SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2003

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-13545

AMB PROPERTY CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Maryland *(State or Other Jurisdiction of Incorporation or Organization)*	**94-3281941** *(I.R.S. Employer Identification No.)*
Pier 1, Bay 1, San Francisco, California *(Address of Principal Executive Offices)*	**94111** *(Zip Code)*

(415) 394-9000

(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes☑ No ☐

As of August 5, 2003, there were 81,669,826 shares of the Registrant's common stock, $0.01 par value per share, outstanding.

AMB PROPERTY CORPORATION

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PART I

Item 1. ***Financial Statements***

AMB PROPERTY CORPORATION

CONSOLIDATED BALANCE SHEETS
As of June 30, 2003 and December 31, 2002

	June 30, 2003	December 31, 2002
	(Unaudited, dollars in thousands)	
ASSETS		
Investments in real estate:		
Land	$1,264,364	$1,236,406
Buildings and improvements	3,536,930	3,557,086
Construction in progress	214,720	132,490
Total investments in properties	5,016,014	4,925,982
Accumulated depreciation and amortization	(412,990)	(362,540)
Net investments in properties	4,603,024	4,563,442
Investments in unconsolidated joint ventures	68,566	64,428
Properties held for divestiture, net	73,000	107,871
Net investments in real estate	4,744,590	4,735,741
Cash and cash equivalents	68,419	89,332
Restricted cash	22,742	27,882
Mortgage receivable	13,097	13,133
Accounts receivable, net of allowance for doubtful accounts	83,116	74,207
Other assets	44,300	52,199
Total assets	$4,976,264	$4,992,494
LIABILITIES AND STOCKHOLDERS' EQUITY		
Debt:		
Secured debt	$1,215,135	$1,284,675
Unsecured senior debt securities	800,000	800,000
Alliance Fund II credit facility	—	45,500
Unsecured debt	9,909	10,186
Unsecured credit facility	19,420	95,000
Total debt	2,044,464	2,235,361
Dividends payable	41,692	41,213
Accounts payable and other liabilities	125,929	140,503
Total liabilities	2,212,085	2,417,077
Commitments and contingencies (Notes 3 and 12)		
Minority interests	1,041,673	891,267
Stockholders' equity:		
Series A preferred stock, cumulative, redeemable, $.01 par value, 4,600,000 shares authorized and 3,995,800 issued and outstanding, $99,895 liquidation preference	95,994	95,994
Series L preferred stock, cumulative, redeemable, $.01 par value, 2,300,000 shares authorized and 2,000,000 issued and outstanding, $50,000 liquidation preference	48,425	—
Common stock $.01 par value, 500,000,000 shares authorized, 81,673,676 and 82,029,449 issued and outstanding	817	820
Additional paid-in capital	1,566,687	1,580,733
Retained earnings	10,347	6,572
Accumulated other comprehensive income	236	31
Total stockholders' equity	1,722,506	1,684,150
Total liabilities and stockholders' equity	$4,976,264	$4,992,494

The accompanying notes are an integral part of these consolidated financial statements.

AMB PROPERTY CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three and Six Months Ended June 30, 2003 and 2002

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2003	2002	2003	2002
	(Unaudited, dollars in thousands, except per share amounts)			
REVENUES AND OTHER INCOME				
Rental revenues	$ 147,961	$ 139,124	$ 305,233	$ 279,179
Equity in earnings of unconsolidated joint ventures	1,622	1,638	2,857	3,121
Private capital income	3,555	3,114	5,916	5,702
Interest and other income	1,549	3,330	2,942	7,312
Total revenues and other income	154,687	147,206	316,948	295,314
EXPENSES				
Property operating expenses	21,004	17,059	43,049	34,248
Real estate taxes	17,603	16,612	35,754	33,372
Interest, including amortization	36,645	36,484	73,750	71,177
Depreciation and amortization	38,094	29,967	72,893	57,678
General and administrative	12,170	10,762	24,344	21,831
Total expenses	125,516	110,884	249,790	218,306
Income before minority interests	29,171	36,322	67,158	77,008
Minority interests' share of income				
Preferred units	(6,379)	(6,510)	(12,759)	(12,367)
Minority interests	(9,843)	(8,760)	(20,941)	(18,522)
Total minority interests' share of income	(16,222)	(15,270)	(33,700)	(30,889)
Income from continuing operations before gains on dispositions	12,949	21,052	33,458	46,119
Gains from dispositions of real estate, net of minority interests	—	2,768	7,429	2,480
Income from continuing operations	12,949	23,820	40,887	48,599
Discontinued operations, net of minority interests:				
Income attributable to discontinued operations	1,310	5,030	3,106	10,554
Gains from dispositions of real estate, discontinued operations	3,867	—	33,511	—
Total discontinued operations	5,177	5,030	36,617	10,554
Net income	18,126	28,850	77,504	59,153
Preferred stock dividends	(2,195)	(2,125)	(4,318)	(4,250)
Net income available to common stockholders	$ 15,931	$ 26,725	$ 73,186	$ 54,903
BASIC INCOME PER COMMON SHARE				
Income from continuing operations available to common stockholders	$ 0.14	$ 0.26	$ 0.45	$ 0.53
Discontinued operations	0.06	0.06	0.45	0.13
Net income available to common stockholders	$ 0.20	$ 0.32	$ 0.90	$ 0.66
DILUTED INCOME PER COMMON SHARE				
Income from continuing operations available to common stockholders	$ 0.13	$ 0.25	$ 0.45	$ 0.52
Discontinued operations	0.06	0.06	0.44	0.13
Net income available to common stockholders	$ 0.19	$ 0.31	$ 0.89	$ 0.65
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	81,015,506	83,710,208	81,060,038	83,626,889
Diluted	82,465,984	85,529,416	82,520,038	85,120,197

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2003 and 2002

	2003	2002
	(Unaudited, dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 77,504	$ 59,153
Adjustments to net income:		
Equity in earnings of unconsolidated joint ventures	(2,857)	(3,121)
Straight-line rents	(4,253)	(6,747)
Debt premiums, discounts and finance cost amortization, net	728	(954)
Depreciation and amortization, including discontinued operations	73,507	61,647
Stock-based compensation amortization	3,979	1,962
Minority interests, including discontinued operations	33,776	31,002
Gains from dispositions of real estate, net of minority interests	(40,940)	(2,480)
Changes in assets and liabilities:		
Accounts receivable and other assets	(1,709)	(3,089)
Accounts payable and other liabilities	(14,574)	(13,301)
Net cash provided by operating activities	125,161	124,072
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in restricted cash	5,140	(1,473)
Cash paid for property acquisitions	(127,983)	(136,477)
Additions to land, buildings, development costs and other first generation improvements	(95,064)	(60,646)
Additions to second generation building improvements and lease costs	(26,764)	(27,230)
Additions to interests in unconsolidated joint ventures	(6,163)	—
Distributions received from unconsolidated joint ventures	4,882	10,135
Net proceeds from divestiture of real estate	211,429	50,951
Net cash used in investing activities	(34,523)	(164,740)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock, proceeds from stock option exercises	3,982	4,915
Repurchase and retirement of common stock	(20,562)	—
Borrowings on secured debt	11,450	166,976
Payments on secured debt	(79,361)	(50,455)
Borrowings on unsecured credit facility	113,464	—
Payments on unsecured credit facility	(190,000)	(12,000)
Borrowings on Alliance Fund II credit facility	8,000	23,500
Payments on Alliance Fund II credit facility	(53,500)	(95,000)
Payment of financing fees	(1,006)	(2,191)
Net proceeds from issuances of senior debt securities	—	19,883
Net proceeds from issuances of preferred stock or units	48,425	38,939
Contributions from co-investment partners	151,650	58,350
Dividends paid to common and preferred stockholders	(71,685)	(38,716)
Distributions to minority interests, including preferred units	(32,408)	(37,451)
Net cash provided by/(used in) financing activities	(111,551)	76,750
Net increase/ (decrease) in cash and cash equivalents	(20,913)	36,082
Cash and cash equivalents at beginning of period	89,332	73,071
Cash and cash equivalents at end of period	$ 68,419	$ 109,153
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest, net of capitalized interest	$ 76,840	$ 70,058
Non-cash transactions:		
Acquisition of properties	$ 130,988	$ 154,259
Assumption of debt	—	(17,782)
Acquisition capital	(3,005)	—
Net cash paid	$ 127,983	$ 136,477

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Six Months Ended June 30, 2003

	Series A Preferred Stock	Series L Preferred Stock	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
	(Unaudited, dollars in thousands)							
Balance as of December 31, 2002	$95,994	$ —	82,029,449	$ 820	$1,580,733	$ 6,572	$ 31	$1,684,150
Net income	4,246	72	—	—	—	73,186	—	
Currency translation adjustment	—	—	—	—	—	—	205	
Total comprehensive income								77,709
Issuance of preferred stock, net	—	48,425	—	—	—	—	—	48,425
Issuance of restricted stock, net	—	—	246,968	3	6,696	—	—	6,699
Issuance of stock options, net	—	—	—	—	4,508	—	—	4,508
Exercise of stock options	—	—	185,059	2	3,980	—	—	3,982
Retirement of common stock	—	—	(787,800)	(8)	(20,554)	—	—	(20,562)
Stock-based deferred compensation	—	—	—	—	(11,204)	—	—	(11,204)
Stock-based compensation amortization	—	—	—	—	3,979	—	—	3,979
Reallocation of partnership interest	—	—	—	—	(1,451)	—	—	(1,451)
Dividends	(4,246)	(72)	—	—	—	(69,411)	—	(73,729)
Balance as of June 30, 2003	$95,994	$48,425	81,673,676	$ 817	$1,566,687	$ 10,347	$ 236	$1,722,506

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2003
(Unaudited)

1. Organization and Formation of the Company

AMB Property Corporation, a Maryland corporation (the "Company"), commenced operations as a fully integrated real estate company effective with the completion of its initial public offering on November 26, 1997. The Company elected to be taxed as a real estate investment trust ("REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986 (the "Code"), commencing with its taxable year ended December 31, 1997, and believes its current organization and method of operation will enable it to maintain its status as a real estate investment trust. The Company, through its controlling interest in its subsidiary, AMB Property, L.P., a Delaware limited partnership (the "Operating Partnership"), is engaged in the acquisition, ownership, operation, management, renovation, expansion and development of primarily industrial properties in key distribution markets throughout North America, Europe and Asia. Unless the context otherwise requires, the "Company" means AMB Property Corporation, the Operating Partnership and their other controlled subsidiaries.

As of June 30, 2003, the Company owned an approximate 94.4% general partnership interest in the Operating Partnership, excluding preferred units. The remaining 5.6% limited partnership interests are owned by non-affiliated investors and certain current and former directors and officers of the Company. For local law purposes, certain properties are owned through limited partnerships and limited liability companies. The ownership of such properties through such entities does not materially affect the Company's overall ownership interests in the properties. As the sole general partner of the Operating Partnership, the Company has full, exclusive and complete responsibility and discretion in the day-to-day management and control of the Operating Partnership. Net operating results of the Operating Partnership are allocated after preferred unit distributions based on the respective partners' ownership interests.

Through the Operating Partnership, the Company enters into co-investment joint ventures with institutional investors. These co-investment joint ventures provide the Company with an additional source of capital and income. As of June 30, 2003, the Company had investments in five co-investment joint ventures, which are consolidated for financial reporting purposes.

AMB Capital Partners, LLC, a Delaware limited liability company ("AMB Capital Partners"), provides real estate investment services to clients and co-investment joint venture clients on a fee basis. Headlands Realty Corporation, a Maryland corporation, conducts a variety of businesses that include incremental income programs and development projects available for sale to third parties. IMD Holding Corporation, a Delaware corporation, also conducts a variety of businesses that include development projects available for sale to third parties.

As of June 30, 2003, the Company owned 889 industrial buildings and nine retail and other properties, located in 27 markets throughout North America and France. The Company's strategy is to become a leading provider of distribution properties in supply-constrained, infill submarkets located near key international passenger and cargo airports, highway systems and seaports in major metropolitan areas of North America, Europe and Asia. As of June 30, 2003, the industrial buildings, principally warehouse distribution buildings, encompassed approximately 82.5 million rentable square feet and were 91.5% leased. As of June 30, 2003, the retail centers, principally grocer-anchored community shopping centers, encompassed approximately 1.0 million rentable square feet and were 89.9% leased to 122 customers.

As of June 30, 2003, through AMB Capital Partners, the Company also managed, but did not have an ownership interest in, industrial, retail and other properties, totaling approximately 1.7 million rentable square feet. In addition, the Company has investments in industrial operating and development properties, totaling approximately 8.2 million rentable square feet, through unconsolidated joint ventures.

2. Interim Financial Statements

The consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and note disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the Unites States of America have been condensed or omitted.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments, of a normal recurring nature, necessary for a fair presentation of the Company's consolidated financial position and results of operations for the interim periods. The interim results for the three and six months ended June 30, 2003, are not necessarily indicative of future results. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

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

Investments in Real Estate. Investments in real estate and leasehold interests are stated at cost unless circumstances indicate that cost cannot be recovered, in which case, the carrying value of the property is reduced to estimated fair value. Carrying values for financial reporting purposes are reviewed for impairment on a property-by-property basis whenever events or changes in circumstances indicate that the carrying value of a property may not be recoverable. Impairment is recognized when estimated expected future cash flows (undiscounted and without interest charges) are less than the carrying value of the property. The estimation of expected future net cash flows is inherently uncertain and relies on assumptions regarding current and future economics and market conditions and the availability of capital. If impairment analysis assumptions change, then an adjustment to the carrying value of the Company's long-lived assets could occur in the future period in which the assumptions change. To the extent that a property is impaired, the excess of the carrying amount of the property over its estimated fair value is charged to earnings. The Company includes unrealized losses resulting from the impairment of the carrying value of investments in real estate and leasehold interests that continue to be held for long-term investment in depreciation and amortization expense. As a result of recent leasing activity and the current economic environment, the Company re-evaluated the carrying value of its investments and recorded an impairment charge of $5.2 million for the quarter and six months ended June 30, 2003. The Company believes that there are no additional impairments of the carrying values of its investments in real estate as of June 30, 2003. Also during the quarter ended June 30, 2003, the Company recorded a reduction of depreciation expense of $2.1 million to reflect the recovery, through the settlement of a lawsuit, of capital expenditures paid in prior years.

Reclassifications. Certain items in the consolidated financial statements for prior periods have been reclassified to conform to current classifications.

Comprehensive Income. The Company reports comprehensive income in its Statement of Stockholders' Equity. Comprehensive income was $18.2 million and $28.6 million for the three months ended June 30, 2003 and 2002, respectively. Comprehensive income was $77.7 million and $59.1 million for the six months ended June 30, 2003 and 2002, respectively.

Financial Instruments. The Company adopted Statement of Financial Accounting Standard ("SFAS") No. 133,*Accounting for Derivative Instruments and for Hedging Activities*, as amended, on January 1, 2001. SFAS No. 133 provides comprehensive guidelines for the recognition and measurement of derivatives and hedging activities and, specifically, requires all derivatives to be recorded on the balance sheet at fair value as an asset or liability, with an offset to accumulated other comprehensive income or income. For revenues or

expenses denominated in non-functional currencies, the Company may use derivative financial instruments to manage foreign currency exchange rate risk. The Company's only derivative financial instrument in effect at June 30, 2003 was a forward contract protecting against adverse foreign exchange fluctuations in the Mexican peso against the U.S. dollar.

Foreign Operations. The U.S. dollar is the functional currency for the Company's subsidiaries operating in the United States and Mexico. The functional currency for the Company's subsidiaries operating outside North America is generally the local currency of the country in which the entity is located. The Company's subsidiaries whose functional currency is not the U.S. dollar translate their financial statements into U.S. dollars. Assets and liabilities are translated at the exchange rate in effect as of the financial statement date. The Company translates income statement accounts using the average exchange rate for the period and significant nonrecurring transactions using the rate on the transaction date. Gains and losses resulting from the translation are included in accumulated other comprehensive income as a separate component of stockholders' equity.

The Company's foreign subsidiaries may have transactions denominated in currencies other than their functional currency. In these instances, nonmonetary assets and liabilities are reflected at the historical exchange rate, monetary assets and liabilities are remeasured at the exchange rate in effect at the end of the period and income statement accounts are remeasured at the average exchange rate for the period. Gains and losses from remeasurement are generally included in the Company's results of operations.

The Company also records gains or losses in the income statement when a transaction with a third party, denominated in a currency other than the entity's functional currency, is settled and the functional currency cash flows realized are more or less than expected based upon the exchange rate in effect when the transaction was initiated.

Stock-based compensation expense. In 2002, the Company adopted the expense recognition provisions of SFAS No. 123,*Accounting for Stock-Based Compensation.* The Company values stock options using the Black-Scholes option-pricing model and recognizes this value as an expense over the period in which the options vest. Under this standard, recognition of expense for stock options is applied to all options granted after the beginning of the year of adoption. Prior to 2002, the Company followed the intrinsic method set forth in APB Opinion 25, *Accounting for Stock Issued to Employees.* The Company awards stock options to its employees. In accordance with SFAS No. 123, the Company will recognize the associated expense over the three to five-year vesting periods. Related stock-based compensation expense was $0.6 million and $0.2 million for the three months ended June 30, 2003 and 2002, respectively, and $1.2 million and $0.4 million for the six months ended June 30, 2003 and 2002, respectively. The expense is included in general and administrative expenses in the accompanying consolidated statements of operations. The adoption of SFAS No. 123 is prospective and the 2002 expense relates only to stock options granted in 2002.

New Accounting Pronouncements. In January 2003, Financial Accounting Standards Board ("FASB") issued Interpretation No. 46,*Consolidation of Variable Interest Entities* ("FIN 46"). FIN 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. FIN 46 requires disclosures about variable interest entities that a company is not required to consolidate, but in which it has a significant variable interest. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to existing entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply to all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The Company will adopt the consolidation requirements of FIN 46 in the third quarter of 2003. Certain of the Company's consolidated subsidiaries and unconsolidated joint ventures may be considered variable interest entities under the provisions of FIN 46. If the Company determines any of its joint ventures to be variable interest entities, then it is possible that the application of

FIN 46 would result in the Company deconsolidating certain subsidiaries that are presently consolidated and consolidating a joint venture that is presently accounted for using the equity method. The implementation of FIN 46 may have a material impact on the presentation of total assets and liabilities on the Company's balance sheet, but it will not have a material impact on the Company's net assets, stockholder's equity, results of operations or cash flows. At June 30, 2003, total assets and total liabilities, including minority interests of consolidated subsidiaries being evaluated totaled $1.2 billion and $1.0 billion, respectively, and investments in unconsolidated joint ventures being evaluated totaled $60.0 million.

