplements reflecting a change the Agents and the Operating Partnership and the Guarantor deem to be immaterial) or if specified in a Terms Agreement, the Operating Partnership and the Guarantor will deliver or cause to be delivered as soon as reasonably practicable to each Agent a certificate signed by an executive officer of the Guarantor, on behalf of the Guarantor and on behalf of the Guarantor as general partner of the Operating Partnership, dated the date of such amendment, supplement or filing of such incorporated document, or the date of delivery specified pursuant to a Terms Agreement, as the case may be, in form reasonably satisfactory to the Agents, to the effect that the statements contained in the certificate referred to in Section 4(c) hereof are true and correct as of the time of such amendment, supplement or filing or specified delivery (except that such statements shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to the time of delivery of such certificate) or, in lieu of such certificate, a certificate signed by an executive officer of the Guarantor, on behalf of the Guarantor and on behalf of the Guarantor as general partner of the Operating Partnership, dated the date of such amendment, supplement or filing or specified delivery, as the case may be, in form reasonably satisfactory to the Agents, of the same tenor as the certificate referred to in Section 4(c) modified as necessary to relate to the Registration Statement and the Prospectus as amended or supplemented to the date of such amendment, supplement or filing or specified delivery.

(b) Each time the Operating Partnership and the Guarantor furnish a certificate pursuant to Section 5(a) (excluding the filing of documents which are incorporated by reference in the Registration Statement or Prospectus as a result of the filing by the Operating Partnership or the Guarantor of a Quarterly Report on Form 10-Q, unless any Agent shall otherwise request in writing, and excluding the filing of documents which are incorporated by reference in the Registration Statement or Prospectus as a result of the filing by the Operating Partnership or the Guarantor of a Current Report on Form 8-K) or if specified in a Terms Agreement, the Operating Partnership and the Guarantor will furnish or cause to be furnished as soon as reasonably

practicable to each Agent written opinions of independent and corporate counsel for the Operating Partnership and the Guarantor. Any such opinions shall be dated the date of such amendment, supplement or filing, or the date of delivery specified pursuant to a Terms Agreement, as the case may be, shall be in a form satisfactory to the Agents and shall be of the same tenor as the opinions referred to in Sections 4(b)(i), (ii) and (iii), but modified as necessary to relate to the Registration Statement and the Prospectus as amended and supplemented to the time of delivery of such opinions. In lieu of such opinions, counsel last furnishing such an opinion to an Agent may furnish to each Agent a letter to the effect that such Agent may rely on such last opinion to the same extent as though it were dated the date of such letter (except that statements in such last opinion will be deemed to relate to the Registration Statement and the Prospectus as amended or supplemented to the time of delivery of such letter).

(c) Each time the Registration Statement or the Prospectus is amended or supplemented to set forth amended or supplemental financial information or such amended or supplemental information is incorporated by reference in the Prospectus or if specified in a Terms Agreement, the Operating Partnership and Guarantor shall cause its independent



public accountants to as soon as reasonably practicable furnish each Agent with a letter, dated the date of such amendment, supplement, or filing or the date of delivery specified pursuant to a Terms Agreement, as the case may be, in form satisfactory to the Agents, of the same tenor as the letter referred to in Section 4(d), with regard to the amended or supplemental financial information included or incorporated by reference in the Registration Statement or the Prospectus as amended or supplemented to the date of such letter.

#### 6. INDEMNITY AND CONTRIBUTION.

(a) The Operating Partnership and the Guarantor jointly and severally agree to indemnify and hold harmless each Agent and each person, if any, who controls any Agent within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) arising out of or caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, or the Prospectus (as amended or supplemented), or arising out of or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Agent furnished to the Operating Partnership and the Guarantor in writing by such Agent expressly for use therein and set forth in Section 1(b) hereof.

(b) Each Agent agrees, severally and not jointly, to indemnify and hold harmless the Operating Partnership and the Guarantor, the Guarantor's directors and the officers who sign the Registration Statement and each person, if any, who controls the Operating Partnership or the Guarantor within the meaning of either Section 15 of the

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Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnities from the Operating Partnership and the Guarantor to such Agent, but only with reference to information relating to such Agent furnished to the Operating Partnership or the Guarantor in writing by such Agent expressly for use in the Registration Statement, the Prospectus or any amendments or supplements thereto, as set forth in Section 1(b) hereof.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either Section 6(a) or 6(b) above, such person (the "INDEMNIFIED PARTY") shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PARTY") in writing and the Indemnifying Party, upon request of the Indemnified Party, shall retain counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party and any others the Indemnifying Party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Party shall not, in respect of the legal expenses of any Indemnified Party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by the Agents, in the case of parties indemnified pursuant to Section 6(a), and by the Guarantor, in the case of parties indemnified pursuant to Section 6(b). The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Party agrees to indemnify the Indemnified Party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Party shall have requested an Indemnifying Party in writing to reimburse the Indemnified Party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the Indemnifying Party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 60

days after receipt by such Indemnifying Party of the aforesaid request and (ii) such Indemnifying Party shall not have reimbursed the Indemnified Party in accordance with such request prior to the date of such settlement. No Indemnifying Party shall, without the prior written consent of each Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such proceeding.

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(d) To the extent the indemnification provided for in Section 6(a) or 6(b) is unavailable to an Indemnified Party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Party under such paragraph, in lieu of indemnifying such Indemnified Party thereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Operating Partnership and the Guarantor on the one hand and the Agents on the other hand from the offering of the Notes to which such losses, claims damages or liabilities relates or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Operating Partnership and the Guarantor on the one hand and of the Agents on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Operating Partnership and the Guarantor on the one hand and the Agents on the other hand in connection with such offering of the Notes shall be deemed to be in the same respective proportions as the total net proceeds from such offering of the Notes (before deducting expenses) received by the Operating Partnership or the Guarantor bear to the total discounts and commissions received by the Agents in respect thereof. The relative fault of the Operating Partnership and the Guarantor on the one hand and the Agents on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Operating Partnership and the Guarantor or by the Agents and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Agents' respective obligations to contribute pursuant to this Section 6 are several in the proportion that the principal amount of the Notes the sale of which by or through such Agent gave rise to such losses, claims, damages or liabilities bears to the aggregate principal amount of the Notes the sale of which by or through any Agent gave rise to such losses, claims, damages or liabilities, and not joint.

(e) The Operating Partnership and the Guarantor and the Agents agree that it would not be just or equitable if contribution pursuant to this Section 6 were determined by pro rata allocation (even if the Agents were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 6(d). The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages and liabilities referred to in Section 6(d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6, no Agent shall be required to contribute any amount in excess of the amount by which the total price at which the Notes referred to in Section 6(d) that were offered and sold to the public through such Agent exceeds the amount of any damages that such Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies

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provided for in this Section 6 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity.

(f) The indemnity and contribution provisions contained in this Section 6 and the representations, warranties and other statements of the Company contained in this Distribution Agreement or any Terms Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Distribution Agreement or any such Terms Agreement, (ii) any investigation made by or on behalf of

any Agent or any person controlling any Agent or by or on behalf of the Company, the Guarantor's officers or directors or any person controlling the Operating Partnership or the Guarantor and (iii) acceptance of and payment for any of the Notes.

7. POSITION OF THE AGENTS. In acting under this Distribution Agreement and in connection with the sale of any Notes by the Operating Partnership (other than Notes sold to an Agent pursuant to a Terms Agreement), each Agent is acting solely as agent of the Operating Partnership and does not assume any obligation towards or relationship of agency or trust with any purchaser of Notes. An Agent shall use its reasonable best efforts to assist the Operating Partnership in obtaining performance by each purchaser whose offer to purchase Notes has been solicited by such Agent and accepted by the Operating Partnership, but such Agent shall not have any liability to the Operating Partnership or the Company in the event any such purchase is not consummated for any reason. If the Operating Partnership shall default in its obligations to deliver Notes to a purchaser whose offer it has accepted, the Operating Partnership shall hold the relevant Agent harmless against any loss, claim, damage or liability arising from or as a result of such default and shall, in particular, pay to such Agent the commission it would have received had such sale been consummated.

8. TERMINATION. This Distribution Agreement may be terminated at any time by the Operating Partnership or, as to any Agent, by the Operating Partnership or such Agent upon the giving of written notice of such termination to the other parties hereto, but without prejudice to any rights, obligations or liabilities of any party hereto accrued or incurred prior to such termination. In the event of such termination with respect to any Agent, this Agreement shall remain in full force and effect with respect to any Agent as to which such termination has not occurred. The termination of this Distribution Agreement shall not require termination of any Terms Agreement, and the termination of any such Terms Agreement shall not require termination of this Distribution Agreement. If this Distribution Agreement is terminated, the provisions of the third paragraph of Section 2(a), Section 2(e), the last sentence of Section 3(b) and Sections 3(c), 3(h), 6, 7, 9, 10 and 13 hereof shall survive; provided that if at the time of termination an offer to purchase Notes has been accepted by the Operating Partnership but the time of delivery to the purchaser or its agent of such Notes has not occurred, the provisions of Sections 1, 2(b), 2(c), 3(a), 3(d), 3(e), 3(f), 3(g), 3(i), and 5 hereof shall also survive until such delivery has been made.

9. NOTICES. All communications hereunder will be in writing and effective only on receipt, and, with respect to any party hereto, will be mailed, delivered or telefaxed and confirmed as follows:

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to Morgan Stanley at: 1585 Broadway,  
New York, New York, 10036  
Attention: Manager, Credit Department  
Telefax number: 212-761-0780

with a copy to: 1585 Broadway,  
New York, New York, 10036  
Attention: COPS, Manager  
Telefax number: 212-761-0780

to A.G. Edwards & Sons, Inc. at: One North Jefferson  
St. Louis, MO 63103  
Attention: Brian Hansen  
Telefax number: (314) 955-4775

to Banc of America Securities  
LLC at: NC1-007-08-17  
100 North Tryon Street  
Charlotte, NC 28255  
Attention: Medium-Term Note Desk  
Telefax number: (704) 388-9939

to Bear, Stearns & Co. Inc. at: 245 Park Avenue  
New York, NY 10167  
Attention: Daniel Blood  
Telefax number: (212) 272-8217

to Commerzbank Capital  
Markets Corp. at: 2 World Financial Center, 34th Floor  
New York, NY 10281-1050  
Attention: David Schwarz  
Telefax number: (212) 266-7656

to First Union Securities, Inc.  
at: One First Union Center  
301 South College Street  
Charlotte, NC 28288-5604  
Attention: Daniel Sullivan  
Telefax number: (704) 383-6205

to J.P. Morgan Securities Inc.  
at: 270 Park Avenue  
7th Floor  
New York, NY 10017  
Attention: Transaction Execution Group  
Telefax number: (212) 834-6702

to Lehman Brothers Inc. at: 745 Seventh Avenue,  
3rd Floor  
New York, NY 10019

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Attention: Fixed Income Syndicate, MTN  
Desk  
Telefax number: (212) 526-0943

to PNC Capital Markets, Inc. at: 249 Fifth Avenue, 26th Floor  
Pittsburgh, PA 15219  
Attention: Robert W. Thomas  
Telefax number: (212) 705-2014

if to an Agent, with a copy to: Gibson, Dunn & Crutcher LLP  
One Montgomery Street  
31st Floor  
San Francisco, CA 94104  
Attention: Douglas D. Smith, Esq.  
Telefax number: (415) 986-5309

to the Company at: Pier 1, Bay 1  
San Francisco, California 94111  
Attention: General Counsel  
Telefax number: (415) 394-9000

with a copy to: Latham & Watkins 505 Montgomery St. Suite 1900  
San Francisco, California 94111  
Attention: Laura L. Gabriel and  
Tracy M. Abels  
Telefax number: (415) 395-8095

10. SUCCESSORS. This Distribution Agreement and any Terms Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers, directors and controlling persons referred to in Section 6 and the purchasers of Notes (to the extent expressly provided in Section 4), and no other person will have any right or obligation hereunder.

11. AMENDMENTS. This Distribution Agreement may be amended or supplemented if, but only if, such amendment or supplement is in writing and is signed by the Operating Partnership, the Guarantor and each Agent; provided that the Operating Partnership may from time to time amend this Distribution Agreement to add as a party hereto one or more additional firms registered under the Exchange Act without prior notice to or the consent of any Agent or the signature of any Agent on any such amendment, whereupon each such firm shall become an Agent hereunder on the same terms and conditions as the other Agents that are parties hereto. The Operating Partnership shall notify the Agents of any such amendment to add one or more additional firms on or before the Settlement Date to which such amendment relates.

12. COUNTERPARTS. This Distribution Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

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13. APPLICABLE LAW. This Distribution Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

14. HEADINGS. The headings of the sections of this Distribution Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Distribution Agreement.

[Signature Page Follows]

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If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Company and you.

Very truly yours,

AMB PROPERTY L.P.

By: AMB Property Corporation,  
its General Partner

By: \_\_\_\_\_  
Name:  
Title:

AMB PROPERTY CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

[Signature page to Distribution Agreement]

The foregoing Distribution Agreement  
is hereby confirmed and accepted  
as of the date first above written.

MORGAN STANLEY & CO. INCORPORATED

By: \_\_\_\_\_  
Name:  
Title:

A.G. EDWARDS & SONS, INC.

By: \_\_\_\_\_  
Name:  
Title:

BANC OF AMERICA SECURITIES LLC

By: \_\_\_\_\_  
Name:  
Title:

BEAR, STEARNS & CO. INC.

By: \_\_\_\_\_  
Name:  
Title:

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COMMERZBANK CAPITAL MARKETS CORP.

By: \_\_\_\_\_  
Name:  
Title:

FIRST UNION SECURITIES, INC.

By: \_\_\_\_\_  
Name:  
Title:

J.P. MORGAN SECURITIES INC.

By: \_\_\_\_\_  
Name:

Title:

LEHMAN BROTHERS INC.

By: \_\_\_\_\_  
Name:  
Title:

PNC CAPITAL MARKETS, INC.

By: \_\_\_\_\_  
Name:  
Title:

[Signature page to Distribution Agreement]

SCHEDULE I

SUBSIDIARIES

MATERIAL SUBSIDIARIES OF THE OPERATING PARTNERSHIP

AMB Property II, L.P., a Delaware limited partnership  
Long Gate, LLC, a Delaware limited liability company

MATERIAL SUBSIDIARIES OF THE GUARANTOR

AMB Property, L.P., a Delaware limited partnership  
AMB Property II, L.P., a Delaware limited partnership  
Long Gate, LLC, a Delaware limited liability company

SCHEDULE II

AGENTS

Morgan Stanley & Co. Incorporated  
A.G. Edwards & Sons, Inc.  
Banc of America Securities LLC  
Bear, Stearns & Co. Inc.  
Commerzbank Capital Markets Corp.  
First Union Securities, Inc.  
J.P. Morgan Securities Inc.  
Lehman Brothers Inc.  
PNC Capital Markets, Inc.

SCHEDULE III

JOINT VENTURES PARTNERSHIP PERCENTAGES

| <TABLE><br><CAPTION><br>-----<br>LEGAL ENTITY<br>PERCENTAGE<br>-----<br>PARTNERS<br>----- |     |                                                                                |
|-------------------------------------------------------------------------------------------|-----|--------------------------------------------------------------------------------|
| <S>                                                                                       | <C> | <C>                                                                            |
| AIG AMB Greenfield Investment<br>50%<br>Alliance, L.L.C.                                  | -   | AMB Development Services, LLC<br><br>AIG Global Real Estate Investment Company |

|                                     |   |                                                                             |
|-------------------------------------|---|-----------------------------------------------------------------------------|
| 50%                                 |   |                                                                             |
| -----                               |   |                                                                             |
| AMB/Erie, L.P.                      | - | AMB Property, L.P. (GP)                                                     |
| 50%                                 | - | Erie Indemnity Company (LP)                                                 |
| 5%                                  | - | Erie Indemnity Company as attorney in fact for Erie Insurance Exchange (LP) |
| 40%                                 | - | Erie Family Life Insurance Company (LP)                                     |
| 5%                                  |   |                                                                             |
| -----                               |   |                                                                             |
| AMB Erie Local, L.P.                | - | AMB Property II, L.P. (GP)                                                  |
| 0.1%                                | - | AMB/Erie, L.P. (LP)                                                         |
| 99.9%                               |   |                                                                             |
| -----                               |   |                                                                             |
| AMB Florida Retail GP, LLC          | - | AMB Property, L.P.                                                          |
| 100%                                |   |                                                                             |
| -----                               |   |                                                                             |
| AMB Institutional Alliance Fund I,  | - | AMB Property, L.P. (GP)                                                     |
| 0.1892%                             | - | AMB Fund Special GP, LLC (Special GP)                                       |
| L.P.                                | - | AMB Institutional Alliance REIT I, Inc. (LP)                                |
| .0019%                              | - | AMB Property, L.P. (LP)                                                     |
| 79.9943%                            |   |                                                                             |
| 19.8145%                            |   |                                                                             |
| -----                               |   |                                                                             |
| AMB Institutional Alliance Fund II, | - | AMB Property, L.P. (GP)                                                     |
| 1%                                  | - | AMB Property, L.P. (LP)                                                     |
| L.P.                                | - | Bakar AMB Limited Partnership                                               |
| 19%                                 | - | AMB Institutional Alliance REIT II, Inc.                                    |
| 8.15%                               |   |                                                                             |
| 71.85%                              |   |                                                                             |
| -----                               |   |                                                                             |
| AMB/MAR Carson, LLC                 | - | AMB Property, L.P.                                                          |
| 95%                                 | - | Carson Town Center                                                          |
| 5%                                  |   |                                                                             |
| -----                               |   |                                                                             |
| AMB Partners II, L.P.               | - | AMB Property, L.P.                                                          |
| 99%                                 | - | CCSFERS                                                                     |
| 1%                                  |   |                                                                             |
| -----                               |   |                                                                             |
| AMB Partners II Local, L.P.         | - | AMB Property II, L.P.                                                       |
| 99%                                 | - | CCSFERS                                                                     |
| 1%                                  |   |                                                                             |
| -----                               |   |                                                                             |
| AMB/AFCO Cargo, LLC                 | - | AMP Property, L.P.                                                          |
| 95%                                 | - | Aviation Facilities Company, Inc.                                           |
| 4.5%                                | - | AFCO EP, LLC                                                                |
| .5%                                 |   |                                                                             |
| -----                               |   |                                                                             |
| AMB/AFCO Cargo BWI, LLC             | - | AMB/AFCO Cargo, LLC                                                         |
| 100%                                |   |                                                                             |
| -----                               |   |                                                                             |
| AMB/AFCO Cargo BWI, L.P.            | - | AMB/AFCO Cargo BWI, LLC (GP)                                                |
| 1%                                  | - | AMB/AFCO Cargo, LLC (LP)                                                    |
| 99%                                 |   |                                                                             |
| -----                               |   |                                                                             |
| AMB/AFCO Cargo DFW, L.P.            | - | AMB Property II, L.P. (GP)                                                  |
| 1%                                  | - | AMB/AFCO Cargo, LLC (LP)                                                    |
| 99%                                 |   |                                                                             |
| -----                               |   |                                                                             |

|                                                                     |   |                                              |
|---------------------------------------------------------------------|---|----------------------------------------------|
| -----<br>AMB/AFCO Cargo LAX, LLC<br>100%                            | - | AMB/AFCO Cargo, LLC                          |
| -----                                                               |   |                                              |
| -----<br>AMB/AFCO Cargo SEA, LLC<br>100%                            | - | AMB/AFCO Cargo, LLC                          |
| -----                                                               |   |                                              |
| -----<br>AMB/AFCO Cargo SEA II, LLC<br>100%                         | - | AMB/AFCO Cargo, LLC                          |
| -----                                                               |   |                                              |
| -----<br>AMB/AFCO Cargo West*Pac, LLC<br>100%                       | - | AMB/AFCO Cargo, LLC                          |
| -----                                                               |   |                                              |
| -----<br>AMB-SGP, L.P.<br>49.75%                                    | - | GIC Real Estate                              |
| 1%                                                                  | - | AMB Property, L.P. (GP)                      |
| 49.25%                                                              | - | AMB Property, L.P. (LP)                      |
| -----                                                               |   |                                              |
| -----<br>AMB-SGP Corporation                                        | - | 100 accomodation shareholders                |
| -----                                                               |   |                                              |
| -----<br>AMB-SGP California, LLC<br>100%                            | - | AMB-SGP Operating Partnership, L.P.          |
| -----                                                               |   |                                              |
| -----<br>AMB-SGP CIF-California, LLC<br>100%                        | - | AMB-SGP Operating Partnership, L.P.          |
| -----                                                               |   |                                              |
| -----<br>AMB-SGP CIF-I, LLC<br>100%                                 | - | AMB-SGP Operating Partnership, L.P.          |
| -----                                                               |   |                                              |
| -----<br>AMB-SGP Georgia, LLC<br>100%                               | - | AMB-SGP Operating Partnership, L.P.          |
| -----                                                               |   |                                              |
| -----<br>AMB-SGP Docks, LLC<br>100%                                 | - | AMB-SGP Operating Partnership, L.P.          |
| -----                                                               |   |                                              |
| -----<br>AMB-SGP CIF-Illinois, L.P.<br>1%                           | - | AMB Property II, L.P. (GP)                   |
| 99%                                                                 | - | AMB-SGP Operating Partnership, L.P. (LP)     |
| -----                                                               |   |                                              |
| -----<br>AMB-SGP Operating Partnership, L.P.<br>1%                  | - | AMB-SGP Corporation (GP)                     |
| 98%                                                                 | - | AMB-SGP Corporation (LP)                     |
| .1%                                                                 | - | AMB-SGP Special Partner Corporation (LP)     |
| .99%                                                                | - | AMB-Property, L.P. (LP)                      |
| -----                                                               |   |                                              |
| -----<br>AMB-SGP TX/IL, L.P.<br>1%                                  | - | AMB Property II, L.P. (GP)                   |
| 99%                                                                 | - | AMB-SGP Operating Partnership, L.P. (LP)     |
| -----                                                               |   |                                              |
| -----<br>AMB-TC Southriver Park NJ, LLC                             | - | Researching if partnership interests changed |
| -----                                                               |   |                                              |
| -----<br>AMB/TR Four 2001, Ltd. Limited<br>1%<br>Partnership<br>69% | - | AMB Partners II Local, L.P. (GP)             |
|                                                                     | - | AMB Partners II Local, L.P. (LP)             |
|                                                                     | - | TR Section Four, Ltd. (LP)                   |