In November 2002, the FASB issued Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* ("FIN 45"). FIN 45 requires disclosure of obligations under guarantee contracts. The Company has no off-balance sheet transactions, arrangements, obligations, guarantees or other relationships with unconsolidated entities or other persons that have, or are reasonably likely to have, a material effect on its financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

In April 2003, the FASB issued SFAS No. 149, *Amendment of Statement No. 133 on Derivative Instruments and Hedging Activities* ("FAS 149"). This Statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*. The Company will adopt the requirements of FAS 149 in the third quarter of 2003, and it does not expect the adoption of this statement to have a material impact on its financial position, results of operations or cash flows.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* ("FAS 150"). This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). The Company will adopt the requirements of FAS 150 in the third quarter of 2003, and it does not expect the adoption of this statement to have a material impact on its financial position, results of operations or cash flows. The Company adopted the requirements of FAS 150 in the second quarter of 2003 for the issuance of its 6.5% Series L Cumulative Redeemable Preferred Stock, and the adoption of this statement did not have an impact on its financial position, results of operations or cash flows.

3. Real Estate Acquisition and Development Activity

During the three months ended June 30, 2003, the Company invested $120.1 million in 16 industrial buildings, aggregating approximately 2.1 million square feet, of which the Company invested $116.4 million in 15 industrial buildings, aggregating approximately 2.0 million square feet through two of the Company's co-investment joint ventures. During the six months ended June 30, 2003, the Company invested $131.0 million in 18 industrial buildings, aggregating approximately 2.3 million square feet, of which the Company invested $127.3 million in 17 industrial buildings, aggregating approximately 2.3 million square feet through two of the Company's co-investment joint ventures. During the quarter ended June 30, 2002, the Company invested $121.9 million in 17 industrial buildings, aggregating approximately 2.0 million square feet. During the six months ended June 30, 2002, the Company invested $156.9 million in 25 industrial buildings, aggregating approximately 2.7 million square feet.

During the three months ended June 30, 2003, the Company completed two industrial building projects valued at $15.3 million, aggregating approximately 0.2 million square feet. The Company also initiated four new industrial projects valued at $42.1 million, aggregating approximately 0.9 million square feet. As of June 30, 2003, the Company had in its development pipeline: (1) 16 industrial projects, which will total approximately 2.8 million square feet and will have an aggregate estimated investment of $157.3 million upon completion and (2) three development projects available for sale, which will total approximately 0.6 million

square feet and will have an aggregate estimated investment of $46.0 million upon completion. As of June 30, 2003, the Company and its Development Alliance Partners had funded an aggregate of $133.3 million and needed to fund an estimated additional $70.0 million in order to complete current and planned projects. The Company's development pipeline includes projects expected to be completed through June 2005.

4. Property Divestitures and Properties Held for Divestiture

Property Divestitures. During the three months ended June 30, 2003, the Company divested itself of two industrial buildings, aggregating approximately 0.2 million square feet, for an aggregate price of $15.1 million, with a resulting net gain of $3.9 million. During the six months ended June 30, 2003, the Company divested itself of 12 industrial buildings, aggregating approximately 1.8 million square feet, for an aggregate price of $142.1 million, with a resulting net gain of $33.5 million. The Company reported the divestitures as discontinued operations separately as prescribed under the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. On February 19, 2003, the Company also contributed $94.0 million in operating properties, consisting of 24 industrial buildings, aggregating approximately 2.4 million square feet, to its newly formed unconsolidated joint venture, Industrial Fund I, LLC. The Company recognized a gain of $7.4 million on the contribution, representing the portion of the contributed properties acquired by the third-party investors.

During the three months ended June 30, 2002, the Company divested itself of one industrial building, aggregating approximately 0.5 million square feet, for an aggregate price of $12.1 million, with a resulting net loss of $0.4 million. The disposed building was classified as held for sale as of December 31, 2001. During the six months ended June 30, 2002, the Company divested itself of two industrial buildings and one retail building, aggregating approximately 0.8 million square feet, for an aggregate price of $50.6 million, with a resulting net loss of $0.7 million. The disposed buildings were classified as held for sale as of December 31, 2001.

Properties Held for Divestiture. As of June 30, 2003, the Company had decided to divest itself of three industrial buildings and three retail centers with a net book value of $73.0 million. The properties either are not in the Company's core markets or do not meet its current strategic objectives. The divestitures of the properties are subject to negotiation of acceptable terms and other customary conditions. Properties held for divestiture are stated at the lower of cost or estimated fair value less costs to sell. The following summarizes the condensed results of operations of the properties held for divestiture and sold under SFAS No. 144 for the three and six months ended June 30, (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2003	2002	2003	2002
Rental revenues	$ 2,448	$ 11,262	$ 5,835	$23,299
Straight-line rents	56	432	139	581
Property operating expenses	(514)	(1,698)	(1,157)	(2,989)
Real estate taxes	(372)	(1,804)	(827)	(3,633)
Interest, including amortization	(77)	(1,048)	(194)	(2,622)
Depreciation and amortization	(240)	(2,005)	(614)	(3,969)
Minority interests' share of income	9	(109)	(76)	(113)
Income attributable to discontinued operations	$ 1,310	$ 5,030	$ 3,106	$10,554

As of June 30, 2003 and December 31, 2002, assets and liabilities of properties held for divestiture under the provisions of SFAS No. 144 consisted of the following (dollars in thousands):

	June 30, 2003	December 31, 2002
Accounts receivable, net	$1,968	$ 1,844
Other assets	$ 107	$ 55
Secured debt	$7,700	$ 7,806
Accounts payable and other liabilities	$1,398	$ 1,127

5. Mortgage Receivable

Through a wholly-owned subsidiary, the Company holds a mortgage loan receivable on AMB Pier One, LLC, an unconsolidated joint venture. The note bears interest at 13.0% and matures in May 2026. As of June 30, 2003, the outstanding balance on the note was $13.1 million.

6. Debt

As of June 30, 2003, and December 31, 2002, debt consisted of the following (dollars in thousands):

	June 30, 2003	December 31, 2002
Company secured debt, varying interest rates from 4.0% to 10.4%, due December 2003 to January 2014 (weighted average interest rate of 8.1% at June 30, 2003 and December 31, 2002)	$ 313,208	$ 381,764
Joint venture secured debt, varying interest rates from 2.7% to 12.0%, due April 2004 to June 2023 (weighted average interest rate of 6.9% and 7.0% at June 30, 2003, and December 31, 2002, respectively)	893,737	893,093
Unsecured senior debt securities, varying interest rates from 5.9% to 8.0%, (weighted average interest rate of 7.2% at June 30, 2003, and December 31, 2002) due June 2005 to June 2018	800,000	800,000
Alliance Fund II credit facility	—	45,500
Unsecured debt, interest rate of 7.5%, due June 2013 and November 2015	9,909	10,186
Unsecured credit facility, variable interest at LIBOR or EURIBOR plus 60 basis points (weighted average interest rate of 3.1% and 2.0% at June 30, 2003 and December 31, 2002, respectively), due December 2005	19,420	95,000
Total debt before unamortized premiums	2,036,274	2,225,543
Unamortized premiums	8,190	9,818
Total consolidated debt	$2,044,464	$2,235,361

Secured debt generally requires monthly principal and interest payments. The secured debt is secured by deeds of trust on certain properties and is generally non-recourse. As of June 30, 2003 and December 31, 2002, the total gross investment book value of those properties securing the debt was $2.4 billion and $2.6 billion, respectively, including $1.6 billion and $1.6 billion, respectively, in consolidated joint ventures. All of the secured debt bears interest at fixed rates, except for seven loans with an aggregate principal amount of $68.4 million as of June 30, 2003, which bear interest at variable rates (weighted average interest rate of 3.3% as of June 30, 2003). The secured debt has various covenants. Management believes that the Company and

the Operating Partnership were in compliance with their financial covenants as of June 30, 2003. As of June 30, 2003, the Company had 26 non-recourse secured loans, which are cross-collateralized by 60 properties, totaling $678.9 million (not including unamortized debt premiums).

In June 1998, the Company issued $400.0 million of unsecured senior debt securities. Interest on the unsecured senior debt securities is payable semi-annually. The 2015 notes are putable and callable in September 2005. The senior debt securities are subject to various covenants. Management believes that the Company and the Operating Partnership were in compliance with their financial covenants as of June 30, 2003. In August 2000, the Operating Partnership commenced a medium-term note program and subsequently issued $400.0 million of medium-term notes, which are guaranteed by the Company.

In May 2002, the Operating Partnership commenced a new medium-term note program for the issuance of up to $400.0 million in principal amount of medium-term notes (unsecured senior debt securities), which will be guaranteed by the Company. As of June 30, 2003, the Operating Partnership had issued no medium-term notes under this program.

In December 2002, the Operating Partnership renewed its $500.0 million unsecured revolving line of credit. The Company guarantees the Operating Partnership's obligations under the credit facility. The credit facility matures in December 2005, has a one-year extension option and currently is subject to a 20 basis point annual facility fee. Borrowings under the credit facility currently bear interest at LIBOR plus 60 basis points. Euro borrowings under the credit facility currently bear interest at EURIBOR plus 60 basis points. Yen borrowings under the credit facility currently bear interest at the Japan LIBOR fixing plus 60 basis points. Both the facility fee and the interest rate are based on the Operating Partnership's credit rating, which is currently investment grade. The credit facility includes a multi-currency component, which was amended effective July 10, 2003 to increase from $150.0 million to $250.0 million the amount that may be drawn in either British pounds sterling, Euros or Yen (provided that such currency is readily available and freely transferable and convertible to U.S. dollars, the Reuters Monitor Money Rates Service reports LIBOR for such currency in interest periods of 1, 2, 3 or 6 months and the Operating Partnership has an investment grade credit rating). The Operating Partnership has the ability to increase available borrowings to $700.0 million by adding additional banks to the facility or obtaining the agreement of existing banks to increase their commitments. The Company uses its unsecured credit facility principally for acquisitions and for general working capital requirements. Monthly debt service payments on the credit facility are interest only. The total amount available under the credit facility fluctuates based upon the borrowing base, as defined in the agreement governing the credit facility, generally the value of the Company's unencumbered properties. As of June 30, 2003, the outstanding balance on the credit facility was $19.4 million and the remaining amount available was $454.6 million, net of outstanding letters of credit (excluding the additional $200.0 million of potential additional capacity). The outstanding balance was denominated in Euros and Yen and converted to U.S. dollars at June 30, 2003. The credit facility has various covenants. Management believes that the Company and the Operating Partnership were in compliance with their financial covenants at June 30, 2003.

In July 2001, AMB Institutional Alliance Fund II, L.P. ("Alliance Fund II") obtained a $150.0 million credit facility secured by the unfunded capital commitments of the investors in AMB Institutional Alliance REIT II, Inc. ("Alliance REIT II") and the Alliance Fund II. In April 2003, the Alliance Fund II repaid the credit facility with capital contributions and secured debt financing proceeds and terminated the credit facility.

As of June 30, 2003, the scheduled maturities of the Company's total debt, excluding unamortized debt premiums, were as follows (dollars in thousands):

	Company Secured Debt	Joint Venture Debt	Unsecured Senior Debt Securities	Unsecured Debt	Credit Facilities	Total
2003	$ 21,021	$ 9,367	$ —	$ 280	$ —	$ 30,668
2004	62,516	68,501	—	601	—	131,618
2005	44,427	59,514	250,000	647	19,420	374,008
2006	82,693	66,040	25,000	698	—	174,431
2007	14,495	43,325	75,000	752	—	133,572
2008	31,665	154,879	175,000	810	—	362,354
2009	4,147	77,032	—	873	—	82,052
2010	50,948	105,766	75,000	941	—	232,655
2011	409	179,525	75,000	1,014	—	255,948
2012	407	107,524	—	1,093	—	109,024
Thereafter	480	22,264	125,000	2,200	—	149,944
Total	$313,208	$893,737	$800,000	$ 9,909	$19,420	$2,036,274

7. Minority Interests in Consolidated Joint Ventures and Preferred Units

Minority interests in the Company represent the limited partnership interests in the Operating Partnership and interests held by certain third parties in several real estate joint ventures, aggregating approximately 36.7 million square feet, which are consolidated for financial reporting purposes. Such investments are consolidated because the Company owns a majority interest or exercises significant control over major operating decisions such as approval of budgets, selection of property managers, investment activity and changes in financing.

Through the Operating Partnership, the Company enters into co-investment joint ventures with institutional investors. The Company's five co-investment joint ventures are engaged in the acquisition, ownership, operation, management and, in some cases, the renovation, expansion and development, of industrial buildings in target markets nationwide.

The Company's co-investment joint ventures at June 30, 2003 (dollars in thousands) were:

Co-investment Joint Venture	Joint Venture Partner	Company's Ownership Percentage	Total Capitalization(1)
AMB/ Erie, L.P.	Erie Insurance Company and affiliates	50%	$ 170,488
AMB Institutional Alliance Fund I, L.P.	AMB Institutional Alliance REIT I, Inc.(2)	21%	397,269
AMB Partners II, L.P.	City and County of San Francisco Employees' Retirement System	20%	317,174
AMB-SGP, L.P.	Industrial JV Pte Ltd.(3)	50%	366,775
AMB Institutional Alliance Fund II, L.P.	AMB Institutional Alliance REIT II, Inc.(4)	20%	424,496
AMB-AMS, L.P.(5)	BPMT and TNO	39%	—
Total			$ 1,676,202

(1) Includes total equity and debt.

(2) Included 15 institutional investors as stockholders as of June 30, 2003.

(3) A subsidiary of the real estate investment subsidiary of the Government of Singapore Investment Corporation.

(4) Included 13 institutional investors as stockholders and one third-party limited partner as of June 30, 2003.

(5) AMB-AMS, L.P. is a commitment to form a co-investment partnership with two Dutch pension funds advised by Mn Services NV.

The following table distinguishes the minority interest liability as of June 30, 2003 and December 31, 2002 (dollars in thousands):

	June 30, 2003	December 31, 2002
Joint venture partners	$ 640,095	$ 488,524
Limited Partners in the Operating Partnership	93,209	94,374
Series B preferred units (liquidation preference of $65,000)	63,288	63,288
Series J preferred units (liquidation preference of $40,000)	38,883	38,883
Series K preferred units (liquidation preference of $40,000)	38,932	38,932
Held through AMB Property II, L.P.:		
Series D preferred units (liquidation preference of $79,767)	77,684	77,684
Series E preferred units (liquidation preference of $11,022)	10,788	10,788
Series F preferred units (liquidation preference of $13,372)	13,082	13,082
Series H preferred units (liquidation preference of $42,000)	40,912	40,912
Series I preferred units (liquidation preference of $25,500)	24,800	24,800
Total minority interests	$1,041,673	$ 891,267

The following table distinguishes the minority interests' share of income, excluding minority interests share of gains from dispositions of real estate (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2003	2002	2003	2002
Joint Venture Partners	$ 8,907	$ 7,320	$16,603	$15,282
Limited Partners in the Operating Partnership	936	1,440	4,338	3,240
Series B preferred units (liquidation preference of $65,000)	1,401	1,401	2,803	2,803
Series J preferred units (liquidation preference of $40,000)	795	795	1,590	1,713
Series K preferred units (liquidation preference of $40,000)	795	777	1,590	777
Held through AMB Property II, L.P.:				
Series D preferred units (liquidation preference of $79,767)	1,546	1,546	3,091	3,091
Series E preferred units (liquidation preference of $11,022)	213	213	427	427
Series F preferred units (liquidation preference of $13,372)	266	395	532	790
Series G preferred units (repurchased in July 2002)	—	20	—	40
Series H preferred units (liquidation preference of $42,000)	853	853	1,706	1,706
Series I preferred units (liquidation preference of $25,500)	510	510	1,020	1,020
Total minority interests' share of net income	$16,222	$15,270	$33,700	$30,889

8. Investments in Unconsolidated Joint Ventures

The Company's unconsolidated joint ventures at June 30, 2003 (dollars in thousands) were:

Co-investment Joint Venture	Joint Venture Partner	Square Feet	Company's Ownership Percentage	Net Equity Investment
Elk Grove Du Page	Hamilton Partners	4,046,721	56%	$59,983
Pico Rivera	Majestic Realty	855,600	50%	1,351
Monte Vista Spectrum	Majestic Realty	576,852	50%	1,045
Industrial Fund I, LLC	Citigroup Alternative Investments	2,446,334	15%	4,244
Airport Logistics Park of Singapore(1)	Boustead Projects	233,773	50%	1,943
Total investment in unconsolidated JVs		8,159,280	48%	$68,566

(1) This is a development alliance joint venture

On February 19, 2003, the Company formed Industrial Fund I, LLC, a joint venture with Citigroup Global Investments Real Estate LP, LLC, a Delaware limited liability company, and certain of its private investor clients. The Company contributed $94.0 million in operating properties, consisting of 24 industrial buildings, aggregating approximately 2.4 million square feet, to Industrial Fund I, LLC in which it retained a 15% interest. The Company recognized a gain of $7.4 million on the contribution, representing the gain on the contributed properties acquired by the third-party investors.

Under the agreements governing the joint ventures, the Company and the other parties to the joint venture may be required to make additional capital contributions and, subject to certain limitations, the joint ventures may incur additional debt. As of June 30, 2003, the Company's share of unconsolidated joint venture debt was $48.5 million.

The Company also has a 0.1% unconsolidated equity interest (with an approximate 33% economic interest) in AMB Pier One, LLC, a joint venture to redevelop the Company's office space in San Francisco. The investment is not consolidated because the Company does not own a majority interest and does not exercise significant control over major operating decisions such as approval of budgets, selection of property managers, investment activity and changes in financing. The Company has an option to purchase the remaining equity interest beginning January 1, 2007, and expiring December 31, 2009, based on the fair market value as stipulated in the operating agreement.

9. Stockholders' Equity

Holders of common limited partnership units of the Operating Partnership have the right, commencing generally on or after the first anniversary of the holder becoming a limited partner of the Operating Partnership (or such other date agreed to by the Operating Partnership and the applicable unit holders), to require the Operating Partnership to redeem part or all of their common units for cash (based upon the fair market value, as defined in the partnership agreement, of an equivalent number of shares of common stock at the time of redemption) or the Operating Partnership may, in its sole and absolute discretion (subject to the limits on ownership and transfer of common stock set forth in the Company's charter), elect to have the Company exchange those common units for shares of the Company's common stock on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, issuance of certain rights, certain extraordinary distributions and similar events. The Operating Partnership presently anticipates that it will generally elect to have the Company issue shares of its common stock in exchange for common units in connection with a redemption request; however, the Operating Partnership has paid cash, and may in the future pay cash, for a redemption of common units. With each redemption or exchange, the Company's percentage ownership in the Operating Partnership will increase. Common limited partners may exercise this redemption right from time to time, in whole or in part, subject to the limitations that limited partners may not exercise this right if such exercise would result in any person actually or constructively owning shares of common stock in excess of the ownership limit or any other amount specified by the board of directors, assuming common stock was issued in the exchange. On April 16, 2003, the Operating Partnership redeemed 11,524 of its common limited partnership units for cash.

In December 2001, the Company's board of directors approved a new stock repurchase program for the repurchase of up to $100.0 million worth of common and preferred stock. In December 2002, the Company's board of directors increased the repurchase program to $200.0 million. The new stock repurchase program expires in December 2003 and, as of June 30, 2003, $110.0 million of repurchase capacity remained under the Company's stock repurchase program. In January 2003, the Company repurchased and retired 787,800 shares of its common stock for an aggregate purchase price of $20.6 million, including commissions.

On June 23, 2003, the Company issued and sold 2,000,000 shares of 6.5% Series L Cumulative Redeemable Preferred Stock at a price of $25.00 per share. Dividends are cumulative from the date of issuance and payable quarterly in arrears at a rate per share equal to $1.625 per annum. The series L preferred stock is redeemable by the Company on or after June 23, 2008, subject to certain conditions, for cash at a redemption price equal to $25.00 per share, plus accumulated and unpaid dividends thereon, if any, to the redemption date. The Company contributed the net proceeds of $48.4 million to the Operating Partnership, and in exchange, the Operating Partnership issued to the Company 2,000,000 6.5% Series L Cumulative Redeemable Preferred Units. The Operating Partnership used the proceeds, in addition to proceeds previously contributed to the Operating Partnership from other equity issuances, to redeem its 8.5% Series A Cumulative Redeemable Preferred Units from the Company on July 28, 2003. The Company, in turn, used those proceeds to redeem its 8.5% Series A Cumulative Redeemable Preferred Stock at $25.00 per share, and the Company also paid all accumulated and unpaid dividends thereon, to the redemption date.

The Company has authorized 100,000,000 shares of preferred stock for issuance, of which the following series were designated as of June 30, 2003: 4,600,000 shares of Series A preferred; 1,300,000 shares of Series B preferred; 1,595,337 shares of Series D preferred; 220,440 shares of Series E preferred; 267,439 shares of Series F preferred; 840,000 shares of Series H preferred; 510,000 shares of Series I preferred; 800,000 shares of Series J preferred; 800,000 shares of Series K preferred; and 2,300,000 shares of Series L preferred. The following table sets forth the dividends and distributions paid per share or unit:

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Paying Entity	Security	2003	2002	2003	2002
Company	Common stock	$0.415	$0.410	$0.830	$0.820
Company	Series A preferred stock	$0.531	$0.531	$1.063	$1.063
Company	Series L preferred stock	$0.036	—	$0.036	—
Operating Partnership	Common limited partnership units	$0.415	$0.410	$0.830	$0.820
Operating Partnership	Series A preferred units	$0.531	$0.531	$1.063	$1.063
Operating Partnership	Series B preferred units	$1.078	$1.078	$2.156	$2.156
Operating Partnership	Series J preferred units	$0.994	$0.994	$1.988	$1.988
Operating Partnership	Series K preferred units	$0.994	$0.994	$1.988	$0.994
Operating Partnership	Series L preferred units	$0.036	—	$0.036	—
AMB Property II, L.P.	Series D preferred units	$0.969	$0.969	$1.938	$1.938
AMB Property II, L.P.	Series E preferred units	$0.969	$0.969	$1.938	$1.938
AMB Property II, L.P.	Series F preferred units	$0.994	$0.994	$1.988	$1.988
AMB Property II, L.P.	Series G preferred units	—	$0.994	—	$1.988
AMB Property II, L.P.	Series H preferred units	$1.016	$1.016	$2.031	$2.031
AMB Property II, L.P.	Series I preferred units	$1.000	$1.000	$2.000	$2.000

10. Income Per Share

The Company's only dilutive securities outstanding for the three and six months ended June 30, 2003 and 2002, were stock options and restricted stock granted under its stock incentive plans. The effect on income per share was to increase weighted average shares outstanding. Such dilution was computed using the treasury stock method.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2003	2002	2003	2002
WEIGHTED AVERAGE COMMON SHARES				
Basic	81,015,506	83,710,208	81,060,038	83,626,889
Stock options and restricted stock	1,450,478	1,819,208	1,460,000	1,493,308
Diluted weighted average common shares	82,465,984	85,529,416	82,520,038	85,120,197

11. Segment Information

The Company operates industrial and retail properties in North America and France and manages its business both by property type and by market. Industrial properties represent more than 98% of the

Company's portfolio by rentable square feet and consist primarily of warehouse distribution facilities suitable for single or multiple customers and are typically comprised of multiple buildings that are leased to customers engaged in various types of businesses. The Company's geographic markets for industrial properties are managed separately because each market requires different operating, pricing and leasing strategies. As of June 30, 2003, the Company operated retail properties in Southeast Florida, Atlanta, Chicago, the San Francisco Bay Area, Boston and Baltimore. The Company does not separately manage its retail operations by market. Retail properties are generally leased to one or more anchor customers, such as grocery and drug stores, and various retail businesses. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based upon property net operating income of the combined properties in each segment.

The industrial domestic target markets category includes Austin, Baltimore/ Washington D.C. and Boston. The industrial domestic non-target markets category captures all of the Company's other U.S. markets, except for those markets listed individually in the table. Summary information for the reportable segments is as follows (dollars in thousands):

	Rental Revenues		Property NOI(1)	
	For the Three Months Ended June 30,		For the Three Months Ended June 30,	
Segments	2003	2002	2003	2002
Industrial domestic hub and gateway markets:				
Atlanta	$ 7,023	$ 7,415	$ 5,604	$ 5,746
Chicago	10,896	11,062	7,420	7,554
Dallas/ Fort Worth	4,184	6,625	2,728	4,642
Los Angeles	22,850	18,877	18,177	14,798
Northern New Jersey/ New York	13,520	11,175	9,215	7,376
San Francisco Bay Area	27,848	31,429	23,220	26,277
Miami	7,989	8,861	5,588	6,306
Seattle	6,660	6,539	5,209	5,253
On-Tarmac	11,381	4,874	6,218	2,650
Total industrial domestic hub markets	112,351	106,857	83,379	80,602
Total industrial domestic target markets	18,661	19,014	14,151	14,477
Total industrial domestic non-target markets	12,382	18,251	8,204	13,480
International target markets	1,273	—	942	—
Straight-line rents	1,873	2,786	1,873	2,786
Total retail markets	3,925	3,910	2,423	2,300
Discontinued operations	(2,504)	(11,694)	(1,618)	(8,192)
Total	$147,961	$139,124	$109,354	$105,453

(1) Property net operating income (NOI) is defined as rental revenue, including reimbursements, less property operating expenses, which excludes depreciation, amortization, general and administrative expenses and interest expense. For a reconciliation of NOI to net income, see the table below.

Segments	Rental Revenues For the Six Months Ended June 30, 2003	Rental Revenues For the Six Months Ended June 30, 2002	Property NOI(1) For the Six Months Ended June 30, 2003	Property NOI(1) For the Six Months Ended June 30, 2002
Industrial domestic hub and gateway markets:				
Atlanta	$ 14,268	$ 14,729	$ 11,304	$ 11,627
Chicago	22,112	22,947	15,260	15,885
Dallas/ Fort Worth	8,263	13,242	5,456	9,478
Los Angeles	45,985	37,521	36,823	29,505
Northern New Jersey/ New York	26,851	22,002	17,876	14,634
San Francisco Bay Area	60,619	61,422	51,208	51,561
Miami	16,042	17,157	11,245	12,538
Seattle	13,547	12,031	10,709	9,628
On-Tarmac	22,874	9,716	12,294	5,431
Total industrial domestic hub markets	230,561	210,767	172,175	160,287
Total industrial domestic target markets	38,993	37,782	28,960	28,863
Total industrial domestic non-target markets	27,173	38,431	18,170	27,085
International target markets	2,393	—	1,844	—
Straight-line rents	4,253	6,747	4,253	6,747
Total retail markets	7,834	9,332	5,018	5,835
Discontinued operations	(5,974)	(23,880)	(3,990)	(17,258)
Total	$305,233	$279,179	$226,430	$211,559

(1) Property net operating income (NOI) is defined as rental revenue, including reimbursements, less property operating expenses, which excludes depreciation, amortization, general and administrative expenses and interest expense. For a reconciliation of NOI to net income, see the table below.

The Company considers NOI to be an appropriate supplemental performance measure because NOI reflects the operating performance of the Company's real estate portfolio on a segment basis and the Company uses NOI to make decisions about resource allocations and to assess regional property level performance. However, NOI should not be viewed as an alternative measure of the Company's financial performance since it does not reflect general and administrative expenses, interest expense, depreciation and amortization costs, capital expenditures and leasing costs, or trends in development and construction activities that could materially impact the Company's results from operations. Further, the Company's NOI may not be comparable to that of other real estate investment trusts, as they may use different methodologies for calculating NOI. The following table is a reconciliation from NOI to reported net income:

	For the Three Months Ended June 30, 2003	For the Three Months Ended June 30, 2002	For the Six Months Ended June 30, 2003	For the Six Months Ended June 30, 2002
Property NOI	$109,354	$105,453	$226,430	$211,559
Equity in earnings of unconsolidated joint ventures	1,622	1,638	2,857	3,121
Private capital income	3,555	3,114	5,916	5,702
Interest and other income	1,549	3,330	2,942	7,312
Interest, including amortization	(36,645)	(36,484)	(73,750)	(71,177)
Depreciation and amortization	(38,094)	(29,967)	(72,893)	(57,678)
General and administrative	(12,170)	(10,762)	(24,344)	(21,831)
Total minority interests' share of income	(16,222)	(15,270)	(33,700)	(30,889)
Gains from dispositions of real estate, net	—	2,768	7,429	2,480
Total discontinued operations	5,177	5,030	36,617	10,554
Net income	$ 18,126	$ 28,850	$ 77,504	$ 59,153

	Total Gross Investment(1) As of	
	June 30, 2003	December 31, 2002
Industrial domestic hub and gateway markets:		
Atlanta	$ 267,702	$ 289,398
Chicago	387,795	370,139
Dallas/ Fort Worth	153,073	140,616
Los Angeles	833,747	760,640
Northern New Jersey/ New York	468,056	486,644
San Francisco Bay Area	832,696	828,975
Miami	357,913	305,399
Seattle	325,645	249,500
On-Tarmac	226,674	223,215
Total industrial domestic hub markets	3,853,301	3,654,526
Total industrial domestic target markets	614,657	599,165
Total industrial domestic non-target markets	439,586	585,939
International target markets	61,885	81,112
Properties held for divestiture	(76,115)	(115,175)
Total retail markets	122,700	120,415
Total investments in properties	$5,016,014	$4,925,982

(1) Includes construction in progress of $214.7 million and $132.5 million as of June 30, 2003, and December 31, 2002, respectively.

12. Commitments and Contingencies

Commitments

Lease Commitments. The Company holds: operating ground leases on land parcels at its on-tarmac facilities; leases on office spaces in San Francisco and Boston for corporate use; and a leasehold interest that it holds for investment purposes. The remaining lease terms are from one to 38 years.

Contingencies

Litigation. In the normal course of business, from time to time, the Company may be involved in legal actions relating to the ownership and operations of its properties. Management does not expect that the liabilities, if any, that may ultimately result from such legal actions will have a material adverse effect on the consolidated financial position, results of operations or cash flows of the Company.

Environmental Matters. The Company monitors its properties for the presence of hazardous or toxic substances. The Company is not aware of any environmental liability with respect to the properties that would have a material adverse effect on the Company's business, assets or results of operations. However, there can be no assurance that such a material environmental liability does not exist. The existence of any such material environmental liability would have an adverse effect on the Company's results of operations and cash flow.

General Uninsured Losses. The Company carries property and rental loss, liability, flood, environmental and terrorism insurance. The Company believes that the policy terms and conditions, limits and deductibles are adequate and appropriate under the circumstances, given the relative risk of loss, the cost of such coverage and industry practice. In addition, certain of the Company's properties are located in areas that are subject to earthquake activity; therefore, the Company has obtained limited earthquake insurance on those properties. There are, however, certain types of extraordinary losses, such as those due to acts of war that may be either uninsurable or not economically insurable. Although we have obtained coverage for certain acts of terrorism, with policy specifications and insured limits that we believe are commercially reasonable, it is not certain that we will be able to collect under such policies. Should an uninsured loss occur, the Company could lose its investment in, and anticipated profits and cash flows from, a property.

Captive Insurance Company. The Company has responded to increasing costs and decreasing coverage availability in the insurance markets by obtaining higher-deductible property insurance from third-party insurers and by forming a wholly-owned captive insurance company, Arcata National Insurance Ltd. ("Arcata") in December 2001. Arcata provides insurance coverage for all or a portion of losses below the increased deductible under the Company's third-party policies. The Company capitalized Arcata in accordance with the applicable regulatory requirements. Arcata established annual premiums based on projections derived from the past loss experience at the Company's properties. Annually, the Company engages an independent third party to perform an actuarial estimate of future projected claims, related deductibles and projected expenses necessary to fund associated risk management programs. Premiums paid to Arcata may be adjusted based on this estimate. Premiums paid to Arcata have a retrospective component, so that if expenses, including losses and deductibles, are less than premiums collected, the excess may be returned to the property owners (and, in turn, as appropriate, to the customers) and conversely, subject to certain limitations, if expenses, including losses, are greater than premiums collected, an additional premium will be charged. As with all recoverable expenses, differences between estimated and actual insurance premiums will be recognized in the subsequent year. Through this structure, the Company believes that it has more comprehensive insurance coverage at an overall lower cost than would otherwise be available in the market.

13. Subsequent Event

On July 28, 2003, the Operating Partnership redeemed all 3,995,800 of its 8.5% Series A Cumulative Redeemable Preferred Units, held by the Company for $100.2 million, including accumulated and unpaid distributions through the redemption date, and the Company redeemed all 3,995,800 shares of its 8.5% Series A Cumulative Redeemable Preferred Stock for $100.2 million, including accumulated and unpaid dividends through the redemption date.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

You should read the following discussion and analysis of our consolidated financial condition and results of operations in conjunction with the notes to consolidated financial statements. Statements contained in this discussion that are not historical facts may be forward-looking statements. Such statements relate to our future performance and plans, results of operations, capital expenditures, acquisitions, and operating improvements and costs. 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 occur or be achieved. 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:

- *changes in general economic conditions or in the real estate sector;*
- *non-renewal of leases by customers or renewal at lower than expected rent;*
- *difficulties in identifying properties to acquire and in effecting acquisitions on advantageous terms and the failure of acquisitions to perform as we expect;*
- *risks and uncertainties affecting property development and renovation (including construction delays, cost overruns, our inability to obtain necessary permits and financing);*
- *a downturn in California's economy or real estate conditions;*
- *losses in excess of our insurance coverage;*
- *our failure to divest of properties on advantageous terms or to timely reinvest proceeds from any such divestitures;*
- *unknown liabilities acquired from our predecessors or in connection with acquired properties;*
- *risks of doing business internationally, including unfamiliarity with new markets and currency risks;*
- *risks associated with using debt to fund acquisitions and development, including re-financing risks;*
- *our failure to obtain necessary outside financing;*
- *changes in local, state and federal regulatory requirements;*
- *environmental uncertainties; and*
- *our failure to qualify and maintain our status as a real estate investment trust under the Internal Revenue Code of 1986.*

Our success also depends upon economic trends generally, various market conditions and fluctuation and those other risk factors discussed in the section entitled "Business Risks" in this report. We caution you not to place undue reliance on forward-looking statements, which reflect our analysis only and speak as of the date of this report or as of the dates indicated in the statements.

Unless the context otherwise requires, the terms "we," "us" and "our" refer to AMB Property Corporation, AMB Property, L.P. and their other controlled subsidiaries, and the references to AMB Property Corporation include AMB Property, L.P. and their other controlled subsidiaries. The following marks are our registered trademarks: AMB®; Broker Alliance Partners®; Broker Alliance Program®; Customer Alliance Partners®; Customer Alliance Program®; Development Alliance Partners®; Development Alliance Program®; HTD®; High Throughput Distribution®; Institutional Alliance Partners®; Institutional Alliance Program®;

Management Alliance Partners®; Management Alliance Program®; Strategic Alliance Partners®; Strategic Alliance Programs®; UPREIT Alliance Partners®; and UPREIT Alliance Program®.

GENERAL

We commenced operations as a fully integrated real estate company effective with the completion of our initial public offering on November 26, 1997, and elected to be taxed as a real estate investment trust under Sections 856 through 860 of the Internal Revenue Code of 1986 with our initial tax return for the year ended December 31, 1997. AMB Property Corporation and AMB Property, L.P. were formed shortly before the consummation of our initial public offering.

We generate revenue primarily from rent received from customers under long-term operating leases at our properties, including reimbursements from customers for certain operating costs, and our private capital business. In addition, our growth is dependent on our ability to increase occupancy rates or increase rental rates at our properties and our ability to continue to acquire and develop additional properties. Our income would be adversely affected if a significant number of customers were unable to pay rent or if we were unable to rent our industrial space on favorable terms. Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally do not decline when circumstances cause a reduction in income from the property. Although the weak economy has decreased customer demand for new space and has limited or in some cases lowered rent growth, many types of investors are acquiring industrial real estate. We have capitalized on this opportunity by accelerating our portfolio repositioning program through the disposition of properties. While property dispositions result in reinvestment capacity and trigger gain/loss recognition, they also create near-term earnings dilution. However, we believe that, in the long-term, the repositioning of our portfolio will benefit our stockholders.