30%

|                         |   |                                         |
|-------------------------|---|-----------------------------------------|
| AMB/TR Three 2000, Ltd. | - | AMB Property Holding II Corporation     |
| 1%                      | - | AMB Institutional Alliance Fund I, L.P. |
| 69%                     | - | TR Section Three, Ltd.                  |

30%

|                                     |   |                     |
|-------------------------------------|---|---------------------|
| American Beauty General Partnership | - | LEF/Palm-Aire, Ltd. |
| 49.9999%                            |   |                     |

</TABLE>

-1-

<TABLE>  
<CAPTION>

| LEGAL ENTITY<br>PERCENTAGE                                             | PARTNERS |                                                                |
|------------------------------------------------------------------------|----------|----------------------------------------------------------------|
| <S>                                                                    | <C>      | <C>                                                            |
|                                                                        | -        | AMB Property, L.P. 50.0001%                                    |
| Built to Last Limited Partnership                                      | -        | LEF/Northridge Ltd. (GP) 49.9999%                              |
|                                                                        | -        | AMB Property, L.P. (LP) 50.0001%                               |
| CH-VAF Orlando Joint Venture                                           | -        | AMB Property, L.P. 90%                                         |
|                                                                        | -        | 7575 Chancellor Associates L.P. 10%                            |
| Casey Jones, LLC                                                       | -        | AMB Property, L.P. 90%                                         |
|                                                                        | -        | Alpine Investors, L.P. 8%                                      |
|                                                                        | -        | Lenox Holdings, LLC 2%                                         |
| Dark Starr Limited Partnership                                         | -        | AMB Property, L.P. (was CCSFERS and then assigned at IPO) 100% |
| Doug Fir, LLC                                                          | -        | AMB Partners II, L.P. 100%                                     |
| Fund I Sub OP, L.P. (f/k/a/ Trammell Crow Company/AMB Air Cargo, L.P.) | -        | AMB Property Holding II Corporation 99%                        |
|                                                                        | -        | AMB Institutional Alliance Fund I, L.P. 1%                     |
| Hamilton Lakes/AMB IIF Limited Partnership                             | -        | Hamilton Lakes Commerce Center #6 Limited Partnership (GP) 27% |
|                                                                        | -        | AMB Industrial Income Fund, Inc. (LP) 73%                      |
| Jack Straw Limited Partnership                                         | -        | Plaza West GP, LLC 50.0001%                                    |
|                                                                        | -        | Lef/Plaza West, Ltd. 49.9999%                                  |
| Keep Your Day Job LLC                                                  | -        | Mansfield Land LLC 10%                                         |
|                                                                        | -        | AMB Property, L.P. 90%                                         |
| Los Angeles Media Tech Center, LLC                                     | -        | AMB/Erie, L.P. 98%                                             |
|                                                                        | -        | Legacy Partners 2361, L.P. 2%                                  |
| M.O.R. IV Associates, LLLP                                             | -        | AMB Property, L.P. (GP) 1%                                     |
|                                                                        | -        | AMB Property II, L.P. (LP) 1%                                  |
|                                                                        | -        | AMB Property, L.P. (LP) 98%                                    |
| M.O.R. VI Associates, LLLP                                             | -        | AMB Property, L.P. (GP) 1%                                     |
|                                                                        | -        | AMB Property II, L.P. (LP) 1%                                  |
|                                                                        | -        | AMB Property, L.P. (LP) 98%                                    |

|                                                                                               |   |                                               |                     |
|-----------------------------------------------------------------------------------------------|---|-----------------------------------------------|---------------------|
| -----                                                                                         |   |                                               |                     |
| -----                                                                                         |   |                                               |                     |
| MOR Rivers, LLC (successor to MOR XIV Associates)                                             | - |                                               |                     |
| -----                                                                                         |   |                                               |                     |
| Manhattan Village LLC                                                                         | - | AMB Property II, L.P.                         | 100%                |
| -----                                                                                         |   |                                               |                     |
| Majestic/AMB Pico Rivera Associates, LLC                                                      | - | Pico Rivera Business Center Subpartnership I  | 50%                 |
|                                                                                               | - | AMB Property, L.P.                            | 50%                 |
| -----                                                                                         |   |                                               |                     |
| Met Phase I 95, Ltd.                                                                          | - | Met Phase One 95, Ltd. (GP)                   | 12.87%              |
|                                                                                               | - | CCSFERS Met One, Inc.                         | 87.15%              |
| -----                                                                                         |   |                                               |                     |
| Monte Vista Spectrum, LLC                                                                     | - | Majestic Monte Visa Subpartnership            | 50%                 |
|                                                                                               | - | AMB Property, L.P.                            | 50%                 |
| -----                                                                                         |   |                                               |                     |
| Royal Palm Acquisitions, LLC                                                                  | - | AMB Property, L.P.                            | 100%                |
| -----                                                                                         |   |                                               |                     |
| St. Stephen Limited Partnership                                                               | - | LEF/Delray Mall Ltd. (GP)                     | 49.9999%            |
|                                                                                               | - | CCSFERS (LP)                                  | 50.0001%            |
| -----                                                                                         |   |                                               |                     |
| Sub-OP Fund II, L.P.                                                                          | - | AMB Institutional Alliance Fund II, L.P. (LP) |                     |
|                                                                                               | - | AMB Property II, L.P. (GP)                    |                     |
| -----                                                                                         |   |                                               |                     |
| Sugar Magnolia LLC<br>(Phase II only)                                                         | - | TCC North Florida Development #1, Inc.        | 5%                  |
|                                                                                               | - | AMB Property, L.P.                            | 95%                 |
|                                                                                               |   |                                               | 100%                |
| -----                                                                                         |   |                                               |                     |
| owner of Phase I)                                                                             |   |                                               |                     |
| -----                                                                                         |   |                                               |                     |
| TC Aviation DFW, LLC                                                                          | - |                                               |                     |
| -----                                                                                         |   |                                               |                     |
| TC NW Crossing Venture, LLC                                                                   | - | TC NW Crossing Development, Ltd.              | 5%                  |
|                                                                                               | - | AMB Property, L.P.                            | 95%                 |
| -----                                                                                         |   |                                               |                     |
| TCC/AMB Aviation IAH, L.P.<br>initial<br>by GP,<br>remaining amount<br>1% and<br>respectively | - | TCC/AMB Aviation IAH Venture, LLC (GP)        | \$115,000           |
|                                                                                               | - | Trammell Crow Houston, Ltd.                   | contribution        |
|                                                                                               | - | AMB Property, L.P.                            | the                 |
|                                                                                               | - | AMB Institutional Alliance Fund I, L.P.       | is split 5%,<br>94% |
| -----                                                                                         |   |                                               |                     |
| TCC/AMB Aviation PDX, LLC                                                                     | - | TC Portland, Inc. (administrative member)     | 5%                  |
|                                                                                               | - | AMB Property, L.P.                            | 95%                 |
| -----                                                                                         |   |                                               |                     |
| Terrapin Station Limited Partnership                                                          | - | LEF/Springs Gate Village, Ltd.                | 49.9999%            |
|                                                                                               | - | AMB Property, L.P.                            | 50.0001%            |
| -----                                                                                         |   |                                               |                     |
| Van Nuys Industrial Center, LLC                                                               | - | Trammell Crow So Cal, Inc.                    | 5%                  |
|                                                                                               | - | AMB Property, L.P.                            | 95%                 |
| -----                                                                                         |   |                                               |                     |
| Walstib, L.P.                                                                                 | - | TCDFW Development Ltd.                        |                     |
|                                                                                               | - | AMB Property, L.P.                            |                     |
| -----                                                                                         |   |                                               |                     |
| </TABLE>                                                                                      |   |                                               |                     |

SERIES B MEDIUM-TERM NOTES

TERMS AGREEMENT

[Date]

AMB PROPERTY, L.P.  
Pier 1, Bay 1  
San Francisco, California 94556

Attention: General Counsel

Re: Distribution Agreement dated May \_\_, 2002 (the "DISTRIBUTION AGREEMENT")

We agree to purchase your Series B Medium-Term Notes having the following terms:

|                                         |                                                    |
|-----------------------------------------|----------------------------------------------------|
| <TABLE>                                 |                                                    |
| <CAPTION>                               |                                                    |
| ALL NOTES:                              |                                                    |
| -----                                   |                                                    |
| <S>                                     | <C>                                                |
| Principal Amount:                       | Settlement Date and Time<br>(Original Issue Date): |
| Specified Currency:                     | Maturity Date:                                     |
| Principal Financial Center:             | Trade Date:                                        |
| Form:                                   | Agent's Commission or Discount:                    |
| Exchange Rate Agent:                    | Net Proceeds to Issuer:                            |
| Interest Payment Dates:                 | Authorized Denomination:                           |
| Redemption:                             | Regular Record Dates:                              |
| Redemption Commencement Date:           |                                                    |
| Initial Redemption Percentage:          |                                                    |
| Annual Redemption Percentage Reduction: |                                                    |
| Discount Note:                          | Repayment:                                         |
| Issue Price:                            | Optional Repayment Date(s):                        |
| Total Amount of OID:                    | Repayment Price:                                   |
| Yield to Maturity:                      |                                                    |
| Initial Accrual Period:                 |                                                    |
| </TABLE>                                |                                                    |
| <TABLE>                                 |                                                    |
| <CAPTION>                               |                                                    |
| FIXED RATE NOTES:                       | FLOATING RATE NOTES:                               |
| -----                                   |                                                    |
| <S>                                     | <C>                                                |
| Interest Rate:                          | Initial Interest Rate:                             |
| Other/Additional Terms:                 | Calculation Agent:                                 |
|                                         | Interest Rate Basis:                               |
|                                         | Index Maturity:                                    |
|                                         | Interest Reset Frequency:                          |
|                                         | Initial Interest Reset Date:                       |
|                                         | Interest Reset Date(s):                            |
|                                         | Interest Determination Date(s):                    |
|                                         | Maximum Interest Rate:                             |
|                                         | Minimum Interest Rate:                             |
|                                         | Spread:                                            |
|                                         | Spread Multiplier:                                 |
|                                         | Interest Category:                                 |
|                                         | Other/Additional Terms:                            |
| </TABLE>                                |                                                    |

The provisions of Sections 1, 2(b), 2(c), 3 through 6, and 9 through 13 of the Distribution Agreement and the related definitions are incorporated by

reference herein and shall be deemed to have the same force and effect as if set forth in full herein.

This Terms Agreement may be terminated at any time any party upon the giving of written notice of such termination to the other parties hereto, but without prejudice to any rights, obligations or liabilities of any party hereto accrued or incurred prior to such termination. The termination of the Distribution Agreement shall not require termination of this Terms Agreement, and the termination of this Terms Agreement shall not require termination of the Distribution Agreement. This Agreement is also subject to termination on the terms incorporated by reference herein. If this Agreement is terminated, the provisions of Sections 3(h), 6, 9, 10 and 13 of the Distribution Agreement shall survive for the purposes of this Agreement.

Exhibit A - Page 2

The following information, opinions, certificates, letters and documents referred to in Section 4 of the Distribution Agreement will be required: \_\_\_\_\_

[NAME OF RELEVANT AGENT(S)]

By: \_\_\_\_\_  
Name:  
Title:

Accepted:

AMB PROPERTY, L.P.

By: AMB Property Corporation,  
its General Partner

By: \_\_\_\_\_  
Name:  
Title:

Exhibit A - Page 3

EXHIBIT B

AMB PROPERTY L.P.  
SERIES B MEDIUM-TERM NOTES  
ADMINISTRATIVE PROCEDURES

-----

Explained below are the administrative procedures and specific terms of the offering of Series B Medium-Term Notes (the "NOTES"), on a continuous basis by AMB Property L.P. (the "OPERATING PARTNERSHIP") pursuant to the Distribution Agreement, dated as of May \_\_, 2002 (the "DISTRIBUTION AGREEMENT") among the Operating Partnership, AMB Property Corporation, a Maryland corporation, the sole general partner of the Operating Partnership and guarantor of the Notes (the "GUARANTOR") and Morgan Stanley & Co. Incorporated, A.G. Edwards & Sons, Inc., Banc of America Securities LLC, Bear, Stearns & Co. Inc., Commerzbank Capital Markets Corp., First Union Securities, Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc. and PNC Capital Markets, Inc., and each other agent set forth on Schedule II to the Distribution Agreement (the "AGENTS"). The Notes will be issued under an Indenture and the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture thereto, each dated as of June 30, 1998, the Fourth Supplemental Indenture, dated as of August 15, 2000 and the Fifth Supplemental Indenture dated as of May \_\_, 2002 (collectively, the "INDENTURE"), and each by and among the Operating Partnership, the Guarantor, and State Street Bank and Trust Company of California, N.A., as Trustee (the "TRUSTEE"). In the Distribution Agreement, the Agents have agreed to use reasonable best efforts to solicit purchases of the Notes, and the administrative procedures explained below will govern the issuance and settlement of any Notes sold through an Agent, as agent of the Operating Partnership. An Agent, as principal, may also purchase Notes for its own account, and if requested by such Agent, the Operating Partnership and such Agent will enter into a terms agreement (a "TERMS AGREEMENT"), as contemplated by the Distribution Agreement. The administrative procedures explained below will govern the issuance and settlement of any Notes purchased by an Agent, as principal, unless otherwise specified in the applicable Terms Agreement.

The Trustee will initially be the Registrar, Calculation Agent, Authenticating Agent, Exchange Rate Agent and Paying Agent for the Notes and

will perform the duties specified herein. The Operating Partnership may from time to time name other or additional Registrars, Calculation Agents, Authenticating Agents, Exchange Rate Agents and Paying Agents. Each Note will be represented by either a Global Security (as defined below) delivered to the Trustee, as agent for The Depository Trust Company ("DTC"), and recorded in the book-entry system maintained by DTC (a "BOOK-ENTRY NOTE") or a certificate delivered to the holder thereof or a person designated by such holder (a "CERTIFICATED NOTE"). Except as set forth in the Indenture, an owner of a Book-Entry Note will not be entitled to receive a Certificated Note.

Book-Entry Notes, which may be payable only in U.S. dollars, will be issued in accordance with the administrative procedures set forth in Part I hereof as they may subsequently be amended as the result of changes in DTC's operating procedures. Certificated Notes will be issued in accordance with the administrative procedures set forth in Part II hereof. Unless otherwise defined in the Indenture, the Notes or any prospectus supplement relating to the Notes,

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capitalized terms used herein but not defined herein shall have the meanings given to them in the Distribution Agreement.

Unless otherwise specified by the Operating Partnership, the Agents are to communicate with the Chief Financial Officer regarding offers to purchase Notes and the related settlement details.

#### PART I: ADMINISTRATIVE PROCEDURES FOR BOOK-ENTRY NOTES

In connection with the qualification of the Book-Entry Notes for eligibility in the book-entry system maintained by DTC, the Trustee will perform the custodial, document control and administrative functions described below, in accordance with its respective obligations under a Letter of Representations from the Operating Partnership, the Guarantor and the Trustee to DTC, dated as of August 15, 2000, and a Medium-Term Note Certificate Agreement between the Trustee and DTC, dated August 21, 1989 (the "MTN CERTIFICATE AGREEMENT"), and its obligations as a participant in DTC, including DTC's Same-Day Funds Settlement System ("SDFS").

**Issuance:** On any date of settlement (as defined under "SETTLEMENT" below) for one or more Book-Entry Notes, the Operating Partnership will issue a single global security in fully registered form without coupons (a "GLOBAL SECURITY") representing up to U.S. \$400,000,000 principal amount of all such Notes that have the same Original Issue Date, Maturity Date and other terms. Each Global Security will be dated and issued as of the date of its authentication by the Trustee. Each Global Security will bear an "INTEREST ACCRUAL DATE," which will be (i) with respect to an original Global Security (or any portion thereof), its original issuance date and (ii) with respect to any Global Security (or any portion thereof) issued subsequently upon exchange of a Global Security, or in lieu of a destroyed, lost or stolen Global Security, the most recent Interest Payment Date to which interest has been paid or duly provided for on the predecessor Global Security (or if no such payment or provision has been made, the original issuance date of the predecessor Global Security), regardless of the date of authentication of such subsequently issued Global Security. Book-Entry Notes may be payable only in U.S. dollars. No Global Security will represent any Certificated Note.

**Denominations:** Book-Entry Notes will be issued in principal amounts of U.S. \$1,000 or any amount in excess thereof that is an integral multiple of U.S. \$1,000. Global Securities will be denominated in principal amounts not in excess of U.S. \$400,000,000. If one or more Book-Entry Notes having an aggregate principal amount in excess of \$400,000,000 would, but for the preceding sentence, be represented by a single Global Security, then one Global Security will be issued to represent each U.S. \$400,000,000 principal amount of such Book-Entry Note or Notes and an additional Global Security will be issued to represent any remaining principal amount of such Book-Entry Note or Notes. In such a case, each of the Global Securities representing such Book-Entry Note or Notes shall be assigned the same CUSIP number.

#### Exhibit B - Page 2

Preparation of  
Pricing  
Supplement:

If any offer to purchase a Book-Entry Note is accepted by or on behalf of the Operating Partnership, the Operating Partnership will prepare a pricing supplement (a "PRICING SUPPLEMENT") reflecting the terms of such Note. The

Operating Partnership (i) will arrange to file such Pricing Supplement with the Commission in accordance with the applicable paragraph of Rule 424(b) under the Act and (ii) will, as soon as possible and in any event not later than the date on which such Pricing Supplement is filed with the Commission, deliver the number of copies of such Pricing Supplement to the relevant Agent as such Agent shall request.

In each instance that a Pricing Supplement is prepared, the relevant Agent will affix the Pricing Supplement to Prospectuses prior to their use. Outdated Pricing Supplements, and the Prospectuses to which they are attached (other than those retained for files), will be destroyed.

Settlement:

The receipt by the Operating Partnership of immediately available funds in payment for a Book-Entry Note and the authentication and issuance of the Global Security representing such Note shall constitute "settlement" with respect to such Note. All offers accepted by the Operating Partnership will be settled on the third Business Day next succeeding the date of acceptance pursuant to the timetable for settlement set forth below, unless the Operating Partnership and the purchaser agree to settlement on another day, which shall be no earlier than the next Business Day.

Settlement  
Procedures:

Settlement Procedures with regard to each Book-Entry Note sold by the Operating Partnership to or through an Agent (unless otherwise specified pursuant to a Terms Agreement) shall be as follows:

A. The relevant Agent will advise the Operating Partnership by telephone that such Note is a Book-Entry Note and of the following settlement information:

1. Principal amount.
2. Settlement date and time (Original Issue Date).
3. Specified Currency and Principal Financial Center.
4. Maturity Date.
5. Trade Date.
6. Exchange Rate Agent (if other than State Street Bank & Trust Company of California N.A.).

Exhibit B - Page 3

7. Agent's commission or discount (if any) determined as provided in the Distribution Agreement.
8. Net Proceeds to Issuer.
9. Authorized Denomination (if other than \$1,000 or integral multiples thereof).
10. Interest Payment Date(s).
11. Regular Record Dates.
12. Redemption or repayment provisions (if any).
13. Whether the Note is an Original Issue Discount Note (an "OID NOTE"), and if it is an OID Note, the total amount of OID, the yield to maturity, the initial accrual period OID.
14. In the case of a Fixed Rate Note:
  - (a) the Interest Rate.
15. In the case of a Floating Rate Note:
  - (a) the Initial Interest Rate (if known at

such time).

(b) Calculation Agent (if other than State Street Bank & Trust Company of California, N.A.).

(c) Interest Rate Basis which may include:

- CD Rate
- Commercial Paper Rate
- CMT Rate
- EURIBOR
- Federal Funds Rate
- LIBOR
- Prime Rate
- Treasury Rate
- Other

(d) Index Maturity.

(e) Interest Reset Frequency.

(f) Maximum Interest Rate.

(g) Minimum Interest Rate.

Exhibit B - Page 4

(h) Initial Interest Reset Date.

(i) Interest Reset Date(s).

(j) Interest Determinations Date.

(k) Spread and/or Spread Multiplier (if any).

(l) whether the Note is:

- a Regular Floating Rate Note
- a Floating Rate/Fixed Rate Note (in which case the fixed rate commencement date and the fixed interest rate shall be specified) or
- an Inverse Floating Rate Note (in which case the fixed interest rate shall be specified).