As the general partner of the operating partnership, we generally will be liable for all of the operating partnership's unsatisfied obligations other than non-recourse obligations, including the operating partnership's obligations as the general partner of the co-investment joint ventures. Any such liabilities could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

Critical Accounting Policies

Our discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We evaluate our assumptions and estimates on an on-going basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Investments in Real Estate. Investments in real estate are stated at cost unless circumstances indicate that cost cannot be recovered, in which case, the carrying value of the property is reduced to estimated fair value. Carrying values for financial reporting purposes are reviewed for impairment on a property-by-property basis whenever events or changes in circumstances indicate that the carrying value of a property may not be recoverable. Impairment is recognized when estimated expected future cash flows (undiscounted and without interest charges) are less than the carrying amount of the property. The estimation of expected future net cash flows is inherently uncertain and relies on assumptions regarding current and future market conditions and the availability of capital. If impairment analysis assumptions change, then an adjustment to the carrying amount of our long-lived assets could occur in the future period in which the assumptions change. To the extent that a property is impaired, the excess of the carrying amount of the property over its estimated fair value is charged

to earnings. We include unrealized losses resulting from the impairment of the carrying value of investments in real estate and leasehold interests that continue to be held for long-term investment in depreciation and amortization expense.

Rental Revenues. We record rental revenue from operating leases on a straight-line basis over the term of the leases and maintain an allowance for estimated losses that may result from the inability of our customers to make required payments. If customers fail to make contractual lease payments that are greater than our bad-debt reserves, security deposits and letters of credit, then we may have to recognize additional bad debt charges in future periods. Each period we review our outstanding accounts receivable, including straight-line rents, for doubtful accounts and provide allowances as needed. Historically, our bad debt expense has been between 50 and 150 basis points of total revenues.

Consolidated Joint Ventures. Minority interests represent the limited partnership interests in the operating partnership and interests held by certain third parties in several real estate joint ventures, aggregating approximately 36.7 million square feet, which are consolidated for financial reporting purposes. Such investments are consolidated because we own a majority interest or we exercise significant control over major operating decisions such as approval of budgets, selection of property managers, investment activity and changes in financing. When we contribute properties to our joint ventures, we recognize a gain on the contributed properties acquired by the third-party co-investors.

Investments in Unconsolidated Joint Ventures. We have non-controlling limited partnership interests in five separate unconsolidated joint ventures. These investments are not consolidated because we do not exercise significant control over major operating decisions such as approval of budgets, selection of property managers, investment activity and changes in financing. We account for the joint ventures using the equity method of accounting. When we contribute properties to our joint ventures, we recognize a gain representing the portion of the contributed properties acquired by the third-party investors.

Stock-based Compensation Expense. In 2002, we adopted the expense recognition provisions of Statement of Financial Accounting Standard ("SFAS") No. 123,*Accounting for Stock-Based Compensation*. We value stock options issued using the Black-Scholes option-pricing model and recognize this value as an expense over the period in which the options vest. Under this standard, recognition of expense for stock options is applied to all options granted after the beginning of the year of adoption. Prior to 2002, we followed the intrinsic method set forth in APB Opinion 25, *Accounting for Stock Issued to Employees.* The expense is included in general and administrative expenses in the accompanying consolidated statements of operations. The adoption of SFAS No. 123 is prospective and the 2002 expense relates only to stock options granted in 2002.

Real Estate Investment Trust Compliance. We elected to be taxed as a real estate investment trust under Sections 856 through 860 of the Internal Revenue Code commencing with our taxable year ended December 31, 1997. In order to qualify as a real estate investment trust, we must derive at least 95% of our gross income in any year from qualifying sources. In addition, we must pay dividends to stockholders aggregating annually at least 90% of our real estate investment trust taxable income (determined without regard to the dividends paid deduction and by excluding capital gains) and must satisfy specified asset tests on a quarterly basis. It is our current intention to adhere to these requirements and maintain our real estate investment trust status. As a real estate investment trust, we generally will not be subject to corporate level federal income tax on net income that we distribute currently to our stockholders. As such, no provision for federal income taxes has been included in the accompanying consolidated financial statements. As a real estate investment trust, we still may be subject to certain state, local and foreign taxes on our income and property and to federal income and excise taxes on our undistributed taxable income. In addition, we will be required to pay federal and state income tax on the net taxable income, if any, from the activities conducted through our taxable REIT subsidiaries.

THE COMPANY

AMB Property Corporation, a Maryland corporation, acquires, owns and operates, manages, renovates, expands and develops primarily industrial properties in key distribution markets throughout North America, Europe and Asia. We commenced operations as a fully integrated real estate company effective with the completion of our initial public offering on November 26, 1997. Increasingly, our properties are designed for customers who value the efficient movement of goods in the world's busiest distribution markets: large, supply-constrained locations with close proximity to airports, seaports and major freeway systems. We currently serve 2,590 customers in a portfolio (owned, managed or under development) totaling 1,005 buildings, encompassing approximately 96.5 million square feet (9.0 million square meters), in 30 global markets.

Through our subsidiary, AMB Property, L.P., a Delaware limited partnership, we are engaged in the acquisition, ownership, operation, management, renovation, expansion and development of primarily industrial properties in key distribution markets throughout North America, Europe and Asia. We refer to AMB Property, L.P. as the "operating partnership." As of June 30, 2003, we owned an approximate 94.4% general partnership interest in the operating partnership, excluding preferred units. As the sole general partner of the operating partnership, we have the full, exclusive and complete responsibility and discretion in the day-to-day management and control of the operating partnership.

Our investment strategy targets customers whose businesses are tied to global trade, which, according to the World Trade Organization, has grown at approximately 2.5 times the world gross domestic product (GDP) growth rate during the last 10 years. To serve the facilities needs of these customers, we invest in major markets: transportation hubs and gateways in the U.S., and targeted distribution and airport markets internationally. Our target markets are characterized by large population densities and typically offer substantial consumer bases, proximity to large clusters of distribution-facility users and significant labor pools. When measured by annual base rents, 69.3% of our assets are concentrated in eight domestic hub distribution markets: Atlanta, Chicago, Dallas/ Fort Worth, Los Angeles, Northern New Jersey/ New York City, San Francisco Bay Area, Miami and Seattle.

By focusing on an investment strategy that benefits from high customer demand and limited competition from new supply, we believe that over time our net operating income will grow and our property values will increase. We work to implement this strategy by investing in locations that have geographic or regulatory supply constraints, high barriers to entry and close proximity to large population centers, and invest in buildings with customer-preferred characteristics.

Much of our portfolio is comprised of strategically located industrial buildings in in-fill submarkets; in-fill locations are characterized by supply constraints on the availability of land for competing projects as well as physical, political or economic barriers to new development. A majority of our owned or managed buildings function as High Throughput Distribution®, or HTD® facilities; buildings designed to quickly distribute our customers' products, rather than store them. Our investment focus on HTD assets is based on the global trend toward lower inventory levels and expedited supply chains.

HTD facilities generally have a variety of characteristics that allow the rapid transport of goods from point-to-point; examples of these characteristics include numerous dock doors, shallower building depths, fewer columns, large truck courts and more space for trailer parking. These facilities function best when located in convenient proximity to transportation infrastructure such as major airports and seaports. We believe that these building characteristics represent an important success factor for time-sensitive tenants such as air express, logistics and freight forwarding companies.

As of June 30, 2003, we owned and operated (exclusive of properties that we managed for third parties) 889 industrial buildings and nine retail and other properties, totaling approximately 82.5 million rentable square feet, located in 27 markets throughout North America and in France. As of June 30, 2003, our industrial and retail properties were 91.5% and 89.9% leased, respectively. As of June 30, 2003, through our subsidiary, AMB Capital Partners, LLC, we also managed, but did not have an ownership interest in, industrial buildings and retail centers, totaling approximately 1.7 million rentable square feet. In addition, as of

June 30, 2003, we had investments in operating and development industrial buildings, totaling approximately 8.2 million rentable square feet, through unconsolidated joint ventures.

As of June 30, 2003, we had three retail centers and three industrial buildings 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.

We are self-administered and self-managed and expect that we have qualified and will continue to qualify as a real estate investment trust for federal income tax purposes beginning with the year ended December 31, 1997. As a self-administered and self-managed real estate investment trust, our own employees perform our corporate administrative and management functions, rather than our relying on an outside manager for these services. Through our Strategic Alliance Program, we have established relationships with third-party real estate management firms, brokers and developers that provide property-level administrative and management services to us. Our principal executive office is located at Pier 1, Bay 1, San Francisco, California 94111; our telephone number is (415) 394-9000. We also maintain regional offices in Boston, Massachusetts, Chicago, Illinois and Amsterdam, the Netherlands. Our Chicago office opened in July 2003. As of June 30, 2003, we employed 173 individuals, 127 at our San Francisco headquarters, 45 in our Boston office and one in our Amsterdam office. Our website address is www.amb.com. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available on our website free of charge as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. We have adopted a code of business conduct that applies to our principal executive officers, principal financial officer, principal accounting officer or controller, and persons performing similar functions, which is available free of charge on our website. We will promptly disclose on our website any amendments to, and waivers from, our code of business conduct relating to any of these specified officers.

Co-Investment Joint Ventures

Through the operating partnership, we enter into co-investment joint ventures with institutional investors. These co-investment joint ventures provide us with an additional source of capital to fund certain acquisitions, development projects and renovation projects, as well as private capital income, which enhances our returns. As of June 30, 2003, we had investments in five co-investment joint ventures with a gross book value of $1.7 billion, which are consolidated for financial reporting purposes.

Acquisition, Development and Disposition Activity

During the three months ended June 30, 2003, we invested $120.1 million in 16 operating properties, aggregating approximately 2.1 million square feet, of which we invested $116.4 million in 15 operating properties, aggregating approximately 2.0 million square feet through two of our co-investment joint ventures. During the six months ended June 30, 2003, we invested $131.0 million in 18 operating properties, aggregating approximately 2.3 million square feet, of which we invested $127.3 million in 17 operating properties, aggregating approximately 2.3 million square feet, through two of our co-investment joint ventures.

During the three months ended June 30, 2003, we stabilized two industrial buildings valued at $15.3 million, aggregating approximately 0.2 million square feet. We also initiated four new industrial development projects valued at $42.1 million, aggregating approximately 0.9 million square feet. During the six months ended June 30, 2003, we stabilized four industrial buildings valued at $27.9 million, aggregating approximately 0.4 million square feet. We also initiated eight new industrial development projects valued at $78.5 million, aggregating approximately 1.5 million square feet. During the first quarter, we acquired 438 acres of land for development in Miami's Airport West submarket for $29.7 million. The master planned park, called Beacon Lakes, is entitled for 6.8 million square feet of properties for lease or sale. We began development of the first two buildings at Beacon Lakes, which will aggregate approximately 0.4 million square feet and have an estimated investment of $19.2 million. New development projects during the six months ended June 30, 2003, included the two Beacon Lakes buildings as well as six additional projects.

As of June 30, 2003, we had in our development pipeline 16 industrial projects, which will total approximately 2.8 million square feet and have an aggregate estimated investment of $157.3 million upon completion and three development projects available for sale, which will total approximately 0.6 million square feet and have an aggregate estimated investment of $46.0 million upon completion. As of June 30, 2003, we and our partners had funded an aggregate of $133.3 million and needed to fund an estimated additional $70.0 million in order to complete current and planned projects.

During the three months ended June 30, 2003, we disposed of two industrial buildings, aggregating approximately 0.2 million rentable square feet, for an aggregate price of $15.1 million. During the six months ended June 30, 2003, we disposed of 12 industrial buildings, aggregating approximately 1.8 million rentable square feet, for an aggregate price of $142.1 million. On February 19, 2003, we also contributed $94.0 million in operating properties, consisting of 24 industrial buildings aggregating approximately 2.4 million square feet, to our newly formed co-investment joint venture with Citigroup Global Investments Real Estate LP, LLC, Industrial Fund I, LLC, in which we retained an unconsolidated 15% ownership interest.

Operating Strategy

We base our operating strategy on extensive operational and service offerings, including in-house acquisitions, development, redevelopment, asset management, leasing, finance, accounting and market research. We leverage our expertise across a large customer base and have long-standing relationships with entrepreneurial real estate management and development firms in our target markets, which we refer to as our Strategic Alliance Partners®.

We believe that real estate is fundamentally a local business and best operated by forging alliances with service providers in each target market. We believe that this strategy results in a mutually beneficial relationship as these alliance partners provide us with high-quality, local market expertise and intelligence. We, in turn, contribute value to the alliance relationship through national and global customer relationship development, industry knowledge, perspective and financial strength.

While our alliance relationships give us local market benefits, we retain flexibility to focus on our core competencies: developing and executing our strategic approach to real estate investment and management and raising private capital to finance growth and enhance returns to stockholders.

Growth Strategies

Growth Through Operations

We seek to generate internal growth through rent increases on existing space and renewals on rollover space. We do this by seeking to maintain a high occupancy rate at our properties and by seeking to control expenses by capitalizing on the economies of owning, operating and growing a large global portfolio. As of June 30, 2003, our industrial properties and retail centers were 91.5% leased and 89.9% leased, respectively. During the three and six months ended June 30, 2003, average industrial base rental rates decreased by 3.1% and 4.3%, respectively, from the expiring rent for that space, on leases entered into or renewed during the period. This amount excludes expense reimbursements, rental abatements, percentage rents and straight-line rents. During the three months ended June 30, 2003, cash-basis same-store net operating income decreased by 2.4% (2.8% including straight-line rents) on our industrial properties. During the six months ended June 30, 2003, cash-basis same-store net operating income increased by 0.7% (decreased by 0.5% including straight-line rents) on our industrial properties. Since our initial public offering in November 1997, we have experienced average annual increases in industrial base rental rates of 11.4%. While we believe that it is important to view real estate as a long-term investment, past results are not necessarily an indication of future performance.

Growth Through Acquisitions and Capital Redeployment

We believe that our significant acquisition experience, our alliance-based operating strategy and our extensive network of property acquisition sources will continue to provide opportunities for external growth.

We have forged relationships with third-party local property management firms through our Management Alliance Program®. We believe that these alliances will create acquisition opportunities, as such managers frequently market properties on behalf of sellers. Our operating structure also enables us to acquire properties through our UPREIT Alliance Program® in exchange for limited partnership units in the operating partnership, thereby enhancing our attractiveness to owners and developers seeking to transfer properties on a tax-deferred basis. In addition to acquisitions, we seek to redeploy capital from non-strategic assets into properties that better fit our current investment focus.

We are generally in various stages of negotiations for a number of acquisitions and dispositions that may include acquisitions and dispositions of individual properties, acquisitions of large multi-property portfolios and acquisitions of other real estate companies. There can be no assurance that we will consummate any of these transactions. Such transactions, if we consummate them, may be material individually or in the aggregate. Sources of capital for acquisitions may include undistributed cash flow from operations, borrowings under our unsecured credit facility, other forms of secured or unsecured debt financing, issuances of debt or equity securities by us or the operating partnership (including issuances of units in the operating partnership or its subsidiaries), proceeds from divestitures of properties, assumption of debt related to the acquired properties and private capital from our co-investment partners.

Growth Through Development

We believe that renovation and expansion of properties and development of well-located, high-quality industrial properties should continue to provide us with attractive opportunities for increased cash flow and a higher rate of return than we may obtain from the purchase of fully-leased, renovated properties. Value-added properties are typically characterized as properties with available space or near-term leasing exposure, undeveloped land acquired in connection with another property that provides an opportunity for development or properties that are well-located but require redevelopment or renovation. Value-added properties require significant management attention and capital investment to maximize their return. We believe that we have developed the in-house expertise to create value through acquiring and managing value-added properties and believe that our global market presence and expertise will enable us to continue to generate and capitalize on these opportunities. In addition to our in-house development staff, we have established strategic alliances with global and regional developers to enhance our development capabilities.

The multidisciplinary backgrounds of our employees should provide us with the skills and experience to capitalize on strategic renovation, expansion and development opportunities. Several of our officers have specific experience in real estate development, both with us and with national development firms. We generally pursue development projects in joint ventures with our Development Alliance Partners®; however, if a Development Alliance Partner® is not available for a project, then we will pursue the opportunity with our in-house development staff. This way, we leverage the development skill, access to opportunities and capital of such developers, and we eliminate the need and expense of an extensive in-house development staff. Under a typical joint venture agreement with a Development Alliance Partner, we would fund 95% of the construction costs and our partner would fund 5%; however, in certain cases we may own as little as 50% or as much as 98% of the joint venture. Upon completion, we generally would purchase our partner’s interest in the joint venture. We may also structure developments where we would own 100% of the asset with an incentive development fee to be paid upon completion to our development partner.

Growth Through Co-Investments

We co-invest with third-party partners (some of whom may be clients of AMB Capital Partners, LLC, to the extent such partners commit new investment capital) through partnerships, limited liability companies or joint ventures. We currently use a co-investment formula with each third party whereby we will own at least a 20% interest in all ventures. In general, we control all significant operating and investment decisions of our co-investment entities. We believe that our co-investment program will continue to serve as a source of capital for acquisitions and developments; however, there can be no assurance that it will continue to do so.

Growth Through Developments for Sale

The operating partnership, through its taxable REIT subsidiaries, conducts a variety of businesses that include incremental income programs, such as our development projects available for sale to third parties. Such development properties include value-added conversion projects and build-to-sell projects. As of June 30, 2003, we were developing three projects for sale to third parties.

Growth Through Global Expansion

Over the next five years, we expect to have from 12% to 15% of our assets (based on consolidated annualized base rent) invested in international markets. Our Mexican target markets currently include Mexico City, Guadalajara and Monterrey. Our European target markets currently include Paris, Amsterdam, London, Frankfurt and Madrid. Our Asian target markets currently include Singapore, Hong Kong and Tokyo. During the three months ended June 30, 2003, we earned $1.3 million in rental revenues from our Guadalajara and Paris properties. During the six months ended June 30, 2003, we earned $2.4 million in rental revenues from our Guadalajara and Paris properties and recognized a net gain of $4.9 million from the sale of a property in Mexico City. There are many factors that could cause our entry into target markets and future capital allocation to differ from our current expectations, which are discussed under the subheading "Our International Growth is Subject to Special Political and Monetary Risks" and elsewhere under the heading "Business Risks" in this report.

We believe that expansion into target international markets represents a natural extension of our well-established strategy to invest in industrial markets with high population densities, close proximity to large customer clusters and available labor pools, and major distribution centers serving the global supply chain. Our expansion strategy mirrors our domestic focus on in-fill locations, which are supply-constrained submarkets with political, economic or physical constraints to new development. Our international investments will extend our offering of High Throughput Distribution facilities for customers who value speed-to-market over storage. Specifically, we are focused on customers whose business is derived from world air-cargo flows, a sector expected to grow significantly faster than world GDP growth. In addition, our investments target major consumer distribution markets and customers.

We believe that our established customer relationships, our contacts in the air cargo and logistics industries, diligent underwriting of markets and investment considerations and our strategic alliance partnerships with knowledgeable, local-market property brokers, developers and managers will assist us in competing internationally.

RESULTS OF OPERATIONS

The analysis below includes changes attributable to acquisitions, development activity and divestitures and the changes resulting from properties that we owned during both the current and prior year reporting periods, excluding development properties prior to being stabilized (generally defined as 90% leased or 12 months after we receive a certificate of occupancy for the building). We refer to these properties as same store properties. For the comparison between the three and six months ended June 30, 2003 and 2002, same store industrial properties consisted of properties aggregating approximately 72.8 million square feet. The properties acquired during the six months ended June 30, 2003, consisted of 18 buildings, aggregating approximately 2.3 million square feet. The properties acquired during 2002 consisted of 43 buildings, aggregating approximately 5.4 million square feet. During the six months ended June 30, 2003, property divestitures and contributions consisted of 36 industrial buildings, aggregating approximately 4.2 million square feet. In 2002, property divestitures consisted of 58 industrial and two retail buildings, aggregating approximately 5.7 million square feet. Our future financial condition and results of operations, including rental revenues, may be impacted by the acquisition of additional properties and dispositions. Our future revenues and expenses may vary materially from historical results.

Occupancy levels in our industrial portfolio and rents on lease renewals and rollovers were lower in the first half of 2003 as the general contraction in business activity nationwide reduced demand for industrial

warehouse facilities. According to Torto Wheaton Research, the overall industrial market deteriorated rapidly from its peak levels at the end of 2000, when availability was 6.6%, through the second quarter of 2002, when availability reached 10.8%. Subsequently, national industrial warehouse availability has deteriorated at a more modest rate, declining an average of 18 basis points per quarter to reach 11.5% at June 30, 2003. As a result of the increase in availability, market rents for industrial properties in most markets decreased over 10%, with some markets experiencing decreases of over 25%. Over the same period, our portfolio vacancy increased from 3.6% at December 31, 2000 to 8.5% at June 30, 2003, consistent with market trends. While the level of rental rate reduction varied by market, we strove to maintain high occupancy by pricing lease renewals and new leases with sensitivity to local market conditions. In periods of decreasing rental rates, we strive to sign leases with shorter terms to prevent locking-in lower rent levels for long periods and to be prepared to sign new, longer-term leases during periods of growing rental rates. When we sign leases of shorter duration, we strive to limit overall leasing costs and capital expenditures by offering modest tenant improvement packages, consistent with the lease term. We generally followed this practice during the six months ended June 30, 2003. Occupancy in our operating industrial portfolio was 91.5% at June 30, 2003, 300 basis points greater than the overall industrial market. The impact of declining occupancy was further evidenced by decreases in rents as leases were renewed or rolled over to new customers at lower rates. Rents on industrial renewals and rollovers decreased 1.0% during 2002 and 4.3% for the six months ended June 30, 2003.

During the last four quarters, our dispositions and contributions have totaled $429.5 million, including assets in markets that no longer fit our investment strategy and properties at valuations that we consider to be at premium levels. Although these sales and contributions have diluted our near-term results, we believe they position the company for superior long-term growth and higher return on invested capital with a portfolio increasingly aligned with our investment focus and private capital model. Further, proceeds from these sales, along with our balance sheet and private capital sources, create significant capacity for future deployment. While we will continue to sell assets on an opportunistic basis, we've substantially achieved our near-term strategic disposition goals. Therefore, in the coming quarters, we expect that our net investment activity will begin to reflect the acquisition and development opportunities that we are seeing in our targeted global distribution markets.

For the Three Months Ended June 30, 2003 and 2002 (dollars in millions)

Rental Revenues	2003	2002	$ Change	% Change
Industrial:				
Same store	$127.2	$130.1	$ (2.9)	(2.2)%
2002 acquisitions	14.0	1.9	12.1	—
2003 acquisitions	0.5	—	0.5	—
Developments	3.0	1.7	1.3	—
Retail	3.9	3.9	—	—
Discontinued operations	(2.5)	(1.3)	(1.2)	—
Straight-line rents	1.9	2.8	(0.9)	(32.1)%
Total	$148.0	$139.1	$ 8.9	6.4%

The decrease in rental revenues in same store properties resulted primarily from lower average occupancies and increased bad debt expense, partially offset by an increase in lease termination fees of $1.9 million, fixed rent increases on existing leases and reimbursement of expenses. Industrial same store occupancy was 91.3% at June 30, 2003, and 94.7% at June 30, 2002. For the three months ended June 30, 2003, the same store rents decreased 3.1% on industrial renewals and rollovers (cash basis) on 3.6 million square feet leased. The 2002 acquisitions consisted of 43 buildings, aggregating approximately 5.4 million square feet. Discontinued operations includes revenues from properties held for divestiture reclassified to discontinued operations on the statements of operations netted with revenues from property divestitures not classified as discontinued operations. The decrease in straight-line rents was primarily due to write-offs associated with lease terminations.

Private Capital and Other Income	2003	2002	$ Change	% Change
Equity in earnings of unconsolidated joint ventures	$1.6	$1.6	$ —	—
Private capital income	3.6	3.1	0.5	16.1%
Interest and other income	1.5	3.3	(1.8)	(54.5)%
Total	$6.7	$8.0	$ (1.3)	(16.3)%

The decrease in interest and other income was primarily due to the repayment of a $74.0 million mortgage note in July 2002. We carried the 9.5% mortgage note secured by a retail center that we sold in September 2000 in the principal amount of $74.0 million.

Property Operating Expenses and Real Estate Taxes	2003	2002	$ Change	% Change
(Exclusive of depreciation and amortization)				
Rental expenses	$21.0	$17.1	$ 3.9	22.8%
Real estate taxes	17.6	16.6	1.0	6.0%
Property operating expenses	$38.6	$33.7	$ 4.9	14.5%
Industrial:				
Same store	$31.4	$31.9	$ (0.5)	(1.5)%
2002 acquisitions	5.1	0.3	4.8	—
2003 acquisitions	0.1	—	0.1	—
Developments	1.4	0.5	0.9	—
Retail	1.5	1.6	(0.1)	(6.3)%
Discontinued operations	(0.9)	(0.6)	(0.3)	—
Total	$38.6	$33.7	$ 4.9	14.5%

The $0.5 million decrease in same store properties' operating expenses was primarily due to a decrease in insurance expense of $0.9 million, partially offset by increases in common area maintenance expenses of $0.2 million and real estate taxes of $0.3 million. The 2002 acquisitions consisted of 43 buildings, aggregating approximately 5.4 million square feet. Discontinued operations includes expenses from properties held for divestiture reclassified to discontinued operations on the statements of operations netted with expenses from property divestitures not classified as discontinued operations.

Other Expenses	2003	2002	$ Change	% Change
Interest, including amortization	$36.6	$36.5	$ 0.1	0.3%
Depreciation and amortization	38.1	30.0	8.1	27.0%
General and administrative	12.2	10.8	1.4	13.0%
Total	$86.9	$77.3	$ 9.6	12.4%

The increase in depreciation and amortization expense was due to the impairment of investments in real estate and leasehold interests that continue to be held for long-term investment of $5.2 million and the increase in our net investment in real estate, partially offset by a reduction of $2.1 million for the recovery, through the settlement of a lawsuit, of capital expenditures paid in prior years. The increase in general and administrative expenses was due to increased stock-based compensation expense of $0.9 million and expenses to comply with new U.S. Securities and Exchange Commission rules and regulations.

For the Six Months Ended June 30, 2003 and 2002 (dollars in millions)

Rental Revenues	2003	2002	$ Change	% Change
Industrial:				
Same store	$261.5	$257.7	$ 3.8	1.5%
2002 acquisitions	28.7	3.8	24.9	—
2003 acquisitions	0.6	—	0.6	—
Developments	5.7	3.0	2.7	—
Retail	7.8	9.3	(1.5)	(16.1)%
Discontinued operations	(3.4)	(1.3)	(2.1)	—
Straight-line rents	4.3	6.7	(2.4)	(35.8)%
Total	$305.2	$279.2	$ 26.0	9.3%

The increase in rental revenues in same store properties resulted primarily from an increase in lease termination fees, fixed rent increases on existing leases and reimbursement of expenses, partially offset by lower average occupancies and increased bad debt expense. Industrial same store occupancy was 91.3% at June 30, 2003, and 94.7% at June 30, 2002. For the six months ended June 30, 2003, the same store rents decreased 4.6% on industrial renewals and rollovers (cash basis) on 8.6 million square feet leased. The 2002 acquisitions consisted of 43 buildings, aggregating approximately 5.4 million square feet. Discontinued operations includes revenues from properties held for divestiture reclassified to discontinued operations on the statements of operations netted with revenues from property divestitures not classified as discontinued operations. The decrease in straight-line rents was partially due to write-offs associated with lease terminations.

Private Capital and Other Income	2003	2002	$ Change	% Change
Equity in earnings of unconsolidated joint ventures	$ 2.9	$ 3.1	$ (0.2)	(6.5)%
Private capital income	5.9	5.7	0.2	3.5%
Interest and other income	2.9	7.3	(4.4)	(60.3)%
Total	$11.7	$16.1	$ (4.4)	(27.3)%

The decrease in interest and other income was primarily due to the repayment of a $74.0 million mortgage note in July 2002. We carried the 9.5% mortgage note secured by a retail center that we sold in September 2000 in the principal amount of $74.0 million.

Property Operating Expenses and Real Estate Taxes	2003	2002	$ Change	% Change
(Exclusive of depreciation and amortization)				
Rental expenses	$43.0	$34.2	$ 8.8	25.7%
Real estate taxes	35.8	33.4	2.4	7.2%
Property operating expenses	$78.8	$67.6	$ 11.2	16.6%
Industrial:				
Same store	$64.2	$61.8	$ 2.4	4.0%
2002 acquisitions	9.9	0.5	9.4	—
2003 acquisitions	0.1	—	0.1	—
Developments	2.9	2.3	0.6	26.1%
Retail	2.8	3.5	(0.7)	(20.0)%
Discontinued operations	(1.1)	(0.5)	(0.6)	—
Total	$78.8	$67.6	$ 11.2	16.6%

The $2.4 million increase in same store properties' operating expenses was due to increases in common area maintenance expenses, including snow removal, of $2.0 million and real estate taxes of $0.9 million, offset by a decrease in insurance expenses of $0.5 million. The 2002 acquisitions consisted of 43 buildings, aggregating approximately 5.4 million square feet. Discontinued operations includes expenses from properties held for divestiture reclassified to discontinued operations on the statements of operations netted with expenses from property divestitures not classified as discontinued operations.

Other Expenses	2003	2002	$ Change	% Change
Interest, including amortization	$ 73.8	$ 71.2	$ 2.6	3.7%
Depreciation and amortization	72.9	57.7	15.2	26.3%
General and administrative	23.3	21.8	1.5	6.9%
Total	$170.0	$150.7	$ 19.3	12.8%

The increase in depreciation and amortization expense was due to the impairment of investments in real estate and leasehold interests that continue to be held for long-term investment of $5.2 million and the increase in our net investment in real estate, partially offset by a reduction of $2.1 million for the recovery, through the settlement of a lawsuit, of capital expenditures paid in prior years. The increase in general and administrative expenses was primarily due to increased stock-based compensation expense.

LIQUIDITY AND CAPITAL RESOURCES

We currently expect that our principal sources of working capital and funding for acquisitions, development, expansion and renovation of properties will include:

- cash flow from operations;
- borrowings under our unsecured credit facility;
- other forms of secured or unsecured financing;
- proceeds from equity or debt offerings by us or the operating partnership (including issuances of limited partnership units in the operating partnership or its subsidiaries);
- net proceeds from divestitures of properties; and
- private capital from co-investment partners.

We believe that our sources of working capital, specifically our cash flow from operations, borrowings available under our unsecured credit facility and our ability to access private and public debt and equity capital, are adequate for us to meet our liquidity requirements for the foreseeable future.

Capital Resources

Property Divestitures. During the three months ended June 30, 2003, we divested ourselves of two industrial buildings for an aggregate price of $15.1 million, with a resulting net gain of $3.9 million. During the six months ended June 30, 2003, we divested ourselves of 12 industrial buildings for an aggregate price of $142.1 million, with a resulting net gain of $33.5 million. On February 19, 2003, we also contributed $94.0 million in operating properties, consisting of 24 industrial buildings, aggregating approximately 2.4 million square feet, to our newly formed unconsolidated joint venture, Industrial Fund I, LLC, with Citigroup Global Investments Real Estate LP, LLC, a Delaware limited liability company and recognized a gain of $7.4 million on the contribution.

Properties Held for Divestiture. We have decided to divest ourselves of three retail centers and three industrial buildings, which are not in our core markets or which do not meet our current strategic objectives. The divestitures of the properties are subject to negotiation of acceptable terms and other customary conditions. As of June 30, 2003, the net carrying value of the properties held for divestiture was $73.0 million.

Co-investment Joint Ventures. We consolidate the financial position, results of operations and cash flows of our five co-investment joint ventures. Our five co-investment joint ventures are engaged in the acquisition, ownership, operation, management and, in some cases, the renovation, expansion and development of industrial buildings in target markets nationwide. We consolidate these joint ventures for financial reporting purposes because we are the sole managing general partner and, as a result, control all major operating decisions.

Third-party equity interests in the joint ventures are reflected as minority interests in the consolidated financial statements. As of June 30, 2003, we owned approximately 31.0 million square feet of our properties through these five co-investment joint ventures and 5.6 million square feet of our properties through our other consolidated joint ventures. We may make additional investments through these joint ventures or new joint ventures in the future and presently plan to do so.

Our co-investment joint ventures at June 30, 2003 (dollars in thousands):

Co-investment Joint Venture	Joint Venture Partner	Our Approximate Ownership Percentage	Original Planned Capitalization(1)
AMB/Erie, L.P.	Erie Insurance Company and affiliates	50%	$ 200,000
AMB Institutional Alliance Fund I, L.P.	AMB Institutional Alliance REIT I, Inc.(2)	21%	$ 420,000
AMB Partners II, L.P.	City and County of San Francisco Employees' Retirement System	20%	$ 500,000
AMB-SGP, L.P.	Industrial JV Pte Ltd.(3)	50%	$ 425,000
AMB Institutional Alliance Fund II, L.P.	AMB Institutional Alliance REIT II, Inc.(4)	20%	$ 489,000
AMB-AMS, L.P.(5)	BPMT and TNO	39%	$ 200,000

(1) Planned capitalization is based on anticipated debt and both partners' expected equity contributions.

(2) Included 15 institutional investors as stockholders as of June 30, 2003.

(3) A subsidiary of the real estate investment subsidiary of the Government of Singapore Investment Corporation.

(4) Included 13 institutional investors as stockholders and one third-party limited partner as of June 30, 2003.

(5) AMB-AMS, L.P. is a commitment to form a co-investment partnership with two Dutch pension funds advised by Mn Services NV.

Equity. We have authorized for issuance 100,000,000 shares of preferred stock, of which the following series were designated as of June 30, 2003: 4,600,000 shares of Series A preferred; 1,300,000 shares of Series B preferred; 1,595,337 shares of Series D preferred; 220,440 shares of Series E preferred; 267,439 shares of Series F preferred; 840,000 shares of Series H preferred; 510,000 shares of Series I preferred; 800,000 shares of Series J preferred; 800,000 shares of Series K preferred; and 2,300,000 shares of Series L preferred.

On June 23, 2003, we issued and sold 2,000,000 shares of 6.5% Series L Cumulative Redeemable Preferred Stock at a price of $25.00 per share. Dividends are cumulative from the date of issuance and payable quarterly in arrears at a rate per share equal to $1.625 per annum. The series L preferred stock is redeemable by us on or after June 23, 2008, subject to certain conditions, for cash at a redemption price equal to $25.00 per share, plus accumulated and unpaid dividends thereon, if any, to the redemption date. We contributed the net proceeds of $48.4 million to the operating partnership, and in exchange, the operating partnership issued to us 2,000,000 6.5% Series L Cumulative Redeemable Preferred Units. The operating partnership used the proceeds, in addition to proceeds previously contributed to the operating partnership from other equity issuances, to redeem its 8.5% Series A Cumulative Redeemable Preferred Units from us on July 28, 2003. We, in turn, used those proceeds to redeem our 8.5% Series A Cumulative Redeemable Preferred Stock at $25.00 per share, and we also paid all accumulated and unpaid dividends thereon, to the redemption date.

In December 2001, our board of directors approved a new stock repurchase program for the repurchase of up to $100.0 million worth of our common and preferred stock. In December 2002, our board of directors increased the repurchase program to $200.0 million. The current stock repurchase program expires in December 2003 and, as of June 30, 2003, $110.0 million of repurchase capacity remained under the program. In January 2003, we repurchased 787,800 shares of our common stock for $20.6 million, including commissions. In July 2003, we repurchased 25,100 shares of our common stock for $0.7 million, including commissions.

Debt. In order to maintain financial flexibility and facilitate the deployment of capital through market cycles, we presently intend to operate with a debt-to-total market capitalization ratio (our share) of approximately 45% or less. As of June 30, 2003, our share of total debt-to-total market capitalization ratio was 34.6%. Additionally, we currently intend to manage our capitalization in order to maintain an investment grade rating on our senior unsecured debt. Regardless of these policies, our organizational documents do not limit the amount of indebtedness that we may incur. Accordingly, our management could alter or eliminate these policies without stockholder approval or circumstances could arise that could render us unable to comply with these policies.

As of June 30, 2003, the aggregate principal amount of our secured debt was $1.2 billion, excluding unamortized debt premiums of $8.2 million. Of the $1.2 billion of secured debt, $0.9 billion is secured by properties in our joint ventures. The secured debt is generally non-recourse and bears interest at rates varying from 2.7% to 12.0% per annum (with a weighted average rate of 7.2%) and final maturity dates ranging from December 2003 to June 2023. All of the secured debt bears interest at fixed rates, except for seven loans with an aggregate principal amount of $68.4 million as of June 30, 2003, which bear interest at variable rates (with a weighted average interest rate of 3.3% as of June 30, 2003). Over time, we intend to repay the secured debt on our wholly-owned assets and may prepay if market conditions warrant.