16. Any other applicable terms including the applicability of an Addendum or Other Additional Provisions.

B. The Operating Partnership will advise the Trustee by telephone or electronic transmission (confirmed in writing at any time on the same date) of the information set forth in Settlement Procedure "A" above. The Trustee will then assign a CUSIP number to the Global Security representing such Note and will notify the Operating Partnership and the relevant Agent of such CUSIP number by telephone as soon as practicable.

C. The Trustee will enter a pending deposit message through DTC's Participant Terminal System, providing the following settlement information to DTC, the relevant Agent and Standard & Poor's Corporation:

1. The information set forth in Settlement Procedure "A".
2. The Initial Interest Payment Date for such note, the number of days by which such date succeeds the related DTC Record Date (which in the case of Floating Rate Notes which reset daily or weekly, shall be the date five calendar days immediately preceding the applicable Interest Payment Date and, in the case of other Notes, shall be the Record Date as defined in the Note) and, if known, the amount of interest payable on

such Initial Interest Payment Date.

3. The CUSIP number of the Global Security representing such Note.
4. Whether such Global Security will represent any other Book-Entry Note (to the extent known at such time).
5. The number of participant accounts to be maintained by DTC on behalf of the relevant Agent and the Trustee.

D. The Trustee will complete and authenticate the Global Security representing such Note.

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- E. DTC will credit such note to the Trustee's participant account at DTC.
- F. The Trustee will enter an SDFS deliver order through DTC's participant Terminal System instructing DTC to (i) debit such Note to the Trustee's participant account and credit such Note to the relevant Agent's participant account and (ii) debit such Agent's settlement account and credit the Trustee's settlement account for an amount equal to the price of such Note less such Agent's commission (if any). The entry of such a deliver order shall constitute a representation and warranty by the Trustee to DTC that (a) the Global Security representing such Book-Entry Note has been issued and authenticated and (b) the Trustee is holding such Global Security pursuant to the MTN Certificate Agreement.
- G. Unless the relevant Agent is the end purchaser of such Note, such Agent will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit such Note to such Agent's participant account and credit such Note to the participant accounts of the Participants with respect to such Note and (ii) to debit the settlement accounts of such Participants and credit the settlement account of such Agent for an amount equal to the price of such Note.
- H. Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures "F" and "G" will be settled in accordance with SDFS operating procedures in effect on the settlement date.
- I. The Trustee will credit to the account of the Operating Partnership maintained at Bank of America, Dallas, Texas, ABA #111000012, Account # 3750785562, Account Name: AMB Property, LP, or such other account as the Operating Partnership may from time to time direct, in immediately available funds the amount transferred to the Trustee in accordance with Settlement Procedure "F".
- J. Unless the relevant Agent is the end purchaser of such Note, such Agent will confirm the purchase of such note to the purchaser either by transmitting to the Participants with respect to such Note a confirmation order or orders through DTC's institutional delivery system or by mailing a written confirmation to such purchaser.
- K. Monthly, the Trustee will send to the Operating Partnership, a statement setting forth the principal amount of Notes outstanding as of that date under the Indenture and setting forth a brief description of any sales of which the Operating Partnership has advised the Trustee that have not yet been settled.

Settlement Procedures Timetable: For Sales by the Operating Partnership of Book-Entry Notes to or through an Agent (unless otherwise specified pursuant to a Terms Agreement) for settlement on the first Business Day after the sale date, Settlement Procedures "A" through "J" set forth above shall be completed as soon as possible but not later than the respective times in New York City set forth below:

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<TABLE>  
<CAPTION>

| Settlement<br>Procedure<br>----- | Time<br>----                  |
|----------------------------------|-------------------------------|
| <S>                              | <C>                           |
| A                                | 11:00 A.M. on sale date       |
| B                                | 12:00 Noon on sale date       |
| C                                | 2:00 P.M. on sale date        |
| D                                | 9:00 A.M. on settlement date  |
| E                                | 10:00 A.M. on settlement date |
| F-G                              | 2:00 P.M. on settlement date  |
| H                                | 4:45 P.M. on settlement date  |
| I-J                              | 5:00 P.M. on settlement date  |



If a sale is to be settled more than one (1) Business Day after the sale date, Settlement Procedures "A", "B" and "C" shall be completed as soon as practicable but no later than 11:00 A.M., 12:00 Noon and 2:00 P.M., respectively, on the first Business Day after the sale date. If the Initial Interest Rate for a Floating Rate Book-Entry Note has not been determined at the time that Settlement procedure "A" is completed, Settlement Procedures "B" and "C" shall be completed as soon as such rate has been determined but no later than 12:00 Noon and 2:00 P.M., respectively, on the first Business Day before the settlement date. Settlement Procedure "H" is subject to extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the settlement date.

If settlement of a Book-Entry Note is rescheduled or canceled, the Trustee, after receiving notice from the Operating Partnership or the relevant Agent, will deliver to DTC, through DTC's Participant Terminal System, a cancellation message to such effect by no later than 2:00 P.M. on the Business Day immediately proceeding the scheduled settlement date.

If the Trustee fails to enter an SDFS deliver order with respect to a Book-Entry Note pursuant to Settlement Procedure "F", the Trustee may deliver to DTC, through DTC's Participant Terminal System, as soon as practicable a withdrawal message instructing DTC to debit such Note to the Trustee's participant account, provided that the Trustee's participant account contains a principal amount of the Global Security representing such Note that is at least equal to the principal amount to be debited. If a withdrawal message is processed with respect to all the Book-Entry Notes represented by a Global Security, the Trustee will mark such Global Security "canceled," make appropriate entries in the Trustee's records and send such canceled Global Security to the Operating Partnership. The CUSIP number assigned to such Global Security shall, in accordance with the procedures of the CUSIP Service Bureau of Standard & Poor's Corporation, be canceled and not immediately reassigned. If a withdrawal message is processed with respect to one or more, but not all, of the Book-Entry Notes represented by a Global Security, the Trustee will exchange such Global Security for two Global Securities, one of which shall represent such Book-Entry Note or Notes and shall be canceled immediately after issuance and the other of which shall represent the remaining Book-Entry Notes previously represented by the

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surrendered Global Security and shall bear the CUSIP number of the surrendered Global Security.

If the purchase price for any Book-Entry Note is not timely paid to the Participants with respect to such Note by the beneficial purchaser thereof (or a person, including an indirect participant in DTC, acting on behalf of such purchaser), such Participants and, in turn, the relevant Agent may enter SDFS deliver orders through DTC's Participant Terminal System reversing the orders entered pursuant to Settlement Procedures "F" and "C", respectively. Thereafter, the Trustee will deliver the withdrawal message and take the related actions described in the preceding paragraph.

Notwithstanding the foregoing, upon any failure to settle with respect to a Book-Entry Note, DTC may take any actions in accordance with its SDFS operating procedures then in effect.

In the event of a failure to settle with respect to one or more, but not all, of the Book-Entry Notes to have been represented by a Global Security, the Trustee will provide, in accordance with Settlement procedures "D" and "F", for the authentication and issuance of a Global Security representing the Book-Entry Notes to be represented by such Global Security and will make appropriate entries in its records.

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The Trustee will serve as Registrar in connection with the Certificated Notes.

Issuance: Each Certificated Note will be dated and issued as of the date of its authentication by the Trustee. Each Certificated Note will bear an Original Issue Date, which will be (i) with respect to an original Certificated Note (or any portion thereof), its original issuance date (which will be the settlement date) and (ii) with respect to any Certificated Note (or portion thereof) issued subsequently upon transfer or exchange of a Certificated Note or in lieu of a destroyed, lost or stolen Certificated Note, the original issuance date of the predecessor Certificated Note, regardless of the date of authentication of such subsequently issued Certificated Note.

Preparation of Pricing Supplement: If any offer to purchase a Certificated Note is accepted by or on behalf of the Operating Partnership, the Operating Partnership will prepare a Pricing Supplement reflecting the terms of such Note. The Operating Partnership (i) will arrange to file such Pricing Supplement with the Commission in accordance with the applicable paragraph of Rule 424(b) under the Act and (ii) will, as soon as possible and in any event not later than the date on which such Pricing Supplement is filed with the Commission, deliver the number of copies of such Pricing Supplement to the relevant Agent as such Agent shall request.

In each instance that a Pricing Supplement is prepared, the relevant Agent will affix the Pricing Supplement to Prospectuses prior to their use. Outdated Pricing Supplements, and the Prospectuses to which they are attached (other than those retained for files), will be destroyed.

Settlement: The receipt by the Operating Partnership of immediately available funds in exchange for an authenticated Certificated Note delivered to the relevant Agent and such Agent's delivery of such Note against receipt of immediately available funds shall constitute "settlement" with respect to such Note. All offers accepted by the Operating Partnership will be settled on the third Business Day next succeeding the date of acceptance pursuant to the timetable for settlement set forth below, unless the Operating Partnership and the purchaser agree to settlement on another date, which date shall be no earlier than the next Business Day.

Settlement Procedures: Settlement Procedures with regard to each Certificated Note sold by the Operating Partnership to or through an Agent (unless otherwise specified pursuant to a Terms Agreement) shall be as follows:

- A. The relevant Agent will advise the Operating Partnership by telephone that such Note is a Certificated Note and of the following settlement information:

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1. Name in which such Note is to be registered ("REGISTERED HOLDER").
2. Address of the Registered Holder and address for payment of principal and interest.
3. Taxpayer identification number of the Registered Holder (if available).
4. Principal amount.
5. Settlement date and time (Original Issue Date).
6. Specified Currency and Principal Financial Center.
7. Maturity Date.
8. Trade Date.
9. Exchange Rate Agent (if other than State Street Bank & Trust Company of California,

N.A.).

10. Agent's commission or discount (if any) determined as provided in the Distribution Agreement.
11. Authorized Denomination (if other than \$1,000 or integral multiples thereof).
12. Interest Payment Date(s).
13. Regular Record Dates
14. Redemption or repayment provisions (if any).
15. Whether the Note is an Original Issue Discount Note (an "OID NOTE"), and if it is an OID Note, the total amount of OID, the yield to maturity, the initial accrual period OID.
16. In the case of a Fixed Rate Note:
  - (a) the Interest Rate.
17. In the case of a Floating Rate Note:
  - (a) the Initial Interest Rate (if known at such time).
  - (b) Calculation Agent (if other than State Street Bank & Trust Company of California, N.A.).
  - (c) Interest Rate Basis which may include:
    - CD Rate

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- Commercial Paper Rate
  - CMT Rate
  - EURIBOR
  - Federal Funds Rate
  - LIBOR
  - Prime Rate
  - Treasury Rate
  - Other
- (d) Index Maturity.
  - (e) Interest Reset Frequency.
  - (f) Maximum Interest Rate.
  - (g) Minimum Interest Rate.
  - (h) Initial Interest Reset Date.
  - (i) Interest Reset Date(s).
  - (j) Interest Determinations Date.
  - (k) Spread and/or Spread Multiplier (if any).
  - (l) whether the Note is:
    - a Regular Floating Rate Note
    - a Floating Rate/Fixed Rate Note (in which case the fixed rate commencement date and the fixed interest rate shall be specified) or
    - an Inverse Floating Rate Note (in which case the fixed interest rate

shall be specified).

(m) Any other applicable terms including the applicability of an Addendum or Other/Additional Provisions.

- B. The Operating Partnership will advise the Trustee by telephone or electronic transmission (confirmed in writing at any time on the same date) of the information set forth in Settlement Procedure "A" above.
- C. The Operating Partnership will have delivered to the Trustee a pre-printed four-ply packet for such Note, which packet will contain the following documents in forms that have been approved by the Operating Partnership, the relevant Agent and the Trustee:
1. Note with customer confirmation.
  2. Stub One - For the Trustee.
  3. Stub Two - For the relevant Agent.
  4. Stub Three - For the Operating Partnership.
- D. The Trustee will complete such Note and authenticate such Note and deliver it (with the confirmation) and Stubs One and Two to the relevant Agent, and such Agent will acknowledge receipt of the Note by stamping or otherwise marking Stub One and returning it to the Trustee. Such delivery will be made only against such acknowledgment of receipt and evidence that instructions have been given by such Agent for payment to the account of the Operating Partnership at Bank of America, Dallas, Texas, ABA #111000012, Account # 3750785562, Account Name: AMB Property, LP, or to such other account as the Operating Partnership shall have specified to such Agent and the Trustee, in immediately available funds, of an amount equal to the price of such Note less such Agent's commission (if any). In the event that the instructions given by such Agent for payment to the account of the Operating Partnership are revoked, the Operating Partnership will as promptly as possible wire transfer to the account of such Agent an amount of immediately available funds equal to the amount of such payment made.
- E. Unless the relevant Agent is the end purchaser of such Note, such Agent will deliver such Note (with confirmation) to the customer against payment in immediately available funds. Such Agent will obtain the acknowledgment of receipt of such Note by retaining Stub Two.
- F. The Trustee will send Stub Three to the Operating Partnership by first-class mail. Monthly, the Trustee will also send to the Operating Partnership a statement setting forth the principal amount of the Notes outstanding as of that date under the Indenture and setting forth a brief description of any sales of which the Operating Partnership has advised the Trustee that have not yet been settled.

Settlement Procedures Timetable: For sales by the Operating Partnership of Certificated Notes to or through an Agent (unless otherwise specified pursuant to a Terms Agreement), Settlement Procedures "A" through "F" set forth above shall be completed on or before the respective times in New York City set forth below:

<TABLE>  
<CAPTION>

| Settlement<br>Procedure<br>----- | Time<br>----                            |
|----------------------------------|-----------------------------------------|
| <S>                              | <C>                                     |
| A                                | 2:00 P.M. on day before settlement date |
| B                                | 3:00 P.M. on day before settlement date |
| C-D                              | 2:15 P.M. on settlement date            |
| E                                | 3:00 P.M. on settlement date            |
| F                                | 5:00 P.M. on settlement date            |

</TABLE>

Failure to Settle: If a purchaser fails to accept delivery of and make payment for any Certificated Note, the relevant Agent will notify the Operating Partnership

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and the Trustee by telephone and return such Note to the Trustee. Upon receipt of such notice, the Operating Partnership will immediately wire transfer to the account of such Agent an amount equal to the amount credited to the account of the Operating Partnership in accordance with Settlement Procedure D. Such wire transfer will be made on the settlement date, if possible, and in any event not later than

the Business Day following the settlement date. If the failure shall have occurred for any reason other than a default by such Agent in the performance of its obligations hereunder and under the Distribution Agreement, then the Operating Partnership will reimburse such Agent or the Trustee, as appropriate, on an equitable basis for its loss of the use of the funds during the period when they were credited to the account of the Operating Partnership. Immediately upon receipt of the Certificated Note in respect of which such failure occurred, the Trustee will mark such Note "cancelled," make appropriate entries in the Trustee's records and send such Note to the Operating Partnership.

FORM OF  
FIFTH SUPPLEMENTAL INDENTURE

FIFTH SUPPLEMENTAL INDENTURE, dated as of May \_\_, 2002 (this "Fifth Supplemental Indenture"), among AMB PROPERTY, L.P., a Delaware limited partnership (the "Operating Partnership"), AMB PROPERTY CORPORATION (the "Parent Guarantor") and STATE STREET BANK AND TRUST COMPANY OF CALIFORNIA, N.A., as Trustee hereunder (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Operating Partnership, the Parent Guarantor and the Trustee executed and delivered an Indenture, dated as of June 30, 1998, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, each dated as of June 30, 1998, and the Fourth Supplemental Indenture, dated as of August 15, 2000 (as further supplemented hereby, the "Indenture"), to provide for the issuance by the Operating Partnership of notes evidencing its unsecured indebtedness;

WHEREAS, pursuant to Board Resolution, the Operating Partnership has authorized the issuance of up to \$400,000,000 of its Series B Medium-Term Notes due nine months or more from the date of issuance;

WHEREAS, the Operating Partnership desires to establish the terms of such notes in accordance with Section 301 of the Indenture and to establish the form of such notes in accordance with Section 201 of the Indenture.

ARTICLE 1  
TERMS

SECTION 101. TERMS OF SECURITIES. There is hereby established and authorized for issuance by the Operating Partnership a series of Securities (as defined in the Indenture), the terms of which shall be as follows:

- (a) The Securities of the series shall be designated "Series B Medium-Term Notes" (the "Notes").
- (b) The aggregate principal amount of the Notes that may be authenticated and delivered under the Indenture from time to time (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Sections 304, 305, 306, 906, or 1107 of the Indenture) shall be up to \$400,000,000 or the equivalent thereof in other currencies, which amount may be increased from time to time by a Board Resolution or a supplemental indenture to the Indenture or an Officers' Certificate, in either case, pursuant to authority granted under a Board Resolution, and in accordance with Section 301 of the Indenture.
- (c) Each Note shall mature on a date which shall be nine months or more from the date of issue of such Note and shall be specified by an officer of the Parent Guarantor, as general partner of the Operating Partnership, to the Trustee in writing or by telephone (telephonic instructions to be promptly confirmed in writing) and specified in the applicable prospectus supplement or pricing supplement.
- (d) The interest rate or rates or the method of determination thereof, if any, the date or dates or the method of determination thereof from which such interest shall accrue, the date or dates on which such interest shall be payable, and the regular record date for the interest payable on any interest payment date, in each case for a particular Note, shall each be as specified by an officer of the Parent Guarantor, as general partner of the Operating Partnership, to the Trustee in writing or by telephone (telephonic instructions to be promptly confirmed in writing); provided, however, the interest rate or rates shall in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application.
- (e) Unless stated to the contrary in the applicable prospectus supplement or pricing supplement, the payment of principal (and premium, if any) and interest on, a Note on any day, if the Holder of such Note is The Depository Trust Company, a New York corporation (or its nominee or other depository, a "Depository"), will be made in accordance with any applicable provisions of such written agreement between the Operating Partnership, the Trustee and the Depository (or its nominee) as may be in effect from time to time. Otherwise payment of principal (and premium, if any) and interest on the Notes shall be payable, and

Notes may be surrendered for the registration of transfer or exchange, at the office of the Trustee's affiliate, State Street Bank and Trust Company, at 61 Broadway, 15th Floor, New York, New York 10006, unless the Holder of the Note is notified otherwise; provided, however, that at the option of the Operating Partnership, interest may be paid by check mailed to the address of the person entitled thereto as such address shall appear in the Operating Partnership's security register or by wire transfer to an account maintained by the payee located in the United States. Unless the Holder of the Note is notified otherwise, the place where notices or demands to or upon the Operating Partnership in respect of the Notes and the Indenture may be served shall be the Corporate Trust Office of the Trustee at 633 West Fifth Street, 12th Floor, Los Angeles, California 90071.

(f) To receive payment of a U.S. Dollar denominated Note upon redemption, if applicable, or at maturity, a Holder must make presentation and surrender of such Note on or before the Redemption Date or Maturity Date, if any, as specified on the face of any Note and in the applicable prospectus supplement or pricing supplement. To receive payment of a Note denominated in a Foreign Currency (as hereinafter defined) or composite currency upon redemption or at maturity, a Holder must make presentation and surrender of such Note not less than two Business Days (as defined in the Notes) prior to the Redemption Date or Maturity Date, if any, as specified on the face of any Note and in the applicable prospectus supplement or pricing supplement. Upon presentation and surrender of a Note denominated in a Foreign Currency or composite currency at any time after the date two Business Days prior to the Redemption Date or Maturity Date, if any, as specified on the face of any Note and in the applicable prospectus supplement or pricing supplement, the Operating Partnership will pay the principal amount (and premium, if any) of such Note, and any interest due upon redemption or at maturity (unless the Redemption Date or Maturity Date is an Interest Payment Date, as specified on the face of the Note and in the applicable prospectus supplement or pricing supplement), two Business Days after such presentation and surrender.

(g) Unless stated to the contrary on the face of any Note and in the applicable prospectus supplement or pricing supplement, a Note will not be subject to redemption prior to its Maturity Date. If stated on the face of a Note and in the applicable prospectus supplement or pricing supplement, such Note will be redeemable in whole or in part at the option of the Operating Partnership, in accordance with Article Eleven of the Indenture and the terms set forth in such Note and the applicable prospectus supplement or pricing supplement.

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(h) Unless stated to the contrary on the face of any Note and in the applicable prospectus supplement or pricing supplement, such Note will not be subject to repayment prior to its Maturity Date. If stated on the face of a Note and in the applicable prospectus supplement or pricing supplement, such Note will be repayable by the Operating Partnership in whole or in part at the option of the Holder in accordance with the terms set forth in such Note and the applicable prospectus supplement or pricing supplement.

(i) Unless stated to the contrary on the face of a Note and in the applicable prospectus supplement or pricing supplement, Notes shall be issuable in minimum denominations of (i) if the Notes are denominated in U.S. Dollars, \$1,000 and in any larger amount in integral multiples of \$1,000 and (ii) if the Notes are denominated in a currency other than U.S. Dollars (a "Foreign Currency") or in a composite currency, the equivalent in such Foreign Currency or composite currency determined in accordance with the Market Exchange Rate (as defined in the Notes) for such Foreign Currency or composite currency on the Business Day immediately preceding the date on which the Operating Partnership accepts an offer to purchase the Note, of \$1000 (rounded to an integral multiple of 1,000 units of the Foreign Currency or composite currency), and in any larger amount in integral multiples of 1,000 units. The principal amount of any particular Note shall be determined by an officer of the Parent Guarantor, as general partner of the Operating Partnership, and specified to the Trustee in writing or by telephone (telephonic instructions to be promptly confirmed in writing).

(j) Initially, unless otherwise stated to the contrary on the face of any Note and in the applicable prospectus supplement or pricing supplement, the Trustee shall be the registrar, transfer agent, authenticating agent, exchange rate agent, calculation agent and paying agent for the Notes. The Operating Partnership may from time to time name other or additional registrars, paying agents, authenticating agents, exchange rate agents, calculation agents or transfer agents.

(k) Unless stated to the contrary on the face of a Note and in the applicable prospectus supplement or pricing supplement, such Note

shall be issuable only in registered form without coupons in book-entry form, represented by one or more global notes recorded in the book-entry system maintained by The Depository Trust Company. If specified on the face thereof, Notes may be issued in certificated form issued to, and registered in the name of, the beneficial owner or its nominee.

(l) The Notes are not convertible into any other security of the Operating Partnership or the Parent Guarantor. The Notes shall constitute senior unsecured and unsubordinated obligations of the Operating Partnership and will rank equally with all other unsecured and unsubordinated indebtedness of the Operating Partnership from time to time outstanding.

(m) There are no restrictive covenants pertaining to the Notes other than those contained in the Indenture. Unless stated to the contrary on the face of any Note and in the applicable prospectus supplement or pricing supplement, the holders of the Notes shall have no special rights in addition to those provided in the Indenture upon the occurrence of any particular events. The Notes shall have no additional Events of Default in addition to the Events of Default set forth in Article Five of the Indenture.

(n) The Notes will be unconditionally guaranteed on an unsecured basis by the Parent Guarantor and, if required by Section 1013 of the Indenture, the Subsidiary Guarantors.

SECTION 102. FORM OF NOTES. The Notes shall be in the form of, and shall have the terms set forth in, the specimens thereof attached hereto as Exhibits A and B in fully registered fixed rate and

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floating rate form, respectively, with applicable blank terms completed and additional terms added to reflect settlement and other specific information, which terms shall be specified by an officer of the Parent Guarantor, as general partner of the Operating Partnership to the Trustee in writing or by telephone (telephonic instructions to be promptly confirmed in writing) and specified in the applicable prospectus supplement or pricing supplement.

SECTION 103. FORM OF SUBSIDIARY GUARANTEE. The form of the Subsidiary Guarantee which shall be executed if required pursuant to Section 1013 of the Indenture is attached hereto as Exhibit C.

SECTION 104. FORM OF GUARANTEES. There are hereby authorized for issuance by the Parent Guarantor Guarantees (as defined in the Indenture) of the Notes, which Guarantees shall be in the form of, and shall have the terms set forth in, the specimen of "Parent Guarantee" endorsed on the specimen Notes attached hereto as Exhibits A and B.

SECTION 105. PROCEDURES. The Trustee is hereby instructed to authenticate and deliver from time to time the Notes, with Guarantees endorsed thereon, pursuant to the following procedures:

(a) the procedures set forth in the Administrative Procedures attached as Exhibit B to the Distribution Agreement, as amended from time to time; and

(b) each advice of settlement information with respect to any of the Notes issued pursuant to (a) above will be deemed an instruction by the Operating Partnership and the Parent Guarantor to authenticate and deliver such Notes and Guarantees.

## ARTICLE II MISCELLANEOUS

SECTION 201. DEFINITIONS. Capitalized terms used but not defined in this Fifth Supplemental Indenture shall have the meanings ascribed thereto in the Indenture.

SECTION 202. CONFIRMATION OF INDENTURE. The Indenture, as heretofore supplemented and amended by this Fifth Supplemental Indenture, is in all respects ratified and confirmed, and the Indenture, this Fifth Supplemental Indenture and all indentures supplemental thereto shall be read, taken and construed as one and the same instrument.

SECTION 203. CONCERNING THE TRUSTEE. The Trustee assumes no duties, responsibilities or liabilities by reason of this Fifth Supplemental Indenture other than as set forth in the Indenture and, in carrying out its responsibilities hereunder, shall have all of the rights, protections and immunities which it possesses under the Indenture.

SECTION 204. GOVERNING LAW. This Fifth Supplemental Indenture, the Indenture and the Notes shall be governed by and construed in accordance with the internal laws of the State of New York.



SECTION 205. SEPARABILITY. In case any provision in this Fifth Supplemental Indenture shall for any reason be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 206. COUNTERPARTS. This Fifth Supplemental Indenture may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Fifth Supplemental Indenture to be duly executed as of the day and year first above written.

AMB PROPERTY, L.P.

By: AMB PROPERTY CORPORATION,  
as General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

AMB PROPERTY CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE STREET BANK AND TRUST  
COMPANY OF CALIFORNIA, N.A., AS TRUSTEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A

FORM OF FIXED RATE MEDIUM-TERM NOTES

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EXHIBIT B

FORM OF FLOATING RATE MEDIUM-TERM NOTES

B-1

EXHIBIT C

SUBSIDIARY GUARANTEE

FOR VALUE RECEIVED, the undersigned hereby jointly and severally with the Parent Guarantor pursuant to the Parent Guarantee and any other Subsidiary Guarantors under their respective Subsidiary Guarantees, unconditionally guarantees to the Holder of the accompanying Series B Medium-Term Note (the "Note") issued by AMB Property, L.P. (the "Operating Partnership") under an Indenture dated as of June 30, 1998 (together with the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, each dated as of June 30, 1998, the Fourth Supplemental Indenture dated as of August 15, 2000 and the Fifth Supplemental Indenture dated as of May \_\_, 2002, the "Indenture") among the Operating Partnership, AMB Property Corporation, and State Street Bank and Trust Company of California, N.A., as trustee (the "Trustee"), (a) the full and prompt payment of the principal of and premium, if any, on such Note when and as the same shall become due and payable, whether at the Maturity Date (as defined in the Note), by acceleration, by redemption, repurchase or otherwise, and (b) the full and prompt payment of the interest on such Note when and as the same shall become due and payable, according to the terms of such Note and of the Indenture. In case of the failure of the Operating Partnership punctually to pay any such principal, premium or interest, the undersigned hereby agrees to cause any such payment to be made

punctually when and as the same shall become due and payable, whether at the Maturity Date, upon acceleration, by redemption or repayment or otherwise, and as if such payment were made by the Operating Partnership. The undersigned hereby agrees, jointly and severally with the Parent Guarantor pursuant to the Parent Guarantee and any other Subsidiary Guarantors under their respective Subsidiary Guarantees, that its obligations hereunder shall be as principal and not merely as surety, and shall be absolute and unconditional, and shall not be affected, modified or impaired by the following: (a) the failure to give notice to the Guarantors of the occurrence of an Event of Default under the Indenture; (b) the waiver, surrender, compromise, settlement, release or termination of the payment, performance or observance by the Operating Partnership or the Guarantors of any or all of the obligations, covenants or agreements of any of them contained in the Indenture or any Note; (c) the acceleration, extension or any other changes in the time for payment of any principal of or interest or any premium on any Note or for any other payment under the Indenture or of the time for performance of any other obligations, covenants or agreements under or arising out of the Indenture or any Note; (d) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Indenture or any Note; (e) the taking or the omission of any of the actions referred to in the Indenture and in any of the actions under any Note; (f) any failure, omission, delay or lack on the part of the Trustee to enforce, assert or exercise any right, power or remedy conferred on the Trustee in the Indenture, or any other action or acts on the part of the Trustee or any of the Holders from time to time of any Note; (g) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting the Guarantors or the Operating Partnership or any of the assets of any of them, or any allegation or contest of the validity of this Subsidiary Guarantee in any such proceeding; (h) to the extent permitted by law, the release or discharge by operation of law of the Guarantors from the performance or observance of any obligation, covenant or agreement contained in the Indenture; (i) to the extent permitted by law, the release or discharge by operation of law of the Operating Partnership from the performance or observance of any obligation, covenant or agreement contained in the Indenture; (j) the default or failure of the Operating Partnership Trustee fully to perform any of its obligations set forth in the Indenture or any Note; (k) the invalidity, irregularity or unenforceability of the Indenture or any Note or any part of any thereof; (l) any judicial or governmental action affecting the Operating Partnership or any Note or consent or indulgence granted to the Operating Partnership by the Holders or by the Trustee; or (m) the recovery of any judgment against the Operating Partnership or any action to enforce the same or any other circumstance which might constitute a legal or equitable discharge of a surety or guarantor. The undersigned hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger, sale, lease or conveyance of all or substantially all of its assets, insolvency or bankruptcy of any Guarantor or the Operating Partnership, any right to require a proceeding first against any other Guarantor or the Operating Partnership, protest or notice with respect to such Note or the indebtedness evidenced thereby and all demands whatsoever, and covenants that this Subsidiary Guarantee will not be discharged except by complete performance of the obligations contained in such Note and in this Subsidiary Guarantee.

No reference herein to such Indenture and no provision of this Subsidiary Guarantee or of such Indenture shall alter or impair the guarantee of the undersigned, which is absolute and unconditional, of the full and prompt payment of the principal of and premium, if any, and interest on the Note.

THIS SUBSIDIARY GUARANTEE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

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The validity and enforceability of this Subsidiary Guarantee shall not be affected by the fact that it is not affixed to any particular Note.

An Event of Default under the Indenture or any Note shall constitute an event of default under this Subsidiary Guarantee, and shall entitle the Holder of any Note to accelerate the obligations of the undersigned hereunder in the same manner and to the same extent as the obligations of the Operating Partnership.

Notwithstanding any other provision of this Subsidiary Guarantee to the contrary, the undersigned hereby waives any claims or other rights which it may now have or hereafter acquire against any Guarantor or the Operating Partnership that arise from the existence or performance of its obligations under this Subsidiary Guarantee (all such claims and rights are referred to as "Guarantor's Conditional Rights"), including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, or indemnification, any right to participate in any claim or remedy against any Guarantor or the Operating Partnership, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, by any payment made hereunder or

otherwise, including without limitation, the right to take or receive from any Guarantor or the Operating Partnership, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such claim or other rights. The undersigned hereby agrees not to exercise any rights which may be acquired by way of contribution under this Subsidiary Guarantee or any other agreement, by any payment made hereunder or otherwise, including, without limitation, the right to take or receive from any other guarantor, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such contribution rights. If, notwithstanding the foregoing provisions, any amount shall be paid to the undersigned party on account of any such Guarantor's Conditional Rights and either (i) such amount is paid to such undersigned party at any time when the indebtedness shall not have been paid or performed in full, or (ii) regardless of when such amount is paid to the undersigned, any payment made by any Guarantor or the Operating Partnership to a Holder that is at any time determined to be a Preferential Payment (as defined below), then such amount paid to the undersigned shall be held in trust for the benefit of the Holders and shall forthwith be paid such Holder to be credited and applied upon the indebtedness, whether matured or unmatured. Any such payment is herein referred to as a "Preferential Payment" to the extent any Guarantor or the Operating Partnership makes any payment to Holder in connection with the Note, and any or all of such payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid or paid over to a trustee, receiver or any other entity, whether under any bankruptcy act or otherwise.

To the extent that any of the provisions of the immediately preceding paragraph shall not be enforceable, the undersigned agrees that until such time as the indebtedness has been paid and performed in full and the period of time has expired during which any payment made by any Guarantor or the Operating Partnership or the undersigned to a Holder may be determined to be a Preferential Payment, Guarantor's Conditional Rights to the extent not validly waived shall be subordinate to Holders' right to full payment and performance of the indebtedness and the undersigned shall not enforce any of its respective portion of the Guarantors' Conditional Rights until such time as the indebtedness has been paid and performed in full and the period of time has expired during which any payment made by any Guarantor or the Operating Partnership or the undersigned to Holders may be determined to be a Preferential Payment.

The undersigned's liability (the "Base Guaranty Liability") shall be that amount from time to time equal to the aggregate liability of the undersigned hereunder, but shall be limited to the lesser of (A) the aggregate amount of the obligation as stated in the second sentence of Section 1401 of the Indenture, and (B) the amount, if any, which would not have (i) rendered the undersigned "insolvent" (as such term is defined in Section 101(29) of the Federal Bankruptcy Code and in Section 271 of the Debtor and Creditor Law of the State of New York, as each is in effect at the date of the Indenture) or (ii) left the undersigned with unreasonably small capital at the time this Subsidiary Guarantee was entered into, after giving effect to the incurrence of existing Debt (as defined in the Indenture) immediately prior to such time, provided that, it shall be a presumption in any lawsuit or other proceeding in which the undersigned is a party that the amount guaranteed is the amount set forth in (A) above unless a creditor, or representative of creditors of the undersigned or a trustee in bankruptcy of the undersigned, as debtor in possession, otherwise proves in such a lawsuit that the aggregate liability of the undersigned is limited to the amount set forth in (B). In making any determination as to the solvency or sufficiency of capital of the undersigned in accordance with the previous sentence, the right of the undersigned to contribution from the other Guarantors, to subrogation and any other rights the undersigned may have, contractual or otherwise, shall be taken into account.

The obligations of the undersigned to the Holder of any Note and to the Trustee pursuant to this Subsidiary Guarantee and the Indenture are expressly set forth in Article 14 of the Indenture and reference is hereby made to the

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Indenture for the precise terms of the Subsidiary Guarantee and all of the other provisions of the Indenture to which this Subsidiary Guarantee relates.

Capitalized terms in this Subsidiary Guarantee which are not defined herein shall have the meanings assigned to them in the Indenture.

IN WITNESS WHEREOF, the undersigned has caused this Subsidiary Guarantee to be duly executed.

Dated: \_\_\_\_\_

[NAME OF SUBSIDIARY]

By: \_\_\_\_\_

(FACE OF NOTE)

AMB PROPERTY L.P.  
MEDIUM-TERM NOTE, SERIES B

REGISTERED

(FIXED RATE)

REGISTERED

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE OPERATING PARTNERSHIP (AS DEFINED BELOW) OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

NOTE NO: FXR - \_\_\_\_\_

ORIGINAL ISSUE DATE: \_\_\_\_\_

MATURITY DATE: \_\_\_\_\_

TRADE DATE: \_\_\_\_\_

EXCHANGE RATE AGENT: \_\_\_\_\_

(if other than State Street Bank and Trust Company of California, N.A.)

## REDEMPTION:

- ☐ The Note cannot be redeemed prior to maturity  
☐ The Note may be redeemed at the option of the Operating Partnership prior to maturity  
Redemption Commencement Date: \_\_\_\_\_  
Initial Redemption Percentage: \_\_\_\_\_ %  
Annual Redemption Percentage Reduction: \_\_\_\_\_ %

ADDENDUM ATTACHED: ☐ Yes ☐ No

CUSIP NO.: \_\_\_\_\_

REGISTERED HOLDER: \_\_\_\_\_

FORM: ☐ Book-Entry  
☐ Certificated

AGENT'S DISCOUNT OR COMMISSION: \_\_\_\_\_ %

NET PROCEEDS TO ISSUER: \_\_\_\_\_

INTEREST RATE: \_\_\_\_\_ % per annum

## REPAYMENT:

- ☐ The Note cannot be repaid prior to maturity  
☐ The Note may be repaid prior to maturity at the option of the Holder of the Note  
Optional Repayment Date(s): \_\_\_\_\_  
Repayment Price: \_\_\_\_\_ %

## OTHER/ADDITIONAL PROVISIONS:

PRINCIPAL AMOUNT: \_\_\_\_\_

SPECIFIED CURRENCY: \_\_\_\_\_

PRINCIPAL FINANCIAL CENTER: \_\_\_\_\_

(if the Specified Currency is other than U.S. dollars or Euro)

AUTHORIZED DENOMINATION: \_\_\_\_\_

(if other than \$1,000 or integral multiples thereof)

INTEREST PAYMENT DATES: \_\_\_\_\_

REGULAR RECORD DATES: \_\_\_\_\_

DISCOUNT NOTES: ☐ Yes ☐ No

Issue Price: \_\_\_\_\_  
Total Amount of OID: \_\_\_\_\_  
Yield to Maturity: \_\_\_\_\_  
Initial Accrual Period: \_\_\_\_\_

AMB PROPERTY, L.P., a Delaware limited partnership (hereinafter called the "Operating Partnership", which term includes any successor under the Indenture referred to below), for value received, hereby promises to pay to the Registered Holder specified on the face hereof, or registered assigns ("Holder"), upon presentation and surrender of this Note, on the Maturity Date specified on the face hereof (except to the extent repaid or redeemed prior to the Maturity Date) the Principal Amount specified on the face hereof in the Specified Currency specified on the face hereof, and to pay interest thereon at the Interest Rate per annum specified on the face hereof, until the principal hereof is paid or duly made available for payment.

Unless otherwise specified on the face hereof, the Operating Partnership will pay interest (other than defaulted interest) on each Interest Payment Date (as defined below), commencing with the first Interest Payment Date next succeeding the Original Issue Date specified on the face hereof, to the person who is the Holder of this Note on the applicable Regular Record Date (as defined below); provided that if the Original Issue Date occurs between a Regular Record Date and an Interest Payment Date, the Operating Partnership will make the first payment of interest on the Interest Payment Date following the next Regular Record Date to the registered owner on that Regular Record Date.

The Operating Partnership will pay interest due on the Maturity Date, Redemption Date (as defined on the reverse hereof) or Repayment Date (as defined on the reverse hereof), as applicable, to the same person to whom it is paying the principal amount; provided that if the Operating Partnership would have made a regular interest payment on the Maturity Date, Redemption Date or Repayment Date, as the case may be, it will make that regular interest payment to the Holder as of the applicable Regular Record Date, even if it is not the same person to whom it is paying the principal amount.

Any such interest not so punctually paid or duly provided for ("Defaulted Interest") will forthwith cease to be payable to the Holder on any Regular Record Date, and shall be paid, at the election of the Operating Partnership, to either (i) to the Holder at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee (as defined on the reverse hereof), notice whereof shall be given to the Holder of this Note by the Trustee not less than 10 calendar days prior to such Special Record Date or (ii) at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which this Note may be listed, and upon such notice as may be required by such exchange, all as more fully provided for in the Indenture.

Unless specified on the face hereof, payments of interest on this Note with respect to any Interest Payment Date, Maturity Date, Redemption Date or Repayment Date, as applicable, will include interest accrued from and including each immediately preceding Interest Payment Date (or from and including the Original Date of Issue if no interest has been paid or duly provided for), to, but excluding, the Interest Payment Date, Maturity Date, Redemption Date or Repayment Date, as the case may be.

If an Interest Payment Date, Maturity Date, Redemption Date or Repayment Date, as applicable, falls on a day that is not a Business Day (as defined below), interest (or interest and principal) will be paid on the next Business Day; provided that interest on the payment will not accrue for the period from the original Interest Payment Date, Maturity Date, Redemption Date or Repayment Date, as the case may be, to the date of such payment on the next Business Day.

Unless otherwise specified on the face hereof, the "Interest Payment Dates" shall be June 30 and December 30 of each year. The "Regular Record Dates" shall be June 15 for a June 30 interest payment date, December 15 for a December 30 interest payment date and the date that is 15 calendar days before any other interest payment date, whether or not those dates are Business Days.

"Business Day" as used herein means any day, other than a Saturday or Sunday, (a) that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close (x) in The City of New York or (y) for notes denominated in a specified currency other than U.S. dollars, Australian dollars or euro, in the principal financial center of the country of the specified currency or (z) for notes denominated in Australian dollars, in Sydney, and (b) for notes denominated in euro, that is also a day on which the Trans-European

Depository (or its nominee) as may be in effect from time to time. Otherwise payment of principal (and premium, if any) and interest on, this Note on any day shall be payable and this Note may be surrendered for the registration of transfer or exchange at the Office of the Trustee's affiliate, State Street Bank and Trust Company, at 61 Broadway, 15th Floor, New York, New York 10006, unless the Holder of this Note is notified otherwise; provided, however, that at the option of the Operating Partnership, interest may be paid by check mailed to the address of the Person entitled thereto as such address shall appear in the Operating Partnership's Security Register or by wire transfer, if proper wire instructions are on file with the Trustee or are received at presentment, to an account maintained by the payee located in the United States. Unless the Holder of this Note is notified otherwise, the place where notices or demands to or upon the Operating Partnership in respect of this Note and the Indenture may be served shall be the Corporate Trust Office of the Trustee at 633 West Fifth Street, 12th Floor, Los Angeles, California 90071.

To receive payment of a U.S. dollar denominated Note upon redemption (if applicable) or at maturity, a Holder must make presentation and surrender of such Note on or before the Redemption Date or Maturity Date, as applicable. To receive payment of a Note denominated in a Foreign Currency (as defined on the reverse hereof) or composite currency upon redemption or at maturity, a Holder must make presentation and surrender of such Note not less than two Business Days prior to the Redemption Date or Maturity Date, as applicable. Upon presentation and surrender of a Note denominated in a Foreign Currency or composite currency at any time after the date two Business Days prior to the Redemption Date or Maturity Date, as applicable, the Operating Partnership will pay the principal amount (and premium, if any) of such Note, and any interest due upon redemption or at maturity (unless the Redemption Date or Maturity Date is an Interest Payment Date), two Business Days after such presentation and surrender.

For procedures relating to the receipt of payment upon repayment, if applicable, see the reverse hereof.

The Operating Partnership will pay any administrative costs imposed by banks in connection with sending payments by wire transfer, but any tax, assessment or governmental charge imposed upon payments will be borne by the Holders of the Notes in respect of which payments are made.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof and, if so specified on the face hereof, in the Addendum hereto, which further provisions shall for all purposes have the same force and effect as though fully set forth on the face hereof.