In June 1998, we issued $400.0 million of unsecured senior debt securities. Interest on the unsecured senior debt securities is payable semi-annually. The 2015 notes are putable and callable in September 2005. In August 2000, we commenced a medium-term note program and subsequently issued $400.0 million of medium-term notes with an average interest rate of 7.3%. In May 2002, the operating partnership commenced a new medium-term note program for the issuance of up to $400.0 million in principal amount of medium-term notes, which will be guaranteed by us. As of June 30, 2003, the operating partnership had issued no medium-term notes under this program.

We guarantee the operating partnership's obligations with respect to its senior debt securities. If we are unable to refinance or extend principal payments due at maturity or pay them with proceeds from other capital transactions, then our cash flow may be insufficient to pay dividends to our stockholders in all years and to repay debt upon maturity. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. This increased interest expense would adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

Credit Facilities. In December 2002, the operating partnership renewed its $500.0 million unsecured revolving line of credit. We guarantee the operating partnership's obligations under the credit facility. The credit facility matures in December 2005, has a one-year extension option and currently is subject to a 20 basis point annual facility fee. Borrowings under our credit facility currently bear interest at LIBOR plus 60 basis points. Euro borrowings under the credit facility currently bear interest at EURIBOR plus 60 basis points. Yen borrowings under the credit facility currently bear interest at the Japan LIBOR fixing plus 60 basis points. Both the facility fee and the interest rate are based on our credit rating, which is currently investment grade. However, if our credit rating falls below investment grade, then our facility fee and interest rate may increase. The credit facility includes a multi-currency component, which was amended effective July 10, 2003 to increase from $150.0 million to $250.0 million the amount that may be drawn in either British pounds sterling, Euros or Yen (provided that such currency is readily available and freely transferable and convertible to U.S. dollars, the Reuters Monitor Money Rates Service reports LIBOR for such currency in interest periods

of 1, 2, 3 or 6 months and the operating partnership has an investment grade credit rating). The operating partnership has the ability to increase available borrowings to $700.0 million by adding additional banks to the facility or obtaining the agreement of existing banks to increase their commitments. We use our unsecured credit facility principally for acquisitions and for general working capital requirements. Monthly debt service payments on our credit facility are interest only. The total amount available under our credit facility fluctuates based upon the borrowing base, as defined in the agreement governing the credit facility, generally the value of our unencumbered properties. As of June 30, 2003, the outstanding balance on our unsecured credit facility was $19.4 million and the remaining amount available was $454.6 million, net of outstanding letters of credit (excluding the $200.0 million of potential additional capacity). The outstanding balance was denominated in Euros and Yen and converted to U.S. dollars at June 30, 2003.

In July 2001, AMB Institutional Alliance Fund II, L.P. obtained a $150.0 million credit facility secured by the unfunded capital commitments of the investors in AMB Institutional Alliance REIT II, Inc. and AMB Institutional Alliance Fund II, L.P. We repaid the credit facility in April 2003 with capital contributions and secured debt financing proceeds.

Mortgage Receivable. Through a wholly-owned subsidiary, we hold a mortgage loan receivable on AMB Pier One, LLC, an unconsolidated joint venture. The note bears interest at 13.0% and matures in May 2026. As of June 30, 2003, the outstanding balance on the note was $13.1 million.

The tables below summarize our debt maturities and capitalization as of June 30, 2003 (dollars in thousands):

	Debt					
	Our Secured Debt	Joint Venture Debt	Unsecured Senior Debt Securities	Unsecured Debt	Credit Facilities	Total Debt
2003	$ 21,021	$ 9,367	$ —	$ 280	$ —	$ 30,668
2004	62,516	68,501	—	601	—	131,618
2005	44,427	59,514	250,000	647	19,420	374,008
2006	82,693	66,040	25,000	698	—	174,431
2007	14,495	43,325	75,000	752	—	133,572
2008	31,665	154,879	175,000	810	—	362,354
2009	4,147	77,032	—	873	—	82,052
2010	50,948	105,766	75,000	941	—	232,655
2011	409	179,525	75,000	1,014	—	255,948
2012	407	107,524	—	1,093	—	109,024
Thereafter	480	22,264	125,000	2,200	—	149,944
Subtotal	313,208	893,737	800,000	9,909	19,420	2,036,274
Unamortized premiums	7,710	480	—	—	—	8,190
Total consolidated debt	320,918	894,217	800,000	9,909	19,420	2,044,464
Our share of unconsolidated joint venture debt(1)	—	48,531	—	—	—	48,531
Total debt	320,918	942,748	800,000	9,909	19,420	2,092,995
Joint venture partners' share of consolidated joint venture debt	—	(558,176)	—	—	—	(558,176)
Our share of total debt	$320,918	$ 384,572	$800,000	$9,909	$19,420	$1,534,819
Weighed average interest rate	8.1%	6.9%	7.2%	7.5%	3.1%	7.2%
Weighed average maturity (in years)	3.7	6.6	6.0	11.3	2.4	5.9

(1) The weighted average interest and maturity for the unconsolidated joint venture debt were 5.9% and 6.1 years, respectively.

Market Equity

Security	Shares/Units Outstanding	Market Price	Market Value
Common stock	81,673,676	$ 28.17	$2,300,747
Common limited partnership units	4,834,863	28.17	136,198
Total	86,508,539		$2,436,945

Preferred Stock and Units

Security	Dividend Rate	Liquidation Preference	Redemption Provisions
Series A preferred stock	8.50%	$ 99,895	July 2003
Series B preferred units	8.63%	65,000	November 2003
Series D preferred units	7.75%	79,767	May 2004
Series E preferred units	7.75%	11,022	August 2004
Series F preferred units	7.95%	13,372	March 2005
Series H preferred units	8.13%	42,000	September 2005
Series I preferred units	8.00%	25,500	March 2006
Series J preferred units	7.95%	40,000	September 2006
Series K preferred units	7.95%	40,000	April 2007
Series L preferred stock	6.50%	50,000	June 2008
Weighted average/total	7.99%	$466,556	

Capitalization Ratios

Total debt-to-total market capitalization	41.9%
Our share of total debt-to-total market capitalization	34.6%
Total debt plus preferred-to-total market capitalization	51.2%
Our share of total debt plus preferred-to-total market capitalization	45.1%
Our share of total debt-to-total book capitalization	43.0%

Liquidity

As of June 30, 2003, we had $91.2 million in cash, restricted cash and cash equivalents, and $454.6 million of additional available borrowings under our credit facility. To fund acquisitions, development activities and capital expenditures, and to provide for general working capital requirements, we intend to use:

- cash flow from operations;
- borrowings under our unsecured credit facility;
- other forms of secured and unsecured financing;
- proceeds from any future debt or equity offerings by us or the operating partnership (including issuances of limited partnership units in the operating partnership or its subsidiaries);
- net proceeds from divestitures of properties; and
- private capital from our co-investment partners.

The unavailability of capital would adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

Our board of directors declared a regular cash dividend for the quarter ended June 30, 2003, of $0.415 per share of common stock and the operating partnership declared a regular cash distribution for the quarter ended June 30, 2003, of $0.415 per common unit. The dividends and distributions were payable on July 15, 2003, to stockholders and unitholders of record on July 3, 2003. The Series A, B, E, F, J, K and L preferred stock and unit dividends and distributions were payable on July 15, 2003, to stockholders and unitholders of record on July 3, 2003. The Series D, H and I preferred unit distributions were payable on June 25, 2003. The following table sets forth the dividends and distributions paid or payable per share or unit for the three and six months ended June 30, 2003 and 2002:

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Paying Entity	**Security**	**2003**	**2002**	**2003**	**2002**
AMB Property Corporation	Common stock	$0.415	$0.410	$0.830	$0.820
AMB Property Corporation	Series A preferred stock	$0.531	$0.531	$1.063	$1.063
AMB Property Corporation	Series L preferred stock	$0.036	—	$0.036	—
Operating Partnership	Common limited partnership units	$0.415	$0.410	$0.830	$0.820
Operating Partnership	Series A preferred units	$0.531	$0.531	$1.063	$1.063
Operating Partnership	Series B preferred units	$1.078	$1.078	$2.156	$2.156
Operating Partnership	Series J preferred units	$0.994	$0.994	$1.988	$1.988
Operating Partnership	Series K preferred units	$0.994	$0.994	$1.988	$0.994
Operating Partnership	Series L preferred units	$0.036	—	$0.036	—
AMB Property II, L.P.	Series D preferred units	$0.969	$0.969	$1.938	$1.938
AMB Property II, L.P.	Series E preferred units	$0.969	$0.969	$1.938	$1.938
AMB Property II, L.P.	Series F preferred units	$0.994	$0.994	$1.988	$1.988
AMB Property II, L.P.	Series G preferred units	—	$0.994	—	$1.988
AMB Property II, L.P.	Series H preferred units	$1.016	$1.016	$2.031	$2.031
AMB Property II, L.P.	Series I preferred units	$1.000	$1.000	$2.000	$2.000

The anticipated size of our distributions, using only cash from operations, will not allow us to retire all of our debt as it comes due. Therefore, we intend to also repay maturing debt with net proceeds from future debt or equity financings, as well as property divestitures. However, we may not be able to obtain future financings on favorable terms or at all. Our inability to obtain future financings on favorable terms or at all would adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

On July 14, 2003, AMB Property II, L.P. repurchased 66,300 of its series F preferred units for $3.3 million, including accrued and unpaid dividends. On July 28, 2003, the operating partnership redeemed all 3,995,800 of its series A preferred units and we redeemed all 3,995,800 shares of our outstanding 8.5% series A preferred stock for $100.2 million, including accrued and unpaid dividends.

Capital Commitments

Developments. In addition to recurring capital expenditures, which consist of building improvements and leasing costs incurred to renew or re-tenant space, as of June 30, 2003, we are developing 16 projects representing a total estimated investment of $157.3 million upon completion and three development projects available for sale representing a total estimated investment of $46.0 million upon completion. Of this total, $133.3 million had been funded as of June 30, 2003, and an estimated $70.0 million is required to complete current and planned projects. We expect to fund these expenditures with cash from operations, borrowings under our credit facility, debt or equity issuances, net proceeds from property divestitures, and private capital from co-investment partners, which could have an adverse effect on our cash flow.

Acquisitions. During the three months ended June 30, 2003, we invested $120.1 million in 16 operating industrial buildings, aggregating approximately 2.1 million rentable square feet. During the six months ended June 30, 2003, we invested $131.0 million in 18 operating industrial buildings, aggregating approximately 2.3 million rentable square feet. We generally fund our acquisitions and development and renovation projects through private capital contributions, borrowings under our credit facility, cash, debt issuances and net proceeds from property divestitures.

Co-investment Joint Ventures. Through the operating partnership, we enter into co-investment joint ventures with institutional investors. These co-investment joint ventures provide us with an additional source of capital to fund certain acquisitions, development projects and renovation projects, as well as private capital income, which enhances our returns to our stockholders. As of June 30, 2003, we may make additional capital contributions to current and planned co-investment joint ventures of up to $31.3 million. We expect to fund these contributions with cash from operations, borrowings under our credit facility, debt or equity issuances or net proceeds from property divestitures, which could have an adverse effect on our cash flow.

Captive Insurance Company. We have responded to increasing costs and decreasing coverage availability in the insurance markets by obtaining higher-deductible property insurance from third-party insurers and by forming a wholly-owned captive insurance company, Arcata National Insurance Ltd., in December 2001. Arcata National Insurance Ltd. provides insurance coverage for all or a portion of losses below the increased deductible under our third-party policies. We capitalized Arcata National Insurance Ltd. in accordance with the applicable regulatory requirements. Arcata National Insurance Ltd. established annual premiums based on projections derived from the past loss experience of our properties. Annually, we engage an independent third party to perform an actuarial estimate of future projected claims, related deductibles and projected expenses necessary to fund associated risk management programs. Premiums paid to Arcata National Insurance Ltd. may be adjusted based on this estimate. Premiums paid to Arcata National Insurance Ltd. have a retrospective component, so that if expenses, including losses and deductibles, are less than premiums collected, the excess may be returned to the property owners (and, in turn, as appropriate, to the customers) and conversely, subject to certain limitations, if expenses, including losses, are greater than premiums collected, an additional premium will be charged. As with all recoverable expenses, differences between estimated and actual insurance premiums will be recognized in the subsequent year. Through this structure, we believe that we have more comprehensive insurance coverage at an overall lower cost than would otherwise be available in the market.

Potential Unknown Liabilities. Unknown liabilities may include the following:

- liabilities for clean-up or remediation of undisclosed environmental conditions;
- claims of customers, vendors or other persons dealing with our predecessors prior to our formation transactions that had not been asserted prior to our formation transactions;
- accrued but unpaid liabilities incurred in the ordinary course of business;
- tax liabilities; and
- claims for indemnification by the officers and directors of our predecessors and others indemnified by these entities.

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet transactions, arrangements, obligations, guarantees or other relationships with unconsolidated entities or other persons that have, or are reasonably likely to have, a material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Supplemental Earning Measures

We believe that net income, as defined by U.S. GAAP, is the most appropriate earnings measure. However, we consider funds from operations, or FFO, as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), a key measure of our operating performance that is not specifically defined by U.S. GAAP. We believe FFO is an appropriate supplemental earnings measure because it is a widely recognized measure of the performance of real estate investment trusts and provides a relevant basis for comparison among real estate investment trusts. While FFO is a relevant and widely used measure of operating performance of real estate investment trusts, it does not represent cash flow from operations or net income as defined by U.S. GAAP and it should not be considered as an alternative to those indicators in evaluating liquidity or operating performance. Further, FFO as disclosed by other real estate investment trusts may not necessarily be comparable.

FFO is net income less gains from dispositions of real estate held for investment purposes and real estate-related depreciation, and adjustments to derive our pro rata share of FFO of consolidated and unconsolidated joint ventures. In accordance with the NAREIT White Paper on FFO, we include the effects of straight-line rents in FFO. Further, we do not adjust FFO to eliminate the effects of non-recurring charges.

The following table reflects the calculation of FFO for the three and six months ended June 30, (dollars in thousands) reconciled to net income, a comparable U.S. GAAP financial measure:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2003	2002(1)	2003	2002(1)
Net income	$ 18,126	$ 28,850	$ 77,504	$ 59,153
Gains from dispositions of real estate	(3,867)	(2,768)	(40,940)	(2,480)
Real estate related depreciation and amortization:				
Total depreciation and amortization	38,094	29,967	72,893	57,678
Discontinued operations' depreciation	240	2,005	614	3,969
Furniture, fixtures and equipment depreciation	(189)	(174)	(378)	(347)
Ground lease amortization(2)	—	(345)	—	(690)
Adjustments to derive FFO from consolidated joint ventures:				
Minority interests	9,834	8,869	21,017	18,635
FFO attributable to minority interests	(15,519)	(11,274)	(30,502)	(24,118)
Adjustments to derive FFO from unconsolidated joint ventures:				
Our share of net income	(1,622)	(1,638)	(2,857)	(3,121)
Our share of FFO	2,645	2,700	5,275	4,673
Preferred stock dividends	(2,195)	(2,125)	(4,318)	(4,250)
Funds from operations	$ 45,547	$ 54,067	$ 98,308	$ 109,102
FFO per common share and unit (diluted)	$ 0.52	$ 0.60	$ 1.13	$ 1.21
Weighted average common shares and units (diluted)	87,302,896	90,462,332	87,364,056	90,055,320

(1) FFO for the quarter and six months ended June 30, 2002, was adjusted for the retroactive adoption of SFAS No. 145 for the treatment of extraordinary items, resulting in a reduction of $0.1 million and $0.3 million, respectively, from previously reported FFO.

(2) In the three and six months ended June 30, 2003, and effective January 1, 2003, we discontinued our practice of deducting amortization of investments in leasehold interests from FFO as such an adjustment is not provided for in NAREIT's FFO definition. As a result, FFO for the six months ended June 30, 2003, includes an adjustment of $0.9 million to reflect the change. Had we not made the change, reported FFO per share for the quarter and six months ended June 30, 2003, would have been $0.51 and $1.11, respectively. Had we made the change effective January 1, 2002, reported FFO per share for the quarter and six months ended June 30, 2002, would have been $0.60 and $1.22, respectively.

We believe that earnings before interest, tax, depreciation and amortization, or EBITDA, is also an appropriate supplemental earnings measure that is widely used by investors and analysts. We consider EBITDA to be an appropriate supplemental measure of our performance because it permits fixed income investors to view income from operations on an unleveraged basis before the effects of non-cash depreciation expense. While EBITDA is a relevant and widely used measure of operating performance, it does not represent cash flow from operations or net income as defined by U.S. GAAP and it should not be considered as an alternative to those indicators in evaluating liquidity or operating performance. Further, EBITDA as disclosed by other companies may not be comparable.

EBITDA is net income less discontinued operations and gains from dispositions of real estate, plus minority interests' share of income, interest, depreciation, stock-based compensation amortization and adjustments to derive our pro rata share of EBITDA from unconsolidated joint ventures.