This Note shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been signed by or on behalf of the Trustee under such Indenture.

Notwithstanding the foregoing, if an Addendum is attached hereto or "Other/Additional Provisions" apply to this Note as specified on the face hereof, this Note shall be subject to the terms set forth in such Addendum or such "Other/Additional Provisions."

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IN WITNESS WHEREOF, the Operating Partnership has caused this Instrument to be duly executed under.

Dated: AMB PROPERTY L.P.

By: AMB PROPERTY CORPORATION,  
as General Partner

By: \_\_\_\_\_  
Michael A. Coke  
Executive Vice President and  
Chief Financial Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION  
This is one of the Securities of the  
series designated and referred to in the  
within-mentioned Indenture.

STATE STREET BANK AND TRUST  
COMPANY OF CALIFORNIA, N.A., as Trustee

By: \_\_\_\_\_  
Authorized Signatory

(REVERSE OF NOTE)

AMB PROPERTY L.P.

MEDIUM-TERM NOTE, SERIES B  
(FIXED RATE)

This Note is one of a duly authorized issue of debt securities of the Operating Partnership (hereinafter called the "Securities") of the series hereinafter specified, unlimited in aggregate principal amount, all issued or to be issued under or pursuant to an Indenture dated as of June 30, 1998, as supplemented by the First Supplemental Indenture dated as of June 30, 1998, the Second Supplemental Indenture dated as of June 30, 1998, the Third Supplemental Indenture dated as of June 30, 1998, the Fourth Supplemental Indenture dated as of August 15, 2000 and the Fifth Supplemental Indenture dated as of May \_\_, 2002, among the Operating Partnership, AMB Property Corporation, a Maryland corporation and general partner of the Operating Partnership (the "Guarantor"), and State Street Bank and Trust Company of California, N.A., as Trustee; to which Indenture and all indentures supplemental thereto (herein collectively called the "Indenture") reference is hereby made for a specification of the rights and limitation of rights thereunder of the Holders of the Securities, the rights and obligations thereunder of the Operating Partnership and the rights, duties and immunities thereunder of the Trustee. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption or repayment provisions (if any), may be subject to different covenants and defaults and may otherwise vary as provided in the Indenture. This Note is one of a series designated as "Series B Medium-Term Notes" (hereinafter referred to as the "Notes") of the Operating Partnership, of up to \$400,000,000 in aggregate principal amount. All terms used in this Note which are defined in the Indenture and which are not otherwise defined in this Note shall have the meanings assigned to them in the Indenture. The terms of the Notes include those stated in the Indenture and those made a part of the Indenture by reference to the Trust Indenture Act of 1939, as amended. The Notes are subject to all such terms, and the Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the provisions of the Indenture, the provisions of the Indenture shall govern and be controlling.

Unless stated to the contrary on the face hereof, this Note is issuable only in registered form without coupons in Book-Entry form represented by one or more global notes (each a "Global Note") recorded in the book-entry system maintained by the Depository. If specified on the face hereof, this Note is issuable in certificated form issued to, and registered in the name of, the beneficial owner or its nominee (a "Certificated Note").

Unless a different minimum Authorized Denomination is set forth on the face hereof, this Note is issuable in minimum denominations of (i) if the Specified Currency of this Note is U.S. dollars, U.S. \$1,000 and in any larger amount in integral multiples of \$1,000 and (ii) if the Specified Currency of this Note is a currency other than U.S. dollars (a "Foreign Currency") or is a composite currency, the equivalent in such Foreign Currency or composite currency determined in accordance with the Market Exchange Rate (as defined below) for such Foreign Currency or composite currency on the Business Day immediately preceding the date on which the Operating Partnership accepts an offer to purchase a Note, of U.S. \$1,000 (rounded to an integral multiple of 1,000 units of the Foreign Currency or composite currency), and in any larger amount in integral multiples of 1,000 units.

If this is a Global Note representing Book-Entry Notes, this Note may be transferred or exchanged only through DTC. In the manner and subject to the limitations provided in the Indenture, if this is a Certificated Note, it may be transferred or exchanged, without charge except for any tax or other governmental charge imposed in relation thereto, for other Notes of authorized denominations for a like aggregate principal amount, at the office or agency of the Operating Partnership in the Borough of Manhattan of The City of New York, or, at the option of the Holder, such office or agency, if any, maintained by the Operating Partnership in the city in which the principal executive offices of the Operating Partnership are located or the city in which the principal corporate trust office of the Trustee is located.

The principal (and premium, if any) and interest on, this Note is payable by the Operating Partnership in the Specified Currency.

If this Note is denominated in a Foreign Currency, in the event that the Foreign Currency is not available for payment at a time at which any payment is required hereunder due to the imposition of exchange controls or

other circumstances beyond the control of the Operating Partnership or is no longer used by the government of the country issuing such currency or for the settlement of transactions by public institutions within the international banking community, the Operating Partnership may, in full satisfaction of its obligation to make such payment, make instead a payment in an equivalent amount of U.S. dollars, determined by the Exchange Rate Agent, as specified on the face hereof, on the basis of the Market Exchange Rate for such Foreign Currency on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market



Exchange Rate; provided, however, that if such Specified Currency is replaced by a single European currency, the payment of principal of (and premium, if any) or interest, if any, on this Note denominated in such currency shall be effected in the new single European currency in conformity with legally applicable measures taken pursuant to, or by virtue of, the treaty establishing the European Community, as amended by the treaty on European Unity. The "Market Exchange Rate" for the Specified Currency means the noon dollar buying rate in The City of New York for cable transfers for the Specified Currency as certified for customs purposes by (or if not so certified, as otherwise determined by) the Federal Reserve Bank of New York. Any payment made under such circumstances in U.S. dollars or a new single European currency where the required payment is in a Specified Currency other than U.S. dollars or such single European currency, respectively, will not constitute an Event of Default (as defined in the Indenture).

If the Specified Currency is a composite currency and if such composite currency is unavailable due to the imposition of exchange controls or other circumstances beyond the control of the Operating Partnership, then the Operating Partnership will be entitled to satisfy its obligations to the Holder of this Note by making such payment in U.S. dollars. The amount of each payment in U.S. dollars shall be computed by the Exchange Rate Agent on the basis of the equivalent of the composite currency in U.S. dollars. The component currencies of the composite currency for this purpose (collectively, the "Component Currencies" and each, a "Component Currency") shall be the currency amounts that were components of the composite currency as of the last day on which the composite currency was used. The equivalent of the composite currency in U.S. dollars shall be calculated by aggregating the U.S. dollar equivalents of the Component Currencies. The U.S. dollar equivalent of each of the Component Currencies shall be determined by the Exchange Rate Agent on the basis of the most recently available Market Exchange Rate for each such Component Currency, or as otherwise specified on the face hereof.

If the official unit of any Component Currency is altered by way of combination or subdivision, the number of units of the currency as a Component Currency shall be divided or multiplied in the same proportion. If two or more Component Currencies are consolidated into a single currency, the amounts of those currencies as Component Currencies shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Component Currencies expressed in such single currency. If any Component Currency is divided into two or more currencies, the amount of the original Component Currency shall be replaced by the amounts of such two or more currencies, the sum of which shall be equal to the amount of the original Component Currency.

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

If a Redemption Commencement Date is specified on the face hereof, this Note may be redeemed, whether or not any other Note is concurrently redeemed, at the option of the Operating Partnership, in whole, or from time to time in part, on any Business Day on or after such Redemption Commencement Date and prior to the Maturity Date, upon mailing by first-class mail, postage prepaid, a notice of such redemption not less than 30 nor more than 60 days prior to the actual date of redemption ("Redemption Date"), to the Holder of this Note at such Holder's address appearing in the Security Register, as provided in the Indenture (provided that, if the Holder of this Note is a Depository or a nominee of a Depository, notice of such redemption shall be given in accordance with any applicable provisions of such written agreement between the Operating Partnership, the Trustee and such Depository (or its nominee) as may be in effect from time to time), at the Redemption Price (as defined below), together in each case with interest accrued to the Redemption Date (subject to the right of the Holder of record on a Regular Record Date to receive interest due on an Interest Payment Date). The "Redemption Price" shall be equal to (i) the Initial Redemption Percentage specified on the face of this Note, as adjusted downward on each anniversary of the Redemption Commencement Date by the Annual Redemption Price Reduction, if any, specified on the face hereof, multiplied by (ii) the unpaid Principal Amount of this Note to be redeemed. In the event of redemption of this Note in part only, a new Note or Notes of this series, and of like tenor, for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

If an Optional Repayment Date(s) is specified on the face hereof, this Note will be subject to repayment by the Operating Partnership at the option of the Holder hereof on such Optional Repayment Date(s), in whole or in part in increments of U.S. \$1,000 or other increments specified on the face hereof (as long as any remaining principal is at least \$1,000 or another specified minimum denomination), at the Repayment Price specified on the face hereof, together with unpaid interest accrued hereon to the date of repayment ("Repayment Date"). For this Note to be repaid, this Note must be received, together with the form hereon entitled "Option to Elect Repayment" duly completed, by the Trustee at the corporate trust office of the Trustee's Affiliate, State Street Bank and Trust Company, at 61 Broadway Street, New York, New York (or at such other address of which the Operating Partnership shall from time to time designate and

notify Holders of the Notes) at least 30 but not more than 60 days prior to the Repayment Date. Exercise of such repayment option by the Holder hereof will be irrevocable. In the event of repayment of this Note in part only, a new Note of like tenor for the unrepaid portion hereof and otherwise having the same terms as this Note shall be issued in the name of the Holder hereof upon the presentation and surrender hereof.

If this is a Global Note representing Book-Entry Notes, only the Depository may exercise the repayment option in respect of this Note. Accordingly, if this is a Global Security representing Book-Entry Notes and the beneficial owner desires to have all or any portion of the Book-Entry Note represented by this Global Security repaid, the beneficial owner must instruct the participant through which he owns his interest to direct the Depository to exercise the repayment option on his behalf by delivering this Note and duly completed election form to the Trustee as aforesaid.

If this Note is an Original Issue Discount Note, as specified on the face hereof, the amount payable to the Holder of this Note in the event of redemption, repayment or acceleration of maturity will be equal to the sum of (i) the Issue Price specified on the face hereof (increased by any accruals of the Discount, as defined below) multiplied, in the event of any redemption or repayment of this Note (if applicable), by the Redemption Price or Repayment Price, as the case may be, and (ii) any unpaid interest on this Note accrued from the Original Issue Date to the Redemption Date, Repayment Date or date of acceleration of maturity, as the case may be. The difference between the Issue Price, as specified on the face hereof, and 100% of the principal amount of this Note is referred to herein as the "Discount".

For purposes of determining the amount of Discount that has accrued as of any Redemption Date, Repayment Date or date of acceleration of maturity of this Note, such Discount will be accrued so as to cause the yield on the Note to be constant. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as defined below), corresponds to the shortest period between Interest Payment Dates (with ratable accruals within a compounding period) and an assumption that the maturity of this Note will not be accelerated. If the period from the Original Issue Date to the initial Interest Payment Date (the "Initial Period") is shorter than the compounding period for this Note, a proportionate amount of the yield for an entire compounding period will be accrued. If the Initial Period is longer than the compounding period, then such period will be divided into a regular compounding period and a short period, with the short period being treated as provided in the preceding sentence.

In case a default, as defined in the Indenture, shall occur and be continuing with respect to the Notes, the principal amount of all Notes then outstanding under the Indenture may be declared or may become due and payable upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be annulled by the Holders of a majority in principal amount of the Notes outstanding.

To the extent permitted by, and as provided in, the Indenture, the Operating Partnership may enter into one or more supplements to the Indenture for the purpose of modifying or altering the Indenture, without the consent of any Holders of Notes, for the limited purposes described in the Indenture.

To the extent permitted by, and as provided in, the Indenture, the Operating Partnership may enter into one or more supplements to the Indenture for the purpose of modifying or altering the rights and obligations of the Operating Partnership and the Holders of the Securities (as defined in the Indenture) with the consent of the Holders of not less than a majority in principal amount of all Outstanding Securities (as defined in the Indenture) of any series affected, evidenced as provided in the Indenture.

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The Indenture contains provisions for legal defeasance and covenant defeasance with respect to the Notes, in each case, upon compliance with certain conditions set forth therein, which provisions apply to the Notes.

The Operating Partnership, the Trustee, any Authenticating Agent, any paying agent and any Security registrar may deem and treat the registered Holder hereof as the absolute owner hereof (whether or not this Note shall be overdue and notwithstanding any notice of ownership or other writing hereon by anyone other than the Operating Partnership or any Security registrar) for the purpose of receiving payment of or on account of the principal hereof (and premium, if any), and interest hereon, and for all other purposes, and none of the Operating Partnership, the Trustee, an Authenticating Agent, a paying agent nor the Security registrar shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon this Note to the extent of the sum or sums so paid.

No recourse under or upon any obligation, covenant or agreement of the Indenture or of this Note, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, partner, stockholder,

officer or director, as such, past, present or future, of the Operating Partnership or the Guarantor or of any successor entity, either directly or through the Operating Partnership or the Guarantor, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Indenture and this Note are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by the incorporators, partners, stockholders, officers or directors, as such, of the Operating Partnership or the Guarantor or of any successor entity, or any of them, because of the creation of the indebtedness authorized by the Indenture, or under or by reason of the obligations, covenants or agreements contained in the Indenture or this Note or implied therefrom; and that any and all such personal liability, either at common law or in equity or by constitution or statute, or any and all such rights and claims against, every such incorporator, partner, stockholder, officer or director, as such, because of the creation of the indebtedness authorized by the Indenture, or under or by reason of the obligations, covenants or agreements contained in the Indenture or this Note or implied therefrom, are, by acceptance of this Note, hereby expressly waived and released as a condition of, and as consideration for, the issue of this Note. In the event of any sale or transfer of its assets and liabilities substantially as an entirety to a successor entity, the predecessor entity may be dissolved and liquidated as more fully set forth in the Indenture.

All U.S. dollar amounts used in or resulting from calculations referred to in this Note shall be rounded to the nearest cent (with one half cent being rounded upwards).

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.

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PARENT GUARANTEE

FOR VALUE RECEIVED, the undersigned hereby, jointly and severally with the Subsidiary Guarantors, if any, unconditionally guarantees to the Holder of the accompanying Series B Medium-Term Note (the "Note") issued by AMB Property, L.P. (the "Operating Partnership") under an Indenture dated as of June 30, 1998 (together with the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, each dated as of June 30, 1998, the Fourth Supplemental Indenture dated as of August 15, 2000 and the Fifth Supplemental Indenture dated as of May \_\_, 2002 the "Indenture") among the Operating Partnership, AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (the "Trustee"), (a) the full and prompt payment of the principal of and premium, if any, on such Note when and as the same shall become due and payable, whether at the Maturity Date (as defined in the Note), by acceleration, by redemption, repurchase or otherwise, and (b) the full and prompt payment of the interest on such Note when and as the same shall become due and payable, according to the terms of such Note and of the Indenture. In case of the failure of the Operating Partnership punctually to pay any such principal, premium or interest, the undersigned hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the Maturity Date, upon acceleration, by redemption or repayment or otherwise, and as if such payment were made by the Operating Partnership. The undersigned hereby agrees, jointly and severally with the Subsidiary Guarantors, if any, that its obligations hereunder shall be as principal and not merely as surety, and shall be absolute and unconditional, and shall not be affected, modified or impaired by the following: (a) the failure to give notice to the Guarantors of the occurrence of an Event of Default under the Indenture; (b) the waiver, surrender, compromise, settlement, release or termination of the payment, performance or observance by the Operating Partnership or the Guarantors of any or all of the obligations, covenants or agreements of either of them contained in the Indenture or any Note; (c) the acceleration, extension or any other changes in the time for payment of any principal of or interest or any premium on any Note or for any other payment under the Indenture or of the time for performance of any other obligations, covenants or agreements under or arising out of the Indenture or any Note; (d) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Indenture or any Note; (e) the taking or the omission of any of the actions referred to in the Indenture and in any of the actions under any Note; (f) any failure, omission, delay or lack on the part of the Trustee to enforce, assert or exercise any right, power or remedy conferred on the Trustee in the Indenture, or any other action or acts on the part of the Trustee or any of the Holders from time to time of any Note; (g) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting the Guarantors or the Operating Partnership or any of the assets of any of them, or any allegation or contest of the validity of this Parent Guarantee in any such proceeding; (h) to the extent permitted by law, the release or discharge by operation of law of the Guarantors from the performance or observance of any obligation, covenant or agreement contained in the Indenture; (i) to the extent permitted by law, the release or discharge by operation of law of the Operating Partnership from the performance

or observance of any obligation, covenant or agreement contained in the Indenture; (j) the default or failure of the Operating Partnership or the Trustee fully to perform any of its obligations set forth in the Indenture or any Note; (k) the invalidity, irregularity or unenforceability of the Indenture or any Note or any part of any thereof; (l) any judicial or governmental action affecting the Operating Partnership or any Note or consent or indulgence granted to the Operating Partnership by the Holders or by the Trustee; or (m) the recovery of any judgment against the Operating Partnership or any action to enforce the same or any other circumstance which might constitute a legal or equitable discharge of a surety or guarantor. The undersigned hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger, sale, lease or conveyance of all or substantially all of its assets, insolvency or bankruptcy of any Guarantor or the Operating Partnership, any right to require a proceeding first against any other Guarantor or the Operating Partnership, protest or notice with respect to such Note or the indebtedness evidenced thereby and all demands whatsoever, and covenants that this Parent Guarantee will not be discharged except by complete performance of the obligations contained in such Note and in this Parent Guarantee.

No reference herein to such Indenture and no provision of this Parent Guarantee or of such Indenture shall alter or impair the guarantee of the undersigned, which is absolute and unconditional, of the full and prompt payment of the principal of and premium, if any, and interest on the Note.

THIS PARENT GUARANTEE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

This Parent Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note shall have been executed by the Trustee under the Indenture referred to above by the manual signature of one of its authorized officers. The validity and enforceability of this Parent Guarantee shall not be affected by the fact that it is not affixed to any particular Note.

An Event of Default under the Indenture or any Note shall constitute an event of default under this Parent Guarantee, and shall entitle the Holder of the Note to accelerate the obligations of the undersigned hereunder in the same manner and to the same extent as the obligations of the Operating Partnership.

Notwithstanding any other provision of this Parent Guarantee to the contrary, the undersigned hereby waives any claims or other rights which it may now have or hereafter acquire against any other Guarantor or the Operating Partnership that arise from the existence or performance of its obligations under this Parent Guarantee (all such claims and rights are referred to as "Guarantor's Conditional Rights"), including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, or indemnification, any right to participate in any claim or remedy against any Guarantor or the Operating Partnership, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, by any payment made hereunder or otherwise, including without limitation, the right to take or receive from any Guarantor or the Operating Partnership, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such claim or other rights. The undersigned hereby agrees not to exercise any rights which may be acquired by way of contribution under this Parent Guarantee or any other agreement, by any payment made hereunder or otherwise, including, without limitation, the right to take or receive from any other guarantor, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such contribution rights. If, notwithstanding the foregoing provisions, any amount shall be paid to the undersigned on account of the Guarantor's Conditional Rights and either (i) such amount is paid to such undersigned party at any time when the indebtedness shall not have been paid or performed in full, or (ii) regardless of when such amount is paid to such undersigned party, any payment made by any Guarantor or the Operating Partnership to a Holder that is at any time determined to be a Preferential Payment (as defined below), then such amount paid to the undersigned shall be held in trust for the benefit of such Holder and shall forthwith be paid such Holder to be credited and applied upon the indebtedness, whether matured or unmatured. Any such payment is herein referred to as a "Preferential Payment" to the extent any Guarantor or the Operating Partnership makes any payment to such Holder in connection with the Note, and any or all of such payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid or paid over to a trustee, receiver or any other entity, whether under any bankruptcy act or otherwise.

To the extent that any of the provisions of the immediately preceding paragraph shall not be enforceable, the undersigned agrees that until such time as the indebtedness has been paid and performed in full and the period of time has expired during which any payment made by any Guarantor, the Operating Partnership or the undersigned to a Holder may be determined to be a Preferential Payment, Guarantor's Conditional Rights to the extent not validly waived shall be subordinate to Holders' right to full payment and performance of the indebtedness and the undersigned shall not enforce any of Guarantor's Conditional Rights until such time as the indebtedness has been paid and performed in full and the period of time has expired during which any payment made by any Guarantor, the Operating Partnership or the undersigned to Holders

may be determined to be a Preferential Payment.

The obligations of the undersigned to the Holder of the Note and to the Trustee pursuant to this Parent Guarantee and the Indenture are expressly set forth in Article 14 of the Indenture and reference is hereby made to the Indenture for the precise terms of this Parent Guarantee and all of the other provisions of the Indenture to which this Parent Guarantee relates.

Capitalized terms used in this Parent Guarantee which are not defined herein shall have the meanings assigned to them in the Indenture.

IN WITNESS WHEREOF, the undersigned has caused this Parent Guarantee to be duly executed.

Dated: . \_\_\_\_\_

AMB PROPERTY CORPORATION

By: \_\_\_\_\_

Name:

Title:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto:

PLEASE INSERT SOCIAL SECURITY OR  
OTHER IDENTIFYING NUMBER OF ASSIGNEE:

\_\_\_\_\_

-----  
(Please print or typewrite name and address of Assignee,  
including postal zip code of assignee)

-----  
this Note and all rights thereunder, hereby irrevocably constituting and appointing:

-----  
Attorney, to transfer this Note on the books of the Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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Notice: The signature(s) on this  
Assignment must correspond with  
the name(s) as written upon the  
face of this Note in every  
particular, without alteration  
or enlargement or any change  
whatsoever.

OPTION TO ELECT REPAYMENT

The undersigned hereby requests and irrevocably instructs the Operating Partnership to repay the within Note on the Optional Repayment Date specified on the face hereof occurring at least 30 but not more than 60 days after the date of receipt of the within Note by the Trustee at the corporate trust office of the Trustee's Affiliate, State Street Bank and Trust Company, at 61 Broadway Street, New York, New York (or at such other addresses of which the Operating Partnership shall notify the registered holders of the Note of this series).

( ) In whole

( ) In part equal to \$\_\_\_\_\_ (must be a whole multiple of \$1,000 and the remaining principal amount must be at least \$1,000; or if the Note is denominated in a Foreign Currency or composite currency, rounded integrals of 1,000 units of the Foreign Currency or composite currency and the remaining principal amount must be at least 1,000 units of the Foreign Currency or composite currency)

at a price equal to the Repayment Price, determined in accordance with the terms of the Note.

Signature:

Please print or type name and address:

-----  
Notice: The signature on this  
Option to Elect Repayment  
must correspond with the  
name as written upon the  
face of the within  
instrument in every  
particular without  
alteration or enlargement  
or any change whatever.

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ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM--as tenants in common

TEN ENT--as tenants by the entireties

JT TEN--as joint tenants with right of  
survivorship and not as  
tenants in common

UNIF GIFT MIN ACT--          Custodian            
(Cust) (Minor)

Under Uniform Gifts to Minors Act             
(State)

Additional abbreviations may also be used though not in the above list.

(FACE OF NOTE)

AMB PROPERTY L.P.  
MEDIUM-TERM NOTE, SERIES B

REGISTERED

(FLOATING RATE)

REGISTERED

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE OPERATING PARTNERSHIP (AS DEFINED BELOW) OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

NOTE NO: FLR - \_\_\_\_\_

ORIGINAL ISSUE DATE: \_\_\_\_\_

MATURITY DATE: \_\_\_\_\_

TRADE DATE: \_\_\_\_\_

CALCULATION AGENT: \_\_\_\_\_

(if other than State Street Bank and Trust Company of  
California, N.A.)

EXCHANGE RATE AGENT: \_\_\_\_\_

(if other than State Street Bank and Trust Company of  
California, N.A.)

## INTEREST RATE BASIS:

- ☐ CD Rate  
☐ Commercial Paper Rate  
☐ CMT Rate (Telerate Page 7052 unless otherwise designated below)  
     ☐ Designated CMT Telerate Page: \_\_\_\_\_  
     ☐ Designated CMT Maturity Index: \_\_\_\_\_  
         (if other than two years)  
☐ EURIBOR  
☐ Federal Funds Rate  
☐ LIBOR  
     Designated LIBOR Page:  
         ☐ LIBOR Reuters Page: \_\_\_\_\_  
         ☐ LIBOR Telerate Page: \_\_\_\_\_  
     Index Currency: \_\_\_\_\_  
☐ Prime Rate  
☐ Treasury Rate  
☐ Other (see attached)

## REDEMPTION:

- ☐ The Note cannot be redeemed prior to maturity  
☐ The Note may be redeemed at the option of the  
     Operating Partnership prior to maturity  
     Redemption Commencement Date: \_\_\_\_\_  
     Initial Redemption Percentage: \_\_\_\_\_ %  
     Annual Redemption Percentage Reduction: \_\_\_\_\_ %

DISCOUNT NOTES: ☐ Yes ☐ No

Issue Price: \_\_\_\_\_

Total Amount of OID: \_\_\_\_\_

Yield to Maturity: \_\_\_\_\_

Initial Accrual Period: \_\_\_\_\_

CUSIP NO.: \_\_\_\_\_

REGISTERED HOLDER: \_\_\_\_\_

FORM: ☐ Book-Entry  
☐ Certificated

AGENT'S DISCOUNT OR COMMISSION: \_\_\_\_\_ %

NET PROCEEDS TO ISSUER: \_\_\_\_\_

INITIAL INTEREST RATE: \_\_\_\_\_ % per annum

## INDEX MATURITY:

|                                   |                                  |
|-----------------------------------|----------------------------------|
| <input type="checkbox"/> Daily    | <input type="checkbox"/> 5 Year  |
| <input type="checkbox"/> 1 Month  | <input type="checkbox"/> 7 Year  |
| <input type="checkbox"/> 3 Months | <input type="checkbox"/> 10 Year |
| <input type="checkbox"/> 6 Months | <input type="checkbox"/> 20 Year |
| <input type="checkbox"/> 1 Year   | <input type="checkbox"/> 30 Year |
| <input type="checkbox"/> 2 Year   | <input type="checkbox"/> Other   |
| <input type="checkbox"/> 3 Year   |                                  |

## SPREAD:

☐ +  
☐ - \_\_\_\_\_ Basis Points

and /or SPREAD MULTIPLIER: \_\_\_\_\_

## REPAYMENT:

☐ The Note cannot be repaid prior to maturity  
☐ The Note may be repaid prior to maturity at  
the option of the Holder of the Note  
Optional Repayment Date(s): \_\_\_\_\_  
Repayment Price: \_\_\_\_\_%

ADDENDUM ATTACHED: ☐ Yes ☐ No

PRINCIPAL AMOUNT: \_\_\_\_\_

SPECIFIED CURRENCY: \_\_\_\_\_

PRINCIPAL FINANCIAL CENTER: \_\_\_\_\_

(if the Specified Currency is other than U.S. Dollars or Euro)

AUTHORIZED DENOMINATION: \_\_\_\_\_

(if other than \$1,000 or integral multiples thereof)

INTEREST PAYMENT DATES: \_\_\_\_\_

REGULAR RECORD DATES: \_\_\_\_\_

## INTEREST RESET FREQUENCY:

☐ Daily ☐ Monthly  
☐ Weekly ☐ Quarterly  
☐ Semi-annually during the months of: \_\_\_\_\_  
and \_\_\_\_\_  
☐ Annually during the month of \_\_\_\_\_

MAXIMUM INTEREST RATE: \_\_\_\_\_%

MINIMUM INTEREST RATE: \_\_\_\_\_%

INITIAL INTEREST RESET DATE: \_\_\_\_\_

INTEREST RESET DATE(S): \_\_\_\_\_

INTEREST DETERMINATION DATE(S): \_\_\_\_\_

## INTEREST CATEGORY:

☐ Regular Floating Rate Note  
☐ Floating Rate/Fixed Rate Note  
☐ Fixed Rate Commencement Date: \_\_\_\_\_  
☐ Fixed Interest Rate: \_\_\_\_\_%  
☐ Inverse Floating Rate Note  
☐ Fixed Interest Rate: \_\_\_\_\_%

## OTHER/ADDITIONAL PROVISIONS:

AMB PROPERTY, L.P., a Delaware limited partnership (hereinafter called the "Operating Partnership", which term includes any successor under the Indenture referred to below), for value received, hereby promises to pay to the Registered Holder specified on the face hereof or registered assigns ("Holder"), upon presentation and surrender of this Note, on the Maturity Date specified on the face hereof (except to the extent repaid or redeemed prior to the Maturity Date) the Principal Amount specified on the face hereof in the Specified Currency specified on the face hereof, and to pay interest thereon at the Initial Interest Rate per annum specified on the face hereof until the Initial Interest Reset Date specified on the face hereof and, thereafter, at the rate determined in accordance with the provisions on the reverse hereof, depending on the Interest Rate Basis specified on the face hereof, until the principal hereof is paid or duly made available for payment.

The Operating Partnership will pay interest (other than defaulted interest) on each Interest Payment Date, (as defined below) commencing with the first Interest Payment Date next succeeding the Original Issue Date specified on



the face hereof, to the person who is the Holder of this Note on the applicable Regular Record Date (as defined below); provided that if the Original Issue Date occurs between a Regular Record Date and an Interest Payment Date, the Operating Partnership will make the first payment of interest on the Interest Payment Date following the next Regular Record Date to the registered owner on that Regular Record Date. Unless otherwise specified on the face hereof, the "Regular Record Date" with respect to this Note shall be the fifteenth calendar day immediately preceding the related Interest Payment Date or Dates, whether or not such date shall be a Business Day (as defined below).

The Operating Partnership will pay interest due on the Maturity Date, Redemption Date (as defined on the reverse hereof) or Repayment Date (as defined on the reverse hereof), as applicable, to the same person to whom it is paying the principal amount; provided that if the Operating Partnership would have made a regular interest payment on the Maturity Date, Redemption Date or Repayment Date, as the case may be, it will make that regular interest payment to the Holder as of the applicable Regular Record Date, even if it is not the same person to whom it is paying the principal amount.

Any such interest not so punctually paid or duly provided for ("Defaulted Interest") will forthwith cease to be payable to the Holder on any Regular Record Date, and shall be paid, at the election of the Operating Partnership, to either (i) to the Holder at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee (as defined on the reverse hereof), notice whereof shall be given to the Holder of this Note by the Trustee not less than 10 calendar days prior to such Special Record Date or (ii) at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which this Note may be listed, and upon such notice as may be required by such exchange, all as more fully provided for in the Indenture.

Unless specified on the face hereof, payments of interest on this Note with respect to any Interest Payment Date, Maturity Date, Redemption Date or Repayment Date, as applicable, will include interest accrued from and including each immediately preceding Interest Payment Date (or from and including the Original Date of Issue if no interest has been paid or duly provided for), to, but excluding, the Interest Payment Date, Maturity Date, Redemption Date or Repayment Date, as the case may be. However, in case the interest rate on this Note is reset daily or weekly, unless otherwise specified on the face hereof, the interest payments will include interest accrued only from, but excluding, the Regular Record Date through which interest has been paid (or from and including the Original Issue Date, if no interest has been paid with respect to this Note) through and including the Regular Record Date next preceding the applicable Interest Payment Date, except that the interest payment on the Maturity Date, Redemption Date or Repayment Date, as applicable, will include interest accrued to, but excluding, the Maturity Date, Redemption Date or Repayment Date, as the case may be.

Payment of principal (and premium, if any) and interest on, this Note on any day, if the Holder of this Note is DTC (or its nominee or other depository, a "Depository"), will be made in accordance with any

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applicable provisions of such written agreement between the Operating Partnership, the Trustee and the Depository (or its nominee) as may be in effect from time to time. Otherwise payment of principal (and premium, if any) and interest on, this Note on any day shall be payable and this Note may be surrendered for the registration of transfer or exchange at the Office of the Trustee's affiliate, State Street Bank and Trust Company, at 61 Broadway, 15th Floor, New York, New York 10006, unless the Holder of this Note is notified otherwise; provided, however, that at the option of the Operating Partnership, interest may be paid by check mailed to the address of the Person entitled thereto as such address shall appear in the Operating Partnership's Security Register or by wire transfer, if proper wire instructions are on file with the Trustee or are received at presentment, to an account maintained by the payee located in the United States. Unless the Holder of this Note is notified otherwise, the place where notices or demands to or upon the Operating Partnership in respect of this Note and the Indenture may be served shall be the Corporate Trust Office of the Trustee at 633 West Fifth Street, 12th Floor, Los Angeles, California 90071.

To receive payment of a U.S. dollar denominated Note upon redemption (if applicable) or at maturity, a Holder must make presentation and surrender of such Note on or before the Redemption Date or Maturity Date, as applicable. To receive payment of a Note denominated in a Foreign Currency (as defined on the reverse hereof) or composite currency upon redemption or at maturity, a Holder must make presentation and surrender of such Note not less than two Business Days prior to the Redemption Date or Maturity Date, as applicable. Upon presentation and surrender of a Note denominated in a Foreign Currency or composite currency at any time after the date two Business Days prior to the Redemption Date or Maturity Date, as applicable, the Operating Partnership will pay the principal amount (and premium, if any) of such Note, and any interest due upon redemption or at maturity (unless the Redemption Date or Maturity Date is an Interest Payment Date), two Business Days after such presentation and

surrender.

For procedures relating to the receipt of payment upon repayment, if applicable, see the reverse hereof.

The Calculation Agent (which shall be State Street Bank and Trust Company of California, N.A. unless otherwise specified on the face hereof, and which may be changed by the Operating Partnership from time to time) will generally determine the Initial Interest Rate as if the Original Issue Date of the Note were an Interest Reset Date. The Interest Reset Dates and Interest Payment Dates, each specified on the face hereof, are determined by the frequency with which the interest rate resets (the "Interest Reset Frequency"). Interest will be payable, in the case of Notes which reset daily, weekly or monthly, on the third Wednesday of each month or on the third Wednesday of each March, June, September and December of each year, as specified on the face hereof; in the case of Notes which reset quarterly, on the third Wednesday of March, June, September and December of each year; in the case of Notes which reset semi-annually, on the third Wednesday of the two months of each year specified on the face hereof; and in the case of Notes which reset annually, on the third Wednesday of the month specified on the face hereof (each an "Interest Payment Date"), and in each case, on the Maturity Date.

The Calculation Agent will compute the interest for each day in the applicable interest period by dividing the interest rate applicable to each such day by (i) 360 in the case of CD Rate Notes, Commercial Paper Rate Notes, EURIBOR Notes, Federal Funds Rate Notes, LIBOR Notes or Prime Rate Notes, or (ii) by the actual number of days in the year in the case of CMT Rate Notes or Treasury Rate Notes. The interest factor for Notes for which the interest rate is calculated with reference to two or more Interest Rate Bases (as described below) will be calculated in each period in the same manner as if only the lowest of the applicable Interest Rates Bases applied.

Except as specified on the face hereof, the Interest Reset Frequency on this Note will be daily, weekly, monthly, quarterly, semi-annually or annually, as specified on the face hereof. Except as specified on the face hereof, if this Note resets daily, the Interest Reset Date will be each Business Day; if this Note resets weekly, the Interest Reset Date will be the Wednesday of each week (with the exception of weekly

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reset Treasury Rate Notes, which reset Tuesday of each week except as provided below); if this Note resets monthly, the Interest Reset Date will be the third Wednesday of each month; if this Note resets quarterly, the Interest Reset Date will be the third Wednesday of each March, June, September and December of each year; if this Note resets semi-annually, the Interest Reset Date will be the third Wednesday of each of the two months of each year specified on the face hereof; and if this Note resets annually, the Interest Reset Date will be the third Wednesday of the month of each year as specified on the face hereof.

The interest rate in effect on each day that is not an Interest Reset Date will be the interest rate determined as of the Interest Determination Date (as specified on the face hereof) pertaining to the immediately preceding Interest Reset Date and the interest rate in effect on any day that is an Interest Reset Date will be the interest rate determined as of the Interest Determination Date pertaining to such Interest Reset Date; provided, however, that the interest rate in effect for the period, if any, from the Original Issue Date to the Initial Interest Reset Date will be the Initial Interest Rate; provided, further, that if this Note is a Floating Rate/Fixed Rate Note the interest rate in effect for the period commencing on the Fixed Rate Commencement Date specified on the face hereof to the Maturity Date shall be the Fixed Interest Rate specified on the face hereof or, if no interest rate is specified, the interest rate in effect on the day immediately preceding the Fixed Rate Commencement Date.

If any Interest Reset Date would otherwise be a day that is not a Business Day, the Interest Reset Date shall be postponed to the next succeeding day that is a Business Day, except that in the case of a LIBOR Note or a Note for which LIBOR is an applicable Interest Rate Basis and such Business Day falls in the next succeeding calendar month, such Interest Reset Date will be the immediately preceding Business Day. In addition, if the Treasury Rate is an applicable Interest Rate Basis and an auction falls on the day that would be an Interest Reset Date, then the Interest Reset Date will be postponed to the first Business Day after the auction.

If an Interest Payment Date (other than the Maturity Date, Redemption Date or Repayment Date) for this Note falls on a day that is not a Business Day, the Interest Payment Date will be postponed to the next Business Day. However, if the postponement would cause the Interest Payment Date for a LIBOR-based or a EURIBOR-based Note to be in the next calendar month, the Interest Payment Date will be moved to the immediately preceding Business Day. If the Maturity Date or Redemption Date or Repayment Date, if any, for a Note falls on a day that is not a Business Day, principal and interest will be paid on the next Business Day; provided that interest on the payment will not accrue for the period from the original Interest Payment Date, Maturity Date or Redemption Date or Repayment

Date, as the case may be, to the date of such payment on the next Business Day.

"Business Day" as used herein means any day, other than a Saturday or Sunday, (a) that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close (x) in The City of New York or (y) for notes denominated in a specified currency other than U.S. dollars, Australian dollars or euro, in the principal financial center of the country of the specified currency or (z) for notes denominated in Australian dollars, in Sydney, and (b) for notes denominated in euro, that is also a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System, which is commonly referred to as "TARGET," is operating.

The Calculation Agent shall calculate the interest rate on this Note on or before each Calculation Date (as defined below) and, upon request, provide the Holder of this Note the interest rate (the "Floating Interest Rate") then in effect and, if different, the Floating Interest Rate which will become effective as a result of a determination made for the next Interest Reset Date with respect to this Note. The Calculation Agent's determination of any Floating Interest Rate will be final and binding in the absence of manifest error. Unless otherwise specified on the face hereof or in an Addendum hereto, the "Calculation Date", where applicable, pertaining to any Interest Determination Date will be the earlier of (a) the tenth calendar day after such Determination Date, or if any such day is not a Business Day, the next succeeding Business

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Day, or (b) the Business Day immediately preceding the applicable Interest Payment Date or Maturity Date, as the case may be.

Interest on this Note will be calculated by reference to the Interest Rate Basis or Bases, specified on the face hereof, (a) plus or minus the Spread, if any, specified on the face hereof, and/or (b) multiplied by the Spread Multiplier, if any, specified on the face hereof. The Interest Rate Basis may be one or more of: (1) the CD Rate, (2) the CMT Rate, (3) the Commercial Paper Rate, (4) EURIBOR, (5) the Federal Funds Rate, (6) LIBOR, (7) the Treasury Rate, (8) the Prime Rate or (9) such other Interest Rate Basis or interest rate formula as is specified on the face hereof. The "Index Maturity" is the period to maturity of the instrument or obligation with respect to which the related Interest Rate Basis or Bases are calculated. Except as otherwise provided herein, all percentages resulting from any interest rate calculation will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all U.S. dollar amounts used in or resulting from such calculation will be rounded to the nearest cent or, in the case of a foreign currency or composite currency, to the nearest unit (with one-half cent being rounded upward).

Notwithstanding the other provisions herein, the Floating Interest Rate hereon which may accrue during any interest period shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, each as set forth on the face hereof, and, in addition, the Floating Interest Rate shall in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

The interest rate borne by this Note will be determined as follows:

(i) Unless the Interest Category of this Note is specified on the face hereof as a "Floating Rate/Fixed Rate Note" or an "Inverse Floating Rate Note", this Note shall be designated as a "Regular Floating Rate Note" and, except as set forth below or on the face hereof, shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases (a) plus or minus the Spread, if any, and/or (b) multiplied by the Spread Multiplier, if any, in each case as specified on the face hereof. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note shall be payable shall be reset as of each Interest Rate Date specified on the face hereof; provided, however, that the interest rate in effect for the period, if any, from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

(ii) If the Interest Category of this Note is specified on the face hereof as a "Floating Rate/Fixed Rate Note", then, except as set forth below or on the face hereof, this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases (a) plus or minus the Spread, if any, and/or (b) multiplied by the Spread Multiplier, if any. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note shall be payable shall be reset as of each Interest Reset Date; provided, however, that (y) the interest rate in effect for the period, if any, from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate and (z) the interest rate in effect for the period commencing on the Fixed Rate Commencement Date specified on the face hereof to the Maturity Date shall be the Fixed Interest Rate specified on the face hereof or, if no such Fixed Interest Rate is specified, the interest rate in effect hereon on the day immediately preceding the Fixed Rate Commencement Date.

(iii) If the Interest Category of this Note is specified on the face hereof as an "Inverse Floating Rate Note", then, except as set forth below or on the face hereof, this Note shall bear interest at the Fixed Interest Rate minus the rate determined by reference to the applicable Interest Rate Basis or Bases (a) plus or minus the Spread, if any, and/or (b) multiplied by the Spread Multiplier, if any; provided, however, that, unless otherwise specified on the face hereof, the interest

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rate hereon shall not be less than zero. Commencing on the Initial Reset Date, the rate at which interest on this Note shall be payable shall be reset as of each Interest Reset Date; provided, however, that the interest rate in effect for the period, if any, from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

#### Determination of CD Rate.

"CD rate" means, for any Interest Determination Date, the rate on that date for negotiable certificates of deposit having the Index Maturity specified on the face hereof as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates," or any successor publication of the Board of Governors of the Federal Reserve System ("H.15(519)") under the heading "CDs (Secondary Market)."