The following table reflects the calculation of EBITDA for the three and six months ended June 30, (dollars in thousands) reconciled to net income, a U.S. GAAP financial measure:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2003	2002	2003	2002
Net income	$ 18,126	$ 28,850	$ 77,504	$ 59,153
Total discontinued operations	(5,177)	(5,030)	(36,617)	(10,554)
Gains from dispositions or real estate, net of minority interests	—	(2,768)	(7,429)	(2,480)
Total minority interests' share of income	16,222	15,270	33,700	30,889
Interest, including amortization	36,645	36,484	73,750	71,177
Depreciation and amortization	38,094	29,967	72,893	57,678
Stock-based compensation amortization	2,038	1,103	3,979	1,962
Discontinued operations' EBITDA	1,618	8,192	3,990	17,258
Adjustments to derive EBITDA from unconsolidated joint ventures:				
Our share of net income	(1,622)	(1,638)	(2,857)	(3,121)
Our share of FFO	2,645	2,700	5,275	4,673
Our share of interest expense	697	638	1,274	1,163
EBITDA	$109,286	$113,768	$225,462	$227,798

The following table reflects supplemental cash flow information and recurring capital expenditures for the three and six months ended June 30, (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2003	2002	2003	2002
Straight-line rents	$ 1,873	$ 2,786	$ 4,253	$ 6,747
Our share of unconsolidated joint venture partners' net operating income	$ 3,145	$ 3,063	$ 6,213	$ 5,707
Joint venture partners' share of cash basis net operating income	$25,267	$19,657	$49,459	$39,392
Discontinued operations' net operating income, held for sale	$ 1,599	$ 1,878	$ 3,302	$ 3,998
Discontinued operations' net operating income, sold	$ 19	$ 6,314	$ 688	$13,260
Stock-based compensation amortization	$ 2,038	$ 1,103	$ 3,979	$ 1,962
Capitalized interest	$ 1,994	$ 1,633	$ 3,591	$ 3,424
Ground lease amortization	$ 925	$ 345	$ 1,908	$ 690
Recurring capital expenditures:				
Tenant improvements	$ 6,179	$ 7,017	$ 9,196	$10,936
Lease commissions and other lease costs	5,515	5,404	10,705	10,367
Building improvements	4,190	3,586	6,863	5,927
Subtotal	15,884	16,007	26,764	27,230
Joint venture partners' share of capital expenditures	(4,388)	(2,966)	(8,255)	(5,808)
Our share of recurring capital expenditures	$11,496	$13,041	$18,509	$21,422

OPERATING AND LEASING STATISTICS SUMMARY

The following table summarizes key operating and leasing statistics for all of our industrial properties as of and for the three and six months ended June 30, 2003 (dollars in thousands):

	Three Months Ended June 30, 2003	Six Months Ended June 30, 2003
Square feet owned(1)(2)	82,527,773	82,527,773
Occupancy percentage(1)	91.5%	91.5%
Weighted average lease terms:		
Original	6.0 years	6.0 years
Remaining	3.2 years	3.2 years
Tenant retention	54.0%	64.0%
Same Space Leasing Activity(3):		
Rent decreases on renewals and rollovers	(3.1)%	(4.3)%
Same space square footage commencing (millions)	3.8	9.0
Second Generation Leasing Activity:		
Tenant improvements and leasing commissions per sq. ft.:		
Renewals	$ 1.05	$ 1.17
Re-tenanted	2.41	2.03
Weighted average	$ 1.88	$ 1.56
Square footage commencing (millions)	5.1	11.3

(1) Includes all consolidated industrial operating properties and excludes industrial development and renovation projects. Excludes retail and other properties' square feet of 1,007,256, occupancy of 89.9%, and annualized base rent of $12.3 million.

(2) In addition to owned square feet as of June 30, 2003, we managed, through our subsidiary, AMB Capital Partners, LLC, approximately 1.7 million additional square feet of industrial, retail, and other properties.

We also have investments in approximately 7.9 million square feet of industrial operating properties through our investments in unconsolidated joint ventures.

(3) Consists of all second-generation leases renewing or re-tenanting with current and prior lease terms greater than one year.

The following summarizes key same store properties' operating statistics for our industrial properties as of and for the three and six months ended June 30, 2003:

	Three Months Ended June 30, 2003	Six Months Ended June 30, 2003
Square feet in same store pool(1)	72,785,038	72,785,038
% of total industrial square feet	88.2%	88.2%
Occupancy percentage at period end		
June 30, 2003	91.3%	91.3%
June 30, 2002	94.7%	94.7%
Tenant retention	53.9%	64.3%
Rent decreases on renewals and rollovers	(3.1)%	(4.6)%
Square feet leased (millions)	3.6	8.6
Growth % increase (excluding straight-line rents):		
Revenues	(2.2)%	1.5%
Expenses	(1.5)%	4.0%
Net operating income	(2.4)%	0.7%
Growth % increase (including straight-line rents):		
Revenues	(2.5)%	0.5%
Expenses	(1.5)%	4.0%
Net operating income	(2.8)%	(0.6)%

(1) The same store pool excludes properties purchased and developments stabilized after December 31, 2001.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Market risk is the risk of loss from adverse changes in market prices and interest rates. Our future earnings and cash flows are dependent upon prevailing market rates. Accordingly, we manage our market risk by matching projected cash inflows from operating, investing and financing activities with projected cash outflows for debt service, acquisitions, capital expenditures, distributions to stockholders and unitholders, and other cash requirements. The majority of our outstanding debt has fixed interest rates, which minimizes the risk of fluctuating interest rates. Our exposure to market risk includes interest rate fluctuations in connection with our credit facilities and other variable rate borrowings and our ability to incur more debt without stockholder approval, thereby increasing our debt service obligations, which could adversely affect our cash flows. As of June 30, 2003, we had no interest rate caps or swaps. See "Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital Resources — Market Capitalization."

The table below summarizes the market risks associated with our fixed and variable rated debt outstanding before unamortized debt premiums of $8.2 million as of June 30, 2003 (dollars in thousands):

	Expected Maturity Date						
	Remainder of 2003	2004	2005	2006	2007	Thereafter	Total Debt
Fixed rate debt(1)	$29,666	$97,698	$351,128	$165,649	$126,727	$1,177,609	$1,948,477
Average interest rate	7.3%	8.0%	7.3%	7.4%	7.4%	7.3%	7.4%
Variable rate debt(2)	$ 1,002	$33,920	$ 22,880	$ 8,782	$ 6,845	$ 14,368	$ 87,797
Average interest rate	3.4%	3.1%	3.5%	2.9%	2.9%	4.1%	3.4%

(1) Represents 95.7% of all outstanding debt.

(2) Represents 4.3% of all outstanding debt.

If market rates of interest on our variable rate debt increased by 10% (or approximately 30 basis points), then the increase in interest expense on the variable rate debt would be $0.3 million annually. As of June 30, 2003, the estimated fair value of our fixed rate debt was $2,189.3 million based on our estimate of current market interest rates.

As of December 31, 2002 and 2001, variable rate debt comprised 9.3% and 8.8%, respectively, of all outstanding debt. Variable rate debt was $206.1 million and $187.9 million, respectively, as of December 31, 2002 and 2001. The decrease is due to a lower outstanding balance on our credit facility and the repayment of AMB Institutional Alliance Fund II, L.P.'s credit facility. This reduction in our outstanding variable rate debt reduces our risk associated with unfavorable interest rate fluctuations.

Item 4. ***Controls and Procedures***

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer, president and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, we have investments in certain unconsolidated entities, which are accounted for using the equity method of accounting. As we do not control or manage these entities, our disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those we maintain with respect to our consolidated subsidiaries.

As of June 30, 2003, the end of the quarter covered by this report, as required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended, we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer, president and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our chief executive officer, president and chief financial officer each concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

There have been no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. ***Legal Proceedings***

As of June 30, 2003, there were no pending legal proceedings to which we are a party or of which any of our properties is the subject, the adverse determination of which we anticipate would have a material adverse effect upon our financial condition and results of operations.

Item 2. ***Changes in Securities and Use of Proceeds***

None.

Item 3. ***Defaults Upon Senior Securities***

None.

Item 4. ***Submission of Matters to a Vote of Security Holders***

We held our Annual Meeting of Stockholders on May 22, 2003, at which our stockholders voted to elect nine directors, who are listed below, to our Board of Directors to serve until the next annual meeting of stockholders and until their successors are duly elected and qualified. The stockholders' votes with respect to the election of directors were as follows:

	For	Withheld
Hamid R. Moghadam	64,345,414	341,026
W. Blake Baird	64,500,617	185,822
T. Robert Burke	38,825,325	25,861,114
David A. Cole	64,501,802	184,638
J. Michael Losh	63,695,255	991,185
Frederick W. Reid	64,495,593	190,847
Jeffrey L. Skelton, Ph.D.	64,240,996	445,444
Thomas W. Tusher	63,958,360	728,080
Caryl B. Welborn, Esq.	63,697,412	989,028

Item 5. ***Other Information***

BUSINESS RISKS

Our operations involve various risks that could have adverse consequences to us. These risks include, among others:

General Real Estate Risks

Our performance and value are subject to general economic conditions and risks associated with our real estate assets.

The yields available from equity investments in real estate depend on the amount of income earned and capital appreciation generated by the properties, as well as the expenses incurred in connection with the properties. If our properties do not generate income sufficient to meet operating expenses, including debt service and capital expenditures, then our ability to pay dividends to our stockholders could be adversely affected. In addition, there are significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) that generally do not decline when circum-

stances reduce the income from the property. Income from, and the value of, our properties may be adversely affected by:

- changes in the general economic climate;
- local conditions, such as oversupply of or a reduction in demand for industrial space;
- the attractiveness of our properties to potential customers;
- competition from other properties;
- our ability to provide adequate maintenance and insurance;
- increased operating costs;
- increased cost of compliance with regulations; and
- the potential for liability under applicable laws (including changes in tax laws).

In addition, periods of economic slowdown or recession in the United States and in other countries, rising interest rates or declining demand for real estate, or public perception that any of these events may occur, would result in a general decrease in rents or an increased occurrence of defaults under existing leases, which would adversely affect our financial condition and results of operations. Future terrorist attacks may result in declining economic activity, which could reduce the demand for and the value of our properties. To the extent that future attacks impact our customers, their businesses similarly could be adversely affected, including their ability to continue to honor their existing leases.

Our properties are concentrated predominantly in the industrial real estate sector. As a result of this concentration, we would feel the impact of an economic downturn in this sector more acutely than if our portfolio included other property types.

We may be unable to renew leases or relet space as leases expire.

As of June 30, 2003, leases on a total of 6.5% of our industrial properties (based on annualized base rent) will expire on or prior to December 31, 2003. We derive most of our income from rent received from our tenants. Accordingly, our financial condition, results of operations, cash flow and our ability to pay dividends on, and the market price of, our stock could be adversely affected if we are unable to promptly relet or renew these expiring leases, if the rental rates upon renewal or reletting are significantly lower than expected, or if our reserves for these purposes prove inadequate. If a tenant experiences a downturn in its business or other type of financial distress, then it may be unable to make timely rental payments or renew its lease. Further, our ability to rent space and the rents that we can charge are impacted, not only by customer demand, but by the number of other properties we have to compete with to appeal to tenants.

Real estate investments are relatively illiquid, making it difficult for us to respond promptly to changing conditions.

Real estate assets are not as liquid as other types of assets. Further, as a real estate investment trust, the Internal Revenue Code regulates the number of properties that we can dispose of in a year, their tax bases and the cost of improvements that we make to the properties. These limitations may affect our ability to sell properties. This lack of liquidity and the Internal Revenue Code restrictions may limit our ability to vary our portfolio promptly in response to changes in economic or other conditions and, as a result, could adversely affect our financial condition, results of operations, cash flow and our ability to pay dividends on, and the market price of, our stock.

We may be unable to consummate acquisitions on advantageous terms or acquisitions may not perform as we expect.

We acquire and intend to continue to acquire primarily industrial properties. The acquisition of properties entails various risks, including the risks that our investments may not perform as we expect, that we may be

unable to quickly and efficiently integrate our new acquisitions into our existing operations and that our cost estimates for bringing an acquired property up to market standards may prove inaccurate. Further, we face significant competition for attractive investment opportunities from other well-capitalized real estate investors, including both publicly-traded real estate investment trusts and private institutional investment funds. This competition increases as investments in real estate become increasingly attractive relative to other forms of investment. As a result of competition, we may be unable to acquire additional properties as we desire or the purchase price may be significantly elevated. In addition, we expect to finance future acquisitions through a combination of borrowings under our unsecured credit facility, proceeds from equity or debt offerings by us or the operating partnership or its subsidiaries and proceeds from property divestitures, which may not be available and which could adversely affect our cash flow. Any of the above risks could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

We may be unable to complete renovation and development projects on advantageous terms.

As part of our business, we develop new and renovate existing properties. The real estate development and renovation business involves significant risks that could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock, which include:

- we may not be able to obtain financing for development projects on favorable terms and complete construction on schedule or within budget, resulting in increased debt service expense and construction costs and delays in leasing the properties and generating cash flow;
- we may not be able to obtain, or may experience delays in obtaining, all necessary zoning, land-use, building, occupancy and other governmental permits and authorizations;
- the properties may perform below anticipated levels, producing cash flow below budgeted amounts;
- substantial renovation and new development activities, regardless of their ultimate success, typically require a significant amount of management's time and attention, diverting their attention from our day-to-day operations; and
- upon completion of construction, we may not be able to obtain, or obtain on advantageous terms, permanent financing for activities that we have financed through construction loans.

Our performance and value are impacted by the local economic conditions of and the risks associated with doing business in California.

As of June 30, 2003, our industrial properties located in California represented 29.1% of the aggregate square footage of our industrial operating properties and 32.9% of our industrial annualized base rent. Our revenue from, and the value of, our properties located in California may be affected by local real estate conditions (such as an oversupply of or reduced demand for industrial properties) and the local economic climate. Business layoffs, downsizing, industry slowdowns, changing demographics, and other factors may adversely impact California's economic climate. Because of the number of properties we have located in California, a downturn in California's economy or real estate conditions could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock. In addition, certain of our properties are subject to possible loss from seismic activity.

We may experience losses that our insurance does not cover.

We carry commercial liability, property and rental loss insurance covering all the properties that we own and manage in types and amounts that we believe are adequate and appropriate given the relative risks applicable to the property, the cost of coverage and industry practice. Certain losses, such as those due to terrorism, windstorms, floods or seismic activity, may be insured subject to certain limitations, including large deductibles or co-payments and policy limits. Although we have obtained coverage for certain acts of terrorism, with policy specifications and insured limits that we consider commercially reasonable given the cost and availability of such coverage, we cannot be certain that we will be able to renew coverage on

comparable terms or collect under such policies. In addition, there are other types of losses, such as those from riots, bio-terrorism, or acts of war, that are not generally insured in our industry because it is not economically feasible to do so. We may incur material losses in excess of insurance proceeds and we may not be able to continue to obtain insurance at commercially reasonable rates. If we experience a loss that is uninsured or that exceeds our insured limits with respect to one or more of our properties, then we could lose the capital invested in the damaged properties, as well as the anticipated future revenue from those properties and, if there is recourse debt, then we would remain obligated for any mortgage debt or other financial obligations related to the properties. Moreover, as the general partner of the operating partnership, we generally will be liable for all of the operating partnership's unsatisfied recourse obligations, including any obligations incurred by the operating partnership as the general partner of co-investment joint ventures. Any such losses could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

A number of our properties are located in areas that are known to be subject to earthquake activity, including California where, as of June 30, 2003, we had 292 industrial buildings, aggregating approximately 24.0 million square feet and representing 29.1% of our industrial operating properties based on aggregate square footage and 32.9% based on industrial annualized base rent. We carry replacement-cost earthquake insurance on all of our properties located in areas historically subject to seismic activity, subject to coverage limitations and deductibles that we believe are commercially reasonable. We evaluate our earthquake insurance coverage annually in light of current industry practice through an analysis prepared by outside consultants.

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

As of June 30, 2003, we owned approximately 44.9 million square feet of our properties through several joint ventures, limited liability companies or partnerships with third parties. Our organizational documents do not limit the amount of available funds that we may invest in partnerships, limited liability companies or joint ventures and we intend to continue to develop and acquire properties through joint ventures, limited liability companies and partnerships with other persons or entities when warranted by the circumstances. Such partners may share certain approval rights over major decisions. Partnership, limited liability company or joint venture investments involve certain risks, including:

- if our partners, co-members or joint venturers go bankrupt, then we and any other remaining general partners, members, or joint venturers would generally remain liable for the partnership's, limited liability company's, or joint venture's liabilities;

- our partners, co-members or joint venturers might have economic or other business interests or goals that are inconsistent with our business interests or goals that would affect our ability to operate the property;

- our partners, co-members or joint venturers may have the power to act contrary to our instructions, requests, policies, or objectives, including our current policy with respect to maintaining our qualification as a real estate investment trust; and

- the joint venture, limited liability and partnership agreements often restrict the transfer of a joint venturer's, member's or partner's interest or "buy-sell" or may otherwise restrict our ability to sell the interest when we desire or on advantageous terms.

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

We may be unable to complete divestitures on advantageous terms or contribute properties.

We intend to continue to divest ourselves of retail centers and industrial properties that do not meet our strategic objectives, provided that we can negotiate acceptable terms and conditions. Our ability to dispose of properties on advantageous terms depends on factors beyond our control, including competition from other sellers and the availability of attractive financing for potential buyers of our properties. If we are unable to dispose of properties on favorable terms or redeploy the proceeds of property divestitures in accordance with our investment strategy, then our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock could be adversely affected.

We also anticipate contributing or selling properties to funds and joint ventures. If we do not have sufficient properties available that meet the investment criteria of current or future property funds, or if the funds have reduced or no access to capital on favorable terms, then such contributions or sales could be delayed or prevented, adversely affecting our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

Contingent or unknown liabilities could adversely affect our financial condition.

At the time of our formation we acquired assets from our predecessor entities subject to all of their potential existing liabilities, without recourse. In addition, we have and may in the future acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities. As a result, if a liability were asserted against us based upon ownership of any of these entities or properties, then we might have to pay substantial sums to settle it, which could adversely affect our cash flow. Unknown liabilities with respect to entities or properties acquired might include:

- liabilities for clean-up or remediation of undisclosed environmental conditions;
- claims of customers, vendors or other persons dealing with our predecessors prior to the formation transactions or the former owners of the properties;
- accrued but unpaid liabilities incurred in the ordinary course of business;
- tax liabilities; and
- claims for indemnification by the general partners, officers and directors and others indemnified by our predecessors or the former owners of the properties.

Risks Associated With Our International Business

Our international growth is subject to special risks and we may not be able to effectively manage our international growth.

We have acquired and developed, and expect to continue to acquire and develop, properties in foreign countries. Because local markets affect our operations, our international investments are subject to economic fluctuations in the foreign locations in which we invest. In addition, our international operations are subject to the usual risks of doing business abroad such as revisions in tax treaties or other laws governing the taxation of our foreign revenues, restrictions on the transfer of funds, and, in certain parts of the world, property rights uncertainty and political instability. We cannot predict the likelihood that any of these developments may occur. Further, we have entered, and may in the future enter, into agreements with non-U.S. entities that are governed by the laws of, and are subject to dispute resolution in, the courts of another country or region. We cannot accurately predict whether such a forum would provide us with an effective and efficient means of resolving disputes that may arise. And even if we are able to obtain a satisfactory decision through arbitration or a court proceeding, we could have difficulty enforcing any award or judgment on a timely basis.