The following procedures will be followed if the CD rate cannot be determined as described above:

- If the above rate is not published in H.15(519) by 9:00 a.m., New York City time, on the Calculation Date, the CD rate will be the rate on that Interest Determination Date set forth in the daily update of H.15(519), available through the world wide website of the Board of Governors of the Federal Reserve System at <http://www.bog.frb.fed.us/releases/h15/update>, or any successor site or publication, which is commonly referred to as the "H.15 Daily Update," for the Interest Determination Date for certificates of deposit having the Index Maturity specified on the face hereof, under the caption "CDs (Secondary Market)."
- If the above rate is not yet published in either H.15(519) or the H.15 Daily Update by 3:00 p.m., New York City time, on the Calculation Date, the Calculation Agent will determine the CD rate to be the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on that Interest Determination Date of three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in The City of New York selected by the Calculation Agent, after consultation with the Operating Partnership, for negotiable certificates of deposit of major United States money center banks of the highest credit standing in the market for negotiable certificates of deposit with a remaining maturity closest to the Index Maturity specified on the face hereof in an amount that is representative for a single transaction in that market at that time.
- If the dealers selected by the Calculation Agent are not quoting as set forth above, the CD rate will remain the CD rate for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

#### Determination of CMT Rate.

The "CMT rate" means, for any Interest Determination Date, the rate displayed on the Designated CMT Telerate Page, as defined below, under the caption "... Treasury Constant Maturities ... Federal Reserve Board Release H.15... Mondays Approximately 3:45 p.m.," under the column for the Designated CMT Maturity Index, as defined below, for:

- (1) the rate on that Interest Determination Date, if the Designated CMT Telerate Page is 7051; and
- (2) the week or the month, as applicable, ended immediately preceding the week in which the related Interest Determination Date occurs, if the Designated CMT Telerate Page is 7052.

The following procedures will be followed if the CMT rate cannot be determined as described above:

- If that rate is no longer displayed on the relevant page, or if not displayed by 3:00 p.m., New York City time, on the related Calculation Date, then the CMT rate will be the Treasury Constant Maturity rate for the Designated CMT Maturity Index as published in the relevant H.15(519).

- If the rate described in the immediately preceding sentence is no longer published, or if not published by 3:00 p.m., New York City time, on the related Calculation Date, then the CMT rate will be the Treasury Constant Maturity rate for the Designated CMT Maturity Index or other United States Treasury rate for the Designated CMT Maturity Index on the Interest Determination Date as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate formerly displayed on the Designated CMT Telerate Page and published in the relevant H.15(519).
- If the information described in the immediately preceding sentence is not provided by 3:00 p.m., New York City time, on the related Calculation Date, then the Calculation Agent will determine the CMT rate to be a yield to maturity, based on the arithmetic mean of the secondary market closing offer side prices as of approximately 3:30 p.m., New York City time, on the Interest Determination Date, reported, according to their written records, by three leading primary United States government securities dealers, which is referred to as a "reference dealer," in The City of New York, which may include an agent or other affiliates of ours, selected by the Calculation Agent as described in the following sentence. The Calculation Agent will select five reference dealers, after consultation with the Operating Partnership, and will eliminate the highest quotation or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for the most recently issued direct noncallable fixed rate obligations of the United States, which are commonly referred to as "Treasury notes," with an original maturity of approximately the Designated CMT Maturity Index and a remaining term to maturity of not less than that Designated CMT Maturity Index minus one year. If two Treasury notes with an original maturity as described above have remaining terms to maturity equally close to the Designated CMT Maturity Index, the quotes for the Treasury note with the shorter remaining term to maturity will be used.
- If the Calculation Agent cannot obtain three Treasury notes quotations as described in the immediately preceding sentence, the Calculation Agent will determine the CMT rate to be a yield to maturity based on the arithmetic mean of the secondary market offer side prices as of approximately 3:30 p.m., New York City time, on the Interest Determination Date of three reference dealers in The City of New York, selected using the same method described in the immediately preceding sentence, for Treasury notes with an original maturity equal to the number of years closest to but not less than the Designated CMT Maturity Index and a remaining term to maturity closest to the Designated CMT Maturity Index and in an amount of at least \$100,000,000.
- If three or four (and not five) of the reference dealers are quoting as described above, then the CMT rate will be based on the arithmetic mean of the offer prices obtained and neither the highest nor the lowest of those quotes will be eliminated.
- If fewer than three reference dealers selected by the Calculation Agent are quoting as described above, the CMT rate will be the CMT rate for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

"Designated CMT Telerate Page" means the display on Bridge Telerate, Inc., or any successor service, on the page designated on the face hereof or any other page as may replace that page on that service for the purpose of displaying Treasury Constant Maturities as reported in H.15(519). If no page is specified on the face hereof, the Designated CMT Telerate Page will be 7052, or its successor, for the most recent week.

"Designated CMT Maturity Index" means the original period to maturity of the U.S. Treasury securities, which is either one, two, three, five, seven, ten, 20 or 30 years, specified on the face hereof for which the CMT rate will be calculated. If no maturity is specified on the face hereof, the Designated CMT Maturity Index will be two years.

Determination of Commercial Paper Rate.

The "commercial paper rate" means, for any Interest Determination Date, the money market yield, calculated as described below, of the rate on that date for commercial paper having the Index Maturity specified on the face hereof, as that rate is published in H.15(519), under the heading "Commercial Paper -- Nonfinancial."

The following procedures will be followed if the commercial paper rate

cannot be determined as described above:

- If the above rate is not published by 9:00 a.m., New York City time, on the Calculation Date, then the commercial paper rate will be the money market yield of the rate on that Interest Determination Date for commercial paper of the Index Maturity specified on the face hereof as published in the H.15 Daily Update under the heading "Commercial Paper -- Nonfinancial."
- If by 3:00 p.m., New York City time, on that Calculation Date the rate is not yet published in either H.15(519) or the H.15 Daily Update, then the Calculation Agent will determine the commercial paper rate to be the money market yield of the arithmetic mean of the offered rates as of 11:00 a.m., New York City time, on that Interest Determination Date of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent, after consultation with the Operating Partnership, for commercial paper of the Index Maturity specified on the face hereof, placed for an industrial issuer whose bond rating is "AA," or the equivalent, from a nationally recognized statistical rating agency.
- If the dealers selected by the Calculation Agent are not quoting as mentioned above, the commercial paper rate for that Interest Determination Date will remain the commercial paper rate for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

The "money market yield" will be a yield calculated in accordance with the following formula and expressed as a percentage:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per year rate for commercial paper quoted on a bank discount basis and expressed as a decimal and "M" refers to the actual number of days in the interest period for which interest is being calculated.

#### EURIBOR Notes

"EURIBOR" means, for any Interest Determination Date, the rate for deposits in euros as sponsored, calculated and published jointly by the European Banking Federation and ACI - The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, for the Index Maturity specified on the face hereof as that rate appears on the display on Bridge Telerate, Inc., or any successor service, on page 248 or any other page as may replace page 248 on that service, which is commonly referred to as "Telerate Page 248," as of 11:00 a.m. (Brussels time).

The following procedures will be followed if the rate cannot be determined as described above:

- If the above rate does not appear, the Calculation Agent will request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market, as selected by the Calculation Agent, after consultation with the Operating Partnership, to provide the Calculation Agent with its offered rate for deposits in euros, at approximately 11:00 a.m. (Brussels time) on the interest determination date, to prime banks in the Euro-zone interbank market for the Index Maturity specified on the face hereof on the applicable Interest Reset Date, and in a principal amount not less than the equivalent of U.S.\$1 million in

euro that is representative of a single transaction in euro, in that market at that time. If at least two quotations are provided, EURIBOR will be the arithmetic mean of those quotations.

- If fewer than two quotations are provided, EURIBOR will be the arithmetic mean of the rates quoted by four major banks in the Euro-zone, as selected by the Calculation Agent, after consultation with the Operating Partnership, at approximately 11:00 a.m. (Brussels time), on the applicable Interest Reset Date for loans in euro to leading European banks for a period of time equivalent to the Index Maturity specified on the face hereof commencing on that Interest Reset Date in a principal amount not less than the equivalent of U.S.\$1 million in euro.
- If the banks so selected by the Calculation Agent are not quoting as mentioned in the previous bullet point, the EURIBOR rate in effect for the applicable period will be the same as EURIBOR for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest will be the Initial Interest Rate.

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community, as amended by the treaty on European Union.

Determination of Federal Funds Rate.

The "federal funds rate" means, for any Interest Determination Date, the rate on that date for federal funds as published in H.15(519) under the heading "Federal Funds (Effective)" as displayed on Bridge Telerate, Inc., or any successor service, on page 120 or any other page as may replace the applicable page on that service, which is commonly referred to as "Telerate Page 120."

The following procedures will be followed if the federal funds rate cannot be determined as described above:

- If the above rate is not published by 9:00 a.m., New York City time, on the Calculation Date, the federal funds rate will be the rate on that Interest Determination Date as published in the H.15 Daily Update under the heading "Federal Funds/Effective Rate."
- If that rate is not yet published in either H.15(519) or the H.15 Daily Update by 3:00 p.m., New York City time, on the Calculation Date, the Calculation Agent will determine the federal funds rate to be the arithmetic mean of the rates for the last transaction in overnight federal funds by each of three leading brokers of federal funds transactions in The City of New York selected by the Calculation Agent, after consultation with the Operating Partnership, prior to 9:00 a.m., New York City time, on that Interest Determination Date.
- If the brokers selected by the Calculation Agent are not quoting as mentioned above, the federal funds rate relating to that Interest Determination Date will remain the federal funds rate for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

Determination of LIBOR.

The Calculation Agent will determine "LIBOR" for each Interest Determination Date as follows:

- As of the Interest Determination Date, LIBOR will be either:
- if "LIBOR Reuters" is specified on the face hereof, the arithmetic mean of the offered rates for deposits in the index currency having the Index Maturity designated on the face hereof, commencing on the second London banking day immediately following that Interest Determination Date, that appear on the

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Designated LIBOR Page, as defined below, as of 11:00 a.m., London time, on that Interest Determination Date, if at least two offered rates appear on the Designated LIBOR Page; except that if the specified Designated LIBOR Page, by its terms provides only for a single rate, that single rate will be used; or

- if "LIBOR Telerate" is specified on the face hereof, the rate for deposits in the index currency having the Index Maturity designated on the face hereof, commencing on the second London banking day immediately following that Interest Determination Date or, if pounds sterling is the index currency, commencing on that Interest Determination Date, that appears on the Designated LIBOR Page at approximately 11:00 a.m., London time, on that Interest Determination Date.
- If (1) fewer than two offered rates appear and "LIBOR Reuters" is specified on the face hereof, or (2) no rate appears and the face hereof specifies either (x) "LIBOR Telerate" or (y) "LIBOR Reuters" and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent after consultation with the Operating Partnership, to provide the Calculation Agent with its offered quotation for deposits in the index currency for the period of the Index Maturity specified on the face hereof commencing on the second London banking day immediately following the Interest Determination Date or, if pounds sterling is the index currency, commencing on that Interest Determination Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Interest Determination Date and in a principal amount that is representative of a single transaction in that index currency in that market at that time.
- If at least two quotations are provided, LIBOR determined on that

Interest Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, LIBOR will be determined for the applicable interest reset date as the arithmetic mean of the rates quoted at approximately 11:00 a.m., London time, or some other time specified on the face hereof, in the applicable principal financial center for the country of the index currency on that interest reset date, by three major banks in that principal financial center selected by the Calculation Agent, after consultation with the Operating Partnership, for loans in the index currency to leading European banks, having the Index Maturity specified on the face hereof and in a principal amount that is representative of a single transaction in that index currency in that market at that time.

- If the banks so selected by the Calculation Agent are not quoting as mentioned in the previous bullet point, LIBOR in effect for the applicable period will be the same as LIBOR for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

The "index currency" means the currency specified on the face hereof as the currency for which LIBOR will be calculated, or, if the euro is substituted for that currency, the index currency will be the euro. If that currency is not specified on the face hereof, the index currency will be U.S. dollars.

"Designated LIBOR Page" means either (a) if "LIBOR Reuters" is designated on the face hereof, the display on the Reuters Monitor Money Rates Service, or any successor service, on the page specified on the face hereof (or any other page as may replace the page on the service) for the purpose of displaying the London interbank rates of major banks for the applicable index currency, or (b) if "LIBOR Telerate" is designated on the face hereof or neither "LIBOR Reuters" nor "LIBOR Telerate" is designated on the face hereof, the display on Bridge Telerate Inc., or any successor service, on the page specified on the face hereof, or any other page as may replace that page on that service, for the purpose of displaying the London interbank rates of major banks for the applicable index currency.

Determination of Prime Rate.

The "prime rate" means, for any Interest Determination Date, the rate on that date as published in H.15(519) under the heading "Bank Prime Loan."

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The following procedures will be followed if the prime rate cannot be determined as described above:

- If the rate is not published prior to 9:00 a.m., New York City time, on the Calculation Date, then the prime rate will be the rate on that Interest Determination Date as published in H.15 Daily Update under the heading "Bank Prime Loan."
- If the rate is not published prior to 3:00 p.m., New York City time, on the Calculation Date in either H.15(519) or the H.15 Daily Update, then the Calculation Agent will determine the prime rate to be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME 1 Page, as defined below, as that bank's prime rate or base lending rate as in effect for that Interest Determination Date.
- If fewer than four rates appear on the Reuters Screen USPRIME 1 Page for that Interest Determination Date, the Calculation Agent will determine the prime rate to be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by 360 as of the close of business on that Interest Determination Date by at least three major banks in The City of New York selected by the Calculation Agent, after consultation with the Operating Partnership.
- If the banks selected are not quoting as mentioned above, the prime rate will remain the prime rate for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

"Reuters Screen USPRIME 1 Page" means the display designated as page "USPRIME 1" on the Reuters Monitor Money Rates Service, or any successor service, or any other page as may replace the USPRIME 1 Page on that service for the purpose of displaying prime rates or base lending rates of major United States banks.

Determination of Treasury Rate.

"Treasury rate" means:

- the rate from the auction held on the applicable Interest Determination Date, which is referred to as the "auction," of direct obligations of the United States, which are commonly referred to as "Treasury Bills,"



having the Index Maturity specified on the face hereof as that rate appears under the caption "INVESTMENT RATE" on the display on Bridge Telerate, Inc., or any successor service, on page 56 or any other page as may replace page 56 on that service, which is referred to as "Telerate Page 56," or page 57 or any other page as may replace page 57 on that service, which is referred to as "Telerate Page 57," or

- if the rate described in the first bullet point is not published by 3:00 p.m., New York City time, on the Calculation Date, the bond equivalent yield of the rate for the applicable Treasury Bills as published in the H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "U.S. Government Securities/Treasury Bills/Auction High," or
- if the rate described in the second bullet point is not published by 3:00 p.m., New York City time, on the related Calculation Date, the bond equivalent yield of the auction rate of the applicable Treasury Bills, announced by the United States Department of the Treasury, or
- in the event that the rate referred to in the third bullet point is not announced by the United States Department of the Treasury, or if the auction is not held, the bond equivalent yield of the rate on the applicable Interest Determination Date of Treasury Bills having the Index Maturity specified on the face hereof published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Secondary Market," or

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- if the rate referred to in the fourth bullet point is not so published by 3:00 p.m., New York City time, on the related Calculation Date, the rate on the applicable Interest Determination Date of the applicable Treasury Bills as published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market," or
- if the rate referred to in the fifth bullet point is not so published by 3:00 p.m., New York City time, on the related Calculation Date, the rate on the applicable Interest Determination Date calculated by the Calculation Agent as the bond equivalent yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on the applicable Interest Determination Date, of three primary United States government securities dealers, which may include the agent or its affiliates, selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified on the face hereof, or
- if the dealers selected by the Calculation Agent are not quoting as mentioned in the sixth bullet point, the Treasury rate for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the rate of interest payable will be the Initial Interest Rate.

The "bond equivalent yield" means a yield calculated in accordance with the following formula and expressed as a percentage:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the interest period for which interest is being calculated.

The Operating Partnership will pay any administrative costs imposed by banks in connection with sending payments by wire transfer, but any tax, assessment or governmental charge imposed upon payments will be borne by the Holders of the Notes in respect of which payments are made.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof and, if so specified on the face hereof, in the Addendum hereto, which further provisions shall for all purposes have the same force and effect as though fully set forth on the face hereof.

This Note shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been signed by or on behalf of the Trustee under such Indenture.

Notwithstanding the foregoing, if an Addendum is attached hereto or "Other/Additional Provisions" apply to this Note as specified on the face hereof, this Note shall be subject to the terms set forth in such Addendum or

such "Other/Additional Provisions."

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IN WITNESS WHEREOF, the Operating Partnership has caused this Instrument to be duly executed.

Dated: AMB PROPERTY L.P.

By: AMB PROPERTY CORPORATION,  
as General Partner

By:

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Michael A. Coke  
Executive Vice President and Chief  
Financial Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION This is one of the Securities of the series designated and referred to in the within-mentioned Indenture.

STATE STREET BANK AND TRUST  
COMPANY OF CALIFORNIA, N.A., as Trustee

By:

-----  
Authorized Signatory

(REVERSE)

AMB PROPERTY L.P.

MEDIUM-TERM NOTE, SERIES B

(FLOATING RATE)

This Note is one of a duly authorized issue of debt securities of the Operating Partnership (hereinafter called the "Securities") of the series hereinafter specified, unlimited in aggregate principal amount, all issued or to be issued under or pursuant to an Indenture dated as of June 30, 1998, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, each dated as of June 30, 1998, the Fourth Supplemental Indenture dated as of August 15, 2000 and the Fifth Supplemental Indenture dated as of May \_\_, 2002, among the Operating Partnership, AMB Property Corporation, a Maryland corporation and general partner of the Operating Partnership (the "Guarantor"), and State Street Bank and Trust Company of California, N.A., as Trustee; to which Indenture and all indentures supplemental thereto (herein collectively called the "Indenture") reference is hereby made for a specification of the rights and limitation of rights thereunder of the Holders of the Securities, the rights and obligations thereunder of the Operating Partnership and the rights, duties and immunities thereunder of the Trustee. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption or repayment provisions (if any), may be subject to different covenants and defaults and may otherwise vary as provided in the Indenture. This Note is one of a series designated as "Series B Medium-Term Notes" (hereinafter referred to as the "Notes") of the Operating Partnership, of up to \$400,000,000 in aggregate principal amount. All terms used in this Note which are defined in the Indenture and which are not otherwise defined in this Note shall have the meanings assigned to them in the Indenture. The terms of the Notes include those stated in the Indenture and those made a part of the Indenture by reference to the Trust Indenture Act of 1939, as amended. The Notes are subject to all such terms, and the Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the provisions of the Indenture, the provisions of the Indenture shall govern and be controlling.

Unless stated to the contrary on the face hereof, this Note is issuable only in registered form without coupons in Book-Entry form represented by one or more global notes (each a "Global Note") recorded in the book-entry system maintained by the Depository. If specified on the face hereof, this Note is issuable in certificated form issued to, and registered in the name of, the beneficial owner or its nominee (a "Certificated Note").

Unless a different minimum Authorized Denomination is set forth on the face hereof, this Note is issuable in minimum denominations of (i) if the Specified Currency of this Note is U.S. dollars, U.S. \$1,000 and in any larger amount in integral multiples of \$1,000 and (ii) if the Specified Currency of this Note is a currency other than U.S. dollars (a "Foreign Currency") or is a composite currency, the equivalent in such Foreign Currency or composite

currency determined in accordance with the Market Exchange Rate (as defined below) for such Foreign Currency or composite currency on the Business Day immediately preceding the date on which the Operating Partnership accepts an offer to purchase a Note, of U.S. \$1,000 (rounded to an integral multiple of 1,000 units of the Foreign Currency or composite currency), and in any larger amount in integral multiples of 1,000 units.

If this is a Global Note representing Book-Entry Notes, this Note may be transferred or exchanged only through DTC. In the manner and subject to the limitations provided in the Indenture, if this is a Certificated Note, it may be transferred or exchanged, without charge except for any tax or other governmental charge imposed in relation thereto, for other Notes of authorized denominations for a like aggregate principal amount, at the office or agency of the Operating Partnership in the Borough of Manhattan of The City of New York, or, at the option of the Holder, such office or agency, if any, maintained by the Operating Partnership in the city in which the principal executive offices of the Operating Partnership are located or the city in which the principal corporate trust office of the Trustee is located.

The principal (and premium, if any) and interest on, this Note is payable by the Operating Partnership in the Specified Currency.

If this Note is denominated in a Foreign Currency, in the event that the Foreign Currency is not available for payment at a time at which any payment is required hereunder due to the imposition of exchange controls or other circumstances beyond the control of the Operating Partnership or is no longer used by the government of the country issuing such currency or for the settlement of transactions by public institutions within the international banking community, the Operating Partnership may, in full satisfaction of its obligation to make such payment, make instead a payment in an equivalent amount of U.S. dollars, determined by the Exchange Rate Agent, as specified on the face hereof, on the basis of the Market Exchange Rate for such Foreign Currency on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate; provided, however, that if such Specified Currency is replaced by a single European currency, the payment of principal of (and premium, if any) or interest, if any, on this Note denominated in such currency shall be effected in the new single European currency in conformity with legally applicable measures taken pursuant to, or by virtue of, the treaty establishing the European Community, as amended by the treaty on European Unity. The "Market Exchange Rate" for the Specified Currency means the noon dollar buying rate in The City of New York for cable transfers for the Specified Currency as certified for customs purposes by (or if not so certified, as otherwise determined by) the Federal Reserve Bank of New York. Any payment made under such circumstances in U.S. dollars or a new single European currency where the required payment is in a Specified Currency other than U.S. dollars or such single European currency, respectively, will not constitute an Event of Default (as defined in the Indenture).

If the Specified Currency is a composite currency and if such composite currency is unavailable due to the imposition of exchange controls or other circumstances beyond the control of the Operating Partnership, then the Operating Partnership will be entitled to satisfy its obligations to the Holder of this Note by making such payment in U.S. dollars. The amount of each payment in U.S. dollars shall be computed by the Exchange Rate Agent on the basis of the equivalent of the composite currency in U.S. dollars. The component currencies of the composite currency for this purpose (collectively, the "Component Currencies" and each, a "Component Currency") shall be the currency amounts that were components of the composite currency as of the last day on which the composite currency was used. The equivalent of the composite currency in U.S. dollars shall be calculated by aggregating the U.S. dollar equivalents of the Component Currencies. The U.S. dollar equivalent of each of the Component Currencies shall be determined by the Exchange Rate Agent on the basis of the most recently available Market Exchange Rate for each such Component Currency, or as otherwise specified on the face hereof.

If the official unit of any Component Currency is altered by way of combination or subdivision, the number of units of the currency as a Component Currency shall be divided or multiplied in the same proportion. If two or more Component Currencies are consolidated into a single currency, the amounts of those currencies as Component Currencies shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Component Currencies expressed in such single currency. If any Component Currency is divided into two or more currencies, the amount of the original Component

Currency shall be replaced by the amounts of such two or more currencies, the sum of which shall be equal to the amount of the original Component Currency.

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

If a Redemption Commencement Date is specified on the face hereof, this Note may be redeemed, whether or not any other Note is concurrently redeemed, at the option of the Operating Partnership, in whole, or from time to time in part, on any Business Day on or after such Redemption Commencement Date and prior to the Maturity Date, upon mailing by first-class mail, postage prepaid, a notice of such redemption not less than 30 nor more than 60 days prior to the actual date of redemption ("Redemption Date"), to the Holder of this Note at such Holder's address appearing in the Security Register, as provided in the Indenture (provided that, if the Holder of this Note is a Depository or a nominee of a Depository, notice of such redemption shall be given in accordance with any applicable provisions of such written agreement between the Operating Partnership, the Trustee and such Depository (or its nominee) as may be in effect from time to time), at the Redemption Price (as defined below), together in each case with interest accrued to the Redemption Date (subject to the right of the Holder of record on a Regular Record Date to receive interest due on an Interest Payment Date). The "Redemption Price" shall be equal to (i) the Initial Redemption Percentage specified on the face of this Note, as adjusted downward on each anniversary of the Redemption Commencement Date by the Annual Redemption Price Reduction, if any, specified on the face hereof, multiplied by (ii) the unpaid Principal Amount of this Note to be redeemed. In the event of redemption of this Note in part only, a new Note or Notes of this series, and of like tenor, for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

If an Optional Repayment Date(s) is specified on the face hereof, this Note will be subject to repayment by the Operating Partnership at the option of the Holder hereof on such Optional Repayment Date(s), in whole or in part in increments of U.S. \$1,000 or other increments specified on the face hereof (as long as any remaining principal is at least \$1,000 or another specified minimum denomination), at the Repayment Price specified on the face hereof, together with unpaid interest accrued hereon to the date of repayment ("Repayment Date"). For this Note to be repaid, this Note must be received, together with the form hereon entitled "Option to Elect Repayment" duly completed, by the Trustee at the corporate trust office of the Trustee's Affiliate, State Street Bank and Trust Company, at 61 Broadway Street, New York, New York (or at such other address of which the Operating Partnership shall from time to time designate and notify Holders of the Notes) at least 30 but not more than 60 days prior to the Repayment Date. Exercise of such repayment option by the Holder hereof will be irrevocable. In the event of repayment of this Note in part only, a new Note of like tenor for the unrepaid portion hereof and otherwise having the same terms as this Note shall be issued in the name of the Holder hereof upon the presentation and surrender hereof.

If this is a Global Note representing Book-Entry Notes, only the Depository may exercise the repayment option in respect of this Note. Accordingly, if this is a Global Security representing Book-Entry Notes and the beneficial owner desires to have all or any portion of the Book-Entry Note represented by this Global Security repaid, the beneficial owner must instruct the participant through which he owns his interest to direct the Depository to exercise the repayment option on his behalf by delivering this Note and duly completed election form to the Trustee as aforesaid.

If this Note is an Original Issue Discount Note, as specified on the face hereof, the amount payable to the Holder of this Note in the event of redemption, repayment or acceleration of maturity will

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be equal to the sum of (i) the Issue Price specified on the face hereof (increased by any accruals of the Discount, as defined below) multiplied, in the event of any redemption or repayment of this Note (if applicable), by the Redemption Price or Repayment Price, as the case may be, and (ii) any unpaid interest on this Note accrued from the Original Issue Date to the Redemption Date, Repayment Date or date of acceleration of maturity, as the case may be. The difference between the Issue Price, as specified on the face hereof, and 100% of the principal amount of this Note is referred to herein as the "Discount".

For purposes of determining the amount of Discount that has accrued as of any Redemption Date, Repayment Date or date of acceleration of maturity of this Note, such Discount will be accrued so as to cause the yield on the Note to be constant. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as defined below), corresponds to the shortest period between Interest Payment Dates (with ratable accruals within a compounding period) and an assumption that the maturity of this Note will not be accelerated. If the period from the Original Issue Date to the initial Interest Payment Date (the "Initial Period") is shorter than the compounding period for this Note, a proportionate amount of the yield for an entire compounding period will be accrued. If the Initial Period is longer than the compounding period, then such period will be divided into a regular compounding period and a short period, with the short period being treated as provided in the preceding sentence.

In case a default, as defined in the Indenture, shall occur and be

continuing with respect to the Notes, the principal amount of all Notes then outstanding under the Indenture may be declared or may become due and payable upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be annulled by the Holders of a majority in principal amount of the Notes outstanding.

To the extent permitted by, and as provided in, the Indenture, the Operating Partnership may enter into one or more supplements to the Indenture for the purpose of modifying or altering the Indenture, without the consent of any Holders of Notes, for the limited purposes described in the Indenture.

To the extent permitted by, and as provided in, the Indenture, the Operating Partnership may enter into one or more supplements to the Indenture for the purpose of modifying or altering the rights and obligations of the Operating Partnership and the Holders of the Securities (as defined in the Indenture) with the consent of the Holders of not less than a majority in principal amount of all Outstanding Securities (as defined in the Indenture) of any series affected, evidenced as provided in the Indenture.

The Indenture contains provisions for legal defeasance and covenant defeasance with respect to the Notes, in each case, upon compliance with certain conditions set forth therein, which provisions apply to the Notes.

The Operating Partnership, the Trustee, any Authenticating Agent, any paying agent and any Security registrar may deem and treat the registered Holder hereof as the absolute owner hereof (whether or not this Note shall be overdue and notwithstanding any notice of ownership or other writing hereon by anyone other than the Operating Partnership or any Security registrar) for the purpose of receiving payment of or on account of the principal hereof (and premium, if any), and interest hereon, and for all other purposes, and none of the Operating Partnership, the Trustee, an Authenticating Agent, a paying agent nor the Security registrar shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon this Note to the extent of the sum or sums so paid.

No recourse under or upon any obligation, covenant or agreement of the Indenture or of this Note, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator,

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partner, stockholder, officer or director, as such, past, present or future, of the Operating Partnership or the Guarantor or of any successor entity, either directly or through the Operating Partnership or the Guarantor, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Indenture and this Note are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by the incorporators, partners, stockholders, officers or directors, as such, of the Operating Partnership or the Guarantor or of any successor entity, or any of them, because of the creation of the indebtedness authorized by the Indenture, or under or by reason of the obligations, covenants or agreements contained in the Indenture or this Note or implied therefrom; and that any and all such personal liability, either at common law or in equity or by constitution or statute, or any and all such rights and claims against, every such incorporator, partner, stockholder, officer or director, as such, because of the creation of the indebtedness authorized by the Indenture, or under or by reason of the obligations, covenants or agreements contained in the Indenture or this Note or implied therefrom, are, by acceptance of this Note, hereby expressly waived and released as a condition of, and as consideration for, the issue of this Note. In the event of any sale or transfer of its assets and liabilities substantially as an entirety to a successor entity, the predecessor entity may be dissolved and liquidated as more fully set forth in the Indenture.

All U.S. dollar amounts used in or resulting from calculations referred to in this Note shall be rounded to the nearest cent (with one half cent being rounded upwards).

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.

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PARENT GUARANTEE

FOR VALUE RECEIVED, the undersigned hereby, jointly and severally with the Subsidiary Guarantors, if any, unconditionally guarantees to the Holder of the accompanying Series B Medium-Term Note (the "Note") issued by AMB Property, L.P. (the "Operating Partnership") under an Indenture dated as of June 30, 1998 (together with the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, each dated as of June 30, 1998, the Fourth Supplemental Indenture dated as of August 15, 2000 and the Fifth Supplemental Indenture dated as of May \_\_, 2002, the "Indenture") among the

Operating Partnership, AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (the "Trustee"), (a) the full and prompt payment of the principal of and premium, if any, on such Note when and as the same shall become due and payable, whether at the Maturity Date (as defined in the Note), by acceleration, by redemption, repurchase or otherwise, and (b) the full and prompt payment of the interest on such Note when and as the same shall become due and payable, according to the terms of such Note and of the Indenture. In case of the failure of the Operating Partnership punctually to pay any such principal, premium or interest, the undersigned hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the Maturity Date, upon acceleration, by redemption or repayment or otherwise, and as if such payment were made by the Operating Partnership. The undersigned hereby agrees, jointly and severally with the Subsidiary Guarantors, if any, that its obligations hereunder shall be as principal and not merely as surety, and shall be absolute and unconditional, and shall not be affected, modified or impaired by the following: (a) the failure to give notice to the Guarantors of the occurrence of an Event of Default under the Indenture; (b) the waiver, surrender, compromise, settlement, release or termination of the payment, performance or observance by the Operating Partnership or the Guarantors of any or all of the obligations, covenants or agreements of either of them contained in the Indenture or any Note; (c) the acceleration, extension or any other changes in the time for payment of any principal of or interest or any premium on any Note or for any other payment under the Indenture or of the time for performance of any other obligations, covenants or agreements under or arising out of the Indenture or any Note; (d) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Indenture or any Note; (e) the taking or the omission of any of the actions referred to in the Indenture and in any of the actions under any Note; (f) any failure, omission, delay or lack on the part of the Trustee to enforce, assert or exercise any right, power or remedy conferred on the Trustee in the Indenture, or any other action or acts on the part of the Trustee or any of the Holders from time to time of any Note; (g) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting the Guarantors or the Operating Partnership or any of the assets of any of them, or any allegation or contest of the validity of this Parent Guarantee in any such proceeding; (h) to the extent permitted by law, the release or discharge by operation of law of the Guarantors from the performance or observance of any obligation, covenant or agreement contained in the Indenture; (i) to the extent permitted by law, the release or discharge by operation of law of the Operating Partnership from the performance or observance of any obligation, covenant or agreement contained in the Indenture; (j) the default or failure of the Operating Partnership or the Trustee fully to perform any of its obligations set forth in the Indenture or any Note; (k) the invalidity, irregularity or unenforceability of the Indenture or any Note or any part of any thereof; (l) any judicial or governmental action affecting the Operating Partnership or any Note or consent or indulgence granted to the Operating Partnership by the Holders or by the Trustee; or (m) the recovery of any judgment against the Operating Partnership or any action to enforce the same or any other circumstance which might constitute a legal or equitable discharge of a surety or guarantor. The undersigned hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger, sale, lease or conveyance of all or substantially all of its assets, insolvency or bankruptcy of any Guarantor or the Operating Partnership,

any right to require a proceeding first against any other Guarantor or the Operating Partnership, protest or notice with respect to such Note or the indebtedness evidenced thereby and all demands whatsoever, and covenants that this Parent Guarantee will not be discharged except by complete performance of the obligations contained in such Note and in this Parent Guarantee.

No reference herein to such Indenture and no provision of this Parent Guarantee or of such Indenture shall alter or impair the guarantee of the undersigned, which is absolute and unconditional, of the full and prompt payment of the principal of and premium, if any, and interest on the Note.

THIS PARENT GUARANTEE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

This Parent Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note shall have been executed by the Trustee under the Indenture referred to above by the manual signature of one of its authorized officers. The validity and enforceability of this Parent Guarantee shall not be affected by the fact that it is not affixed to any particular Note.

An Event of Default under the Indenture or any Note shall constitute an event of default under this Parent Guarantee, and shall entitle the Holder of the Note to accelerate the obligations of the undersigned hereunder in the same manner and to the same extent as the obligations of the Operating Partnership.

Notwithstanding any other provision of this Parent Guarantee to the contrary, the undersigned hereby waives any claims or other rights which it may

now have or hereafter acquire against any other Guarantor or the Operating Partnership that arise from the existence or performance of its obligations under this Parent Guarantee (all such claims and rights are referred to as "Guarantor's Conditional Rights"), including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, or indemnification, any right to participate in any claim or remedy against any Guarantor or the Operating Partnership, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, by any payment made hereunder or otherwise, including without limitation, the right to take or receive from any Guarantor or the Operating Partnership, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such claim or other rights. The undersigned hereby agrees not to exercise any rights which may be acquired by way of contribution under this Parent Guarantee or any other agreement, by any payment made hereunder or otherwise, including, without limitation, the right to take or receive from any other guarantor, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such contribution rights. If, notwithstanding the foregoing provisions, any amount shall be paid to the undersigned on account of the Guarantor's Conditional Rights and either (i) such amount is paid to such undersigned party at any time when the indebtedness shall not have been paid or performed in full, or (ii) regardless of when such amount is paid to such undersigned party, any payment made by any Guarantor or the Operating Partnership to a Holder that is at any time determined to be a Preferential Payment (as defined below), then such amount paid to the undersigned shall be held in trust for the benefit of such Holder and shall forthwith be paid such Holder to be credited and applied upon the indebtedness, whether matured or unmatured. Any such payment is herein referred to as a "Preferential Payment" to the extent any Guarantor or the Operating Partnership makes any payment to such Holder in connection with the Note, and any or all of such payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid or paid over to a trustee, receiver or any other entity, whether under any bankruptcy act or otherwise.

To the extent that any of the provisions of the immediately preceding paragraph shall not be enforceable, the undersigned agrees that until such time as the indebtedness has been paid and performed in full and the period of time has expired during which any payment made by any Guarantor, the Operating Partnership or the undersigned to a Holder may be determined to be a Preferential Payment, Guarantor's Conditional Rights to the extent not validly waived shall be subordinate to Holders' right to full payment and performance of the indebtedness and the undersigned shall not enforce any of Guarantor's Conditional Rights until such time as the indebtedness has been paid and performed in full and the period of time has expired during which any payment made by any Guarantor, the Operating Partnership or the undersigned to Holders may be determined to be a Preferential Payment.

The obligations of the undersigned to the Holder of the Note and to the Trustee pursuant to this Parent Guarantee and the Indenture are expressly set forth in Article 14 of the Indenture and reference is hereby made to the Indenture for the precise terms of this Parent Guarantee and all of the other provisions of the Indenture to which this Parent Guarantee relates.

Capitalized terms used in this Parent Guarantee which are not defined herein shall have the meanings assigned to them in the Indenture.

IN WITNESS WHEREOF, the undersigned has caused this Parent Guarantee to be duly executed.

Dated: \_\_\_\_\_

AMB PROPERTY CORPORATION

By: \_\_\_\_\_

Name:

Title:

#### ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto:

PLEASE INSERT SOCIAL SECURITY OR  
OTHER IDENTIFYING NUMBER OF ASSIGNEE:

\_\_\_\_\_

-----  
(Please print or typewrite name and address of Assignee, including postal zip  
code of assignee)

this Note and all rights thereunder, hereby irrevocably constituting and  
appointing:

-----  
Attorney, to transfer this Note on the books of the Trustee, with full power of  
substitution in the premises.

Dated: \_\_\_\_\_

Notice: The signature(s) on this Assignment  
must correspond with the name(s) as  
written upon the face of this Note  
in every particular, without  
alteration or enlargement or any  
change whatsoever.

#### OPTION TO ELECT REPAYMENT

The undersigned hereby requests and irrevocably instructs the Operating  
Partnership to repay the within Note on the Optional Repayment Date specified on  
the face hereof occurring at least 30 but not more than 60 days after the date  
of receipt of the within Note by the Trustee at the corporate trust office of  
the Trustee's Affiliate, State Street Bank and Trust Company, at 61 Broadway  
Street, New York, New York (or at such other addresses of which the Operating  
Partnership shall notify the Registered holders of the Note of this series).

( ) In whole

( ) In part equal to \$\_\_\_\_\_ (must be a whole multiple  
of \$1,000 and the remaining principal amount must be at least  
\$1,000; or if the Note is denominated in a Foreign Currency or  
composite currency, rounded integrals of 1,000 units of the  
Foreign Currency or composite currency and the remaining  
principal amount must be at least 1,000 units of the Foreign  
Currency or composite currency)

at a price equal to the Repayment Price, determined in accordance with the terms  
of the Note.

Signature:

Please print or type name and  
address:

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Notice: The signature on this Option to Elect  
Repayment must correspond with the  
name as written upon the face of the  
within instrument in every particular  
without alteration or enlargement or  
any change whatever.

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#### ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of  
this instrument, shall be construed as though they were written out in full  
according to applicable laws or regulations:

|                               |           |       |        |         |      |
|-------------------------------|-----------|-------|--------|---------|------|
| TEN COM--as tenants in common | UNIF      | GIFT  | MIN    | ACT --  | ____ |
|                               | Custodian | _____ | (Cust) | (Minor) |      |

|                                          |                                            |         |
|------------------------------------------|--------------------------------------------|---------|
| TEN ENT--as tenants by the<br>entireties | Under Uniform Gifts to Minors Act<br>_____ | (State) |
|------------------------------------------|--------------------------------------------|---------|

JT TEN--as joint tenants with right  
of survivorship and not as  
tenants in common

Additional abbreviations may also be used though not in the above list.





May 7, 2002

AMB Property Corporation  
Pier 1, Bay 1  
San Francisco, California 94111

Re: AMB Property Corporation Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as tax counsel to AMB Property Corporation, a Maryland corporation (the "Company"), in connection with the registration statement filed with the Securities and Exchange Commission (the "Commission") on Form S-3 on April 24, 2002, File Number 333-86842 (as amended, and together with all exhibits thereto and documents incorporated by reference therein, the "Registration Statement").

You have requested our opinion concerning the statements in the Registration Statement under the caption "Certain Federal Income Tax Considerations." This opinion is based on various facts and assumptions, including the facts set forth in the Registration Statement concerning the business, assets and governing documents of the Company, AMB Property, L.P., a Delaware limited partnership (the "Operating Partnership"), and their subsidiaries. We have also been furnished with, and with your consent have relied upon, certain representations made by the Company, the Operating Partnership and their subsidiaries with respect to certain factual matters through a certificate of an officer of the Company (the "Officer's Certificate").

In our capacity as tax counsel to the Company, we have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction of such documents, corporate records and other instruments as we have deemed necessary or appropriate for purposes of this opinion. For the purposes of our opinion, we have not made an independent investigation or audit of the facts set forth in the above referenced documents or in the Officer's Certificate. In addition, in rendering this opinion we have assumed the truth and accuracy of all representations and statements made to us which are qualified as to knowledge or belief, without regard to such qualification. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures thereon, the legal capacity of natural persons executing such documents and the conformity to authentic original documents of all documents submitted to us as copies.

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633 West Fifth Street, Suite 4000 - Los Angeles, California 90071-2007  
TELEPHONE: (213) 485-1234 - FAX: (213) 891-8763

LATHAM & WATKINS

AMB Property Corporation  
May 7, 2002  
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We are opining herein as to the effect on the subject transaction only of the federal income tax laws of the United States and we express no opinion with respect to the applicability thereto, or the effect thereon, of other federal laws, the laws of any state or other jurisdiction or as to any matters of municipal law or the laws of any other local agencies within any state.

Based on such facts, assumptions, and representations, it is our opinion that the statements in the Registration Statement set forth under the caption "Material Federal Income Tax Considerations," insofar as they purport to describe or summarize certain provisions of the agreements, statutes or regulations referred to therein, are accurate descriptions or summaries in all material respects.

No opinion is expressed as to any matter not discussed herein.

This opinion is rendered to you as of the date of this letter, and we undertake no obligation to update this opinion subsequent to the date hereof. This opinion is based on various statutory provisions, regulations promulgated

thereunder and interpretations thereof by the Internal Revenue Service and the courts having jurisdiction over such matters, all of which are subject to change either prospectively or retroactively. Also, any variation or difference in the facts from those set forth in the Registration Statement or Officer's Certificate may affect the conclusions stated herein. As set forth in the Registration Statement, the Company's qualification and taxation as a real estate investment trust depends upon the Company's ability to meet, through actual annual operating results, asset composition, distribution levels and diversity of stock ownership, the various qualification tests imposed under the Internal Revenue Code, the results of which have not been and will not be reviewed by Latham & Watkins. Accordingly, no assurance can be given that the actual results of the Company's operation for any particular taxable year will satisfy such requirements.

This opinion is rendered only to you, and is solely for your benefit in connection with the Registration Statement. We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not hereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 or the rules or regulations of the Commission promulgated thereunder. This opinion may not be relied upon by you for any other purpose, or furnished to, quoted to, or relied upon by any other person, firm, or corporation, for any purpose, without our prior written consent.

Very truly yours,

/s/ Latham & Watkins