Further, our business has grown rapidly and continues to grow through international property acquisitions and developments. If we fail to effectively manage our international growth, then our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock could be adversely affected.

Acquired properties may be located in new markets, where we may face risks associated with investing in an unfamiliar market.

We have acquired and may continue to acquire properties in international markets that are new to us. When we acquire properties located in these markets, we may face risks associated with a lack of market knowledge or understanding of the local economy, forging new business relationships in the area and unfamiliarity with local government and permitting procedures. We work to mitigate such risks through extensive diligence and research and associations with experienced partners, however there can be no guarantee that all such risks will be eliminated.

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

We are pursuing, and intend to continue to pursue, growth opportunities in international markets. As we invest in countries where the U.S. dollar is not the national currency, we are subject to foreign currency risks from the potential fluctuations in exchange rates between the U.S. dollar and the currencies of the foreign countries in which we invest. A significant depreciation in the value of the currency of one or more foreign countries where we have a significant investment may materially affect our results of operations. We attempt to mitigate any such effects by borrowing under our multi-currency credit facility in the foreign currency of the country we are investing in and by putting in place foreign currency put option contracts. For leases denominated in foreign currencies, we may use derivative financial instruments to manage the foreign exchange risk. We cannot, however, assure you that our efforts will successfully neutralize all foreign currency risks.

Debt Financing Risks

We could incur more debt, increasing our debt service.

It is our policy to incur debt, either directly or through our subsidiaries, only if it will not cause our share of debt-to-total market capitalization ratio to exceed approximately 45%. The aggregate amount of indebtedness that we may incur under our policy increases directly with an increase in the market price per share of our capital stock. Further, our management could alter or eliminate this policy without stockholder approval. If we change this policy, then we could become more highly leveraged, resulting in an increase in debt service that could adversely affect the cash available for distribution to our stockholders.

We face risks associated with the use of debt to fund acquisitions and developments, including refinancing risk.

As of June 30, 2003, we had total debt outstanding of $2.0 billion. In addition, we guarantee the operating partnership's obligations with respect to the senior debt securities referenced in our financial statements. We are subject to risks normally associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest. We anticipate that we will repay only a small portion of the principal of our debt prior to maturity. Accordingly, we will likely need to refinance at least a portion of our outstanding debt as it matures. There is a risk that we may not be able to refinance existing debt or that the terms of any refinancing will not be as favorable as the terms of our existing debt. If we are unable to refinance or extend principal payments due at maturity or pay them with proceeds of other capital transactions, then we expect that our cash flow will not be sufficient in all years to pay dividends to our stockholders and to repay all such maturing debt. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase.

In addition, if we mortgage one or more of our properties to secure payment of indebtedness and we are unable to meet mortgage payments, then the property could be foreclosed upon or transferred to the mortgagee with a consequent loss of income and asset value. A foreclosure on one or more of our properties

could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

We are dependent on external sources of capital.

In order to qualify as a real estate investment trust, we are required each year to distribute to our stockholders at least 90% of our real estate investment trust taxable income (determined without regard to the dividends-paid deduction and by excluding any net capital gain) and are taxed on our income to the extent it is not fully distributed. Consequently, we may not be able to fund all future capital needs, including acquisition and development activities, from cash retained from operations and must rely on third-party sources of capital. Our ability to access private debt and equity capital on favorable terms or at all is dependent upon a number of factors, including, general market conditions, the market's perception of our growth potential, our current and potential future earnings and cash distributions and the market price of our capital stock.

Covenants in our debt agreements could adversely affect our financial condition.

The terms of our credit agreements and other indebtedness require that we comply with a number of customary financial and other covenants, such as maintaining debt service coverage and leverage ratios and maintaining insurance coverage. These covenants may limit flexibility in our operations, and our failure to comply with these covenants could cause a default under the applicable debt agreement even if we have satisfied our payment obligations. Further, as of June 30, 2003, we had 26 non-recourse secured loans that are cross-collateralized by 60 properties, totaling $678.9 million (not including unamortized debt premium). If we default on any of these loans, we may then be required to repay such indebtedness, together with applicable prepayment charges, to avoid foreclosure on all the cross-collateralized properties within the applicable pool. Foreclosure on our properties, or our inability to refinance our loans on favorable terms, could adversely impact our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock. In addition, our credit facilities and senior debt securities contain certain cross-default provisions, which are triggered in the event that our other material indebtedness is in default. These cross-default provisions may require us to repay or restructure the credit facilities and the senior debt securities in addition to any mortgage or other debt that is in default, which could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

Conflicts of Interest Risks

Some of our directors and executive officers are involved in other real estate activities and investments.

Some of our executive officers and directors own interests in real estate-related businesses and investments that they acquired prior to our initial public offering in 1997. These interests include minority ownership interests in Institutional Housing Partners, L.P., a residential housing finance company (Messrs. Burke and Moghadam) and Aspire Development, Inc. and Aspire Development, L.P., developers of properties not within our investment criteria (Messrs. Belmonte, Burke and Moghadam). Our executive officers' continued involvement in other real estate-related activities could divert their attention from our day-to-day operations. Our executive officers have entered into non-competition agreements with us pursuant to which they have agreed not to engage in any activities, directly or indirectly, in respect of commercial real estate, and not to make any investment in respect of any industrial or retail real estate, other than through ownership of not more than 5% of the outstanding shares of a public company engaged in such activities or through the existing investments referred to in this report. State law may limit our ability to enforce these agreements.

Certain of our executive officers and directors may have conflicts of interest with us in connection with other properties that they own or control.

As of June 30, 2003, Aspire Development, L.P. owned interests in three retail development projects in the U.S., which are individually less than 15,000 feet. In addition, Messrs. Moghadam and Burke, each a founder and director, own less than 1% interests in two partnerships that own office buildings in various markets; these interests have negligible value. Luis A. Belmonte, an executive officer, owns less than a 10% interest,

representing an estimated value of $150,000, in a limited partnership, which owns an office building located in Oakland, California.

In addition, several of our executive officers individually own:

- less than 1% interests in the stocks of certain publicly-traded real estate investment trusts; and

- certain other de minimus holdings in equity securities of real estate companies.

Thomas W. Tusher, a member of our board of directors and chair of the board's compensation committee, is a limited partner in a venture in which Messrs. Moghadam and Burke are two of three members in the controlling general partner. The venture owns an office building. Mr. Tusher owns a 20% interest in the venture and Messrs. Moghadam and Burke each have a 26.7% interest in the venture. These interests in the venture have negligible value. The venture was formed in 1985, prior to the time of our initial public offering. The property and asset management of the office building has recently been transferred from us to a third party. We are still involved in certain transitional matters relating to the property, including certain matters relating to the financing thereof.

We believe that the properties and activities set forth above generally do not directly compete with any of our properties. However, it is possible that a property in which an executive officer or director, or an affiliate of an executive officer or director, has an interest may compete with us in the future if we were to invest in a property similar in type and in close proximity to that property. In addition, our executive officers' and directors' continued involvement in these properties could divert management's attention from our day-to-day operations. We will not acquire any properties from our executive officers, directors or their affiliates unless the transaction is approved by a majority of the disinterested and independent (as defined by the rules of the New York Stock Exchange) members of our board of directors with respect to that transaction.

Our role as general partner of the operating partnership may conflict with the interests of our stockholders.

As the general partner of the operating partnership, we have fiduciary obligations to the operating partnership's limited partners, the discharge of which may conflict with the interests of our stockholders. In addition, those persons holding limited partnership units will have the right to vote as a class on certain amendments to the operating partnership's partnership agreement and individually to approve certain amendments that would adversely affect their rights. The limited partners may exercise these voting rights in a manner that conflicts with the interests of our stockholders. In addition, under the terms of the operating partnership's partnership agreement, holders of limited partnership units will have certain approval rights with respect to certain transactions that affect all stockholders but which they may not exercise in a manner that reflects the interests of all stockholders.

Risks Associated with Government Regulations

Compliance or failure to comply with the Americans with Disabilities Act and other similar regulations could result in substantial costs.

Under the Americans with Disabilities Act, places of public accommodation must meet certain federal requirements related to access and use by disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants. If we are required to make unanticipated expenditures to comply with the Americans with Disabilities Act, including removing access barriers, then our cash flow and the amounts available for dividends to our stockholders may be adversely affected. Our properties are also subject to various federal, state and local regulatory requirements, such as state and local fire and life-safety requirements. We could incur fines or private damage awards if we fail to comply with these requirements. While we believe that our properties are currently in material compliance with these regulatory requirements, the requirements may change or new requirements may be imposed that could require significant unanticipated expenditures by us that will affect our cash flow and results of operations.

The costs of compliance with environmental laws and regulations could exceed our budgets for these items.

Under various federal, state and local laws, ordinances and regulations, a current or previous owner or operator of real estate may be liable for the costs of investigation, removal or remediation of certain hazardous or toxic substances or petroleum products at, on, under or in its property. The costs of removal or remediation of such substances could be substantial. These laws typically impose liability and clean-up responsibility without regard to whether the owner or operator knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages based on personal injury, property damage, or other costs, including investigation and clean-up costs, resulting from the environmental contamination.

Environmental laws also require that owners or operators of buildings containing asbestos properly manage and maintain the asbestos, adequately inform or train those who may come into contact with asbestos and undertake special precautions, including removal or other abatement, in the event that asbestos is disturbed during building renovation or demolition. These laws may impose fines and penalties on building owners or operators who fail to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos. Some of our properties may contain asbestos-containing building materials.

In addition, some of our properties are leased or have been leased, in part, to owners and operators of businesses that use, store, or otherwise handle petroleum products or other hazardous or toxic substances, creating a potential for the release of such hazardous or toxic substances. Further, certain of our properties are on, adjacent to or near other properties that have contained or currently contain petroleum products or other hazardous or toxic substances, or upon which others have engaged, are engaged or may engage in activities that may release such hazardous or toxic substances. From time to time, we may acquire properties, or interests in properties, with known adverse environmental conditions where we believe that the environmental liabilities associated with these conditions are quantifiable and that the acquisition will yield a superior risk-adjusted return. In such an instance, we underwrite the costs of environmental investigation, clean-up and monitoring into the acquisition cost and obtain appropriate environmental insurance for the property. Further, in connection with certain divested properties, we have agreed to remain responsible for, and to bear the cost of, remediating or monitoring certain environmental conditions on the properties.

At the time of acquisition, we subject all of our properties to a Phase I or similar environmental assessments by independent environmental consultants and we may have additional Phase II testing performed upon consultant's recommendation. These environmental assessments have not revealed, and we are not aware of, any environmental liability that we believe would have a material adverse effect on our financial condition or results of operations taken as a whole. Nonetheless, it is possible that the assessments did not reveal all environmental liabilities and that there are material environmental liabilities unknown to us, or that known environmental conditions may give rise to liabilities that are greater than we anticipated. Further, our properties' current environmental condition may be affected by customers, the condition of land, operations in the vicinity of the properties (such as releases from underground storage tanks), or by unrelated third parties. If the costs of compliance with existing or future environmental laws and regulations exceed our budgets for these items, then our financial condition, results of operations, cash flow, and ability to pay dividends on, and the market price of, our stock could be adversely affected.

Federal Income Tax Risks

Our failure to qualify as a real estate investment trust would have serious adverse consequences to our stockholders.

We elected to be taxed as a real estate investment trust under Sections 856 through 860 of the Internal Revenue Code commencing with our taxable year ended December 31, 1997. We currently intend to operate so as to qualify as a real estate investment trust under the Internal Revenue Code and believe that our current organization and method of operation comply with the rules and regulations promulgated under the Internal

Revenue Code to enable us to continue to qualify as a real estate investment trust. However, it is possible that we have been organized or have operated in a manner that would not allow us to qualify as a real estate investment trust, or that our future operations could cause us to fail to qualify. Qualification as a real estate investment trust requires us to satisfy numerous requirements (some on an annual and others on a quarterly basis) established under highly technical and complex Internal Revenue Code provisions for which there are only limited judicial and administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. For example, in order to qualify as a real estate investment trust, we must derive at least 95% of our gross income in any year from qualifying sources. In addition, we must pay dividends to stockholders aggregating annually at least 90% of our real estate investment trust taxable income (determined without regard to the dividends paid deduction and by excluding capital gains) and must satisfy specified asset tests on a quarterly basis. These provisions and the applicable treasury regulations are more complicated in our case because we hold our assets through the operating partnership. Legislation, new regulations, administrative interpretations or court decisions could significantly change the tax laws with respect to qualification as a real estate investment trust or the federal income tax consequences of such qualification. However, we are not aware of any pending tax legislation that would adversely affect our ability to operate as a real estate investment trust.

If we fail to qualify as a real estate investment trust in any taxable year, then we will be required to pay federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. Unless we are entitled to relief under certain statutory provisions, we would be disqualified from treatment as a real estate investment trust for the four taxable years following the year in which we lost qualification. If we lose our real estate investment trust status, then our net earnings available for investment or distribution to stockholders would be significantly reduced for each of the years involved. In addition, we would no longer be required to make distributions to our stockholders.

Certain property transfers may generate prohibited transaction income, resulting in a penalty tax on gain attributable to the transaction.

From time to time, we may transfer or otherwise dispose of some of our properties. Under the Internal Revenue Code, any gain resulting from transfers of properties that we hold as inventory or primarily for sale to customers in the ordinary course of business would be treated as income from a prohibited transaction. We would be required to pay a 100% penalty tax on that income. Since we acquire properties for investment purposes, we believe that any transfer or disposal of property by us would not be deemed by the Internal Revenue Service to be a prohibited transaction with any resulting gain allocable to us being subject to a 100% penalty tax. However, whether property is held for investment purposes is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. The Internal Revenue Service may contend that certain transfers or disposals of properties by us are prohibited transactions. While we believe that the Internal Revenue Service would not prevail in any such dispute, if the IRS were to argue successfully that a transfer or disposition of property constituted a prohibited transaction, then we would be required to pay a 100% penalty tax on any gain allocable to us from the prohibited transaction. In addition, any income from a prohibited transaction may adversely affect our ability to satisfy the income tests for qualification as a real estate investment trust for federal income tax purposes.

Risks Associated With Our Dependence on Key Personnel

We depend on the efforts of our executive officers. While we believe that we could find suitable replacements for these key personnel, the loss of their services or the limitation of their availability could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock. We do not have employment agreements with any of our executive officers.

Risks Associated with Ownership of Our Stock

Limitations in our charter and bylaws could prevent a change in control.

Certain provisions of our charter and bylaws may delay, defer, or prevent a change in control or other transaction that could provide the holders of our common stock with the opportunity to realize a premium over the then-prevailing market price for the common stock. To maintain our qualification as a real estate investment trust for federal income tax purposes, not more than 50% in value of our outstanding stock may be 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 a taxable year after the first taxable year for which a real estate investment trust election is made. Furthermore, our common stock must be held by a minimum of 100 persons for at least 335 days of a 12-month taxable year (or a proportionate part of a short tax year). In addition, if we, or an owner of 10% or more of our stock, actually or constructively owns 10% or more of one of our customers (or a tenant of any partnership in which we are a partner), then the rent received by us (either directly or through any such partnership) from that tenant will not be qualifying income for purposes of the real estate investment trust gross income tests of the Internal Revenue Code. To help us maintain our qualification as a real estate investment trust for federal income tax purposes, we prohibit the ownership, actually or by virtue of the constructive ownership provisions of the Internal Revenue Code, by any single person of more than 9.8% (by value or number of shares, whichever is more restrictive) of the issued and outstanding shares of our common stock or of the issued and outstanding shares of our Series L preferred stock, and we also prohibit the ownership, actually or constructively, of any shares of our other preferred stock by any single person so that no such person, taking into account all of our stock so owned by such person, may own in excess of 9.8% of our issued and outstanding capital stock. We refer to this limitation as the "ownership limit". Shares acquired or held in violation of the ownership limit will be transferred to a trust for the benefit of a designated charitable beneficiary. Any person who acquires shares in violation of the ownership limit will not be entitled to any dividends on the shares or be entitled to vote the shares or receive any proceeds from the subsequent sale of the shares in excess of the lesser of the price paid for the shares or the amount realized from the sale. A transfer of shares in violation of the above limits may be void under certain circumstances. The ownership limit may have the effect of delaying, deferring, or preventing a change in control and, therefore, could adversely affect our stockholders' ability to realize a premium over the then-prevailing market price for the shares of our common stock in connection with such transaction.

Our charter authorizes us to issue additional shares of common and preferred stock and to establish the preferences, rights and other terms of any series or class of preferred stock that we issue. Although our board of directors has no intention to do so at the present time, it could establish a series or class of preferred stock that could have the effect of delaying, deferring, or preventing a transaction, including a change in control, that might involve a premium price for the common stock or otherwise be in the best interests of our stockholders.

Our charter and bylaws and Maryland law also contain other provisions that may impede various actions by stockholders without approval of our board of directors, which in turn may delay, defer, or prevent a transaction, including a change in control. Those provisions in our charter and bylaws include:

- directors may be removed only for cause and only upon a two-thirds vote of stockholders;
- our board can fix the number of directors within set limits (which limits are subject to change by our board), and fill vacant directorships upon the vote of a majority of the remaining directors, even though less than a quorum, or in the case of a vacancy resulting from an increase in the size of the board, a majority of the entire board;
- stockholders must give advance notice to nominate directors or propose business for consideration at a stockholders' meeting; and
- the request of the holders of 50% or more of our common stock is necessary for stockholders to call a special meeting.

Those provisions provided for under Maryland law include:

- a two-thirds vote of stockholders is required to amend our charter; and
- stockholders may only act by written consent with the unanimous approval of all stockholders entitled to vote on the matter in question.

In addition, our board could elect to adopt, without stockholder approval, certain other provisions under Maryland law that may impede a change in control.

Various market conditions affect the price of our stock.

As with other publicly-traded equity securities, the market price of our stock will depend upon various market conditions that are not within our control and may change from time to time, including:

- the extent of investor interest in us;
- the general reputation of real estate investment trusts and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate-based companies);
- general stock and bond market conditions, including changes in interest rates on fixed income securities, that may lead prospective purchasers of our stock to demand a higher annual yield from future dividends; and
- terrorist activity may adversely affect the markets in which our securities trade, possibly increasing market volatility and causing the further erosion of business and consumer confidence and spending.

Other factors such as governmental regulatory action and changes in tax laws could also have a significant impact on the future market price of our stock.

Earnings and cash dividends, asset value and market interest rates affect the price of our stock.

As a real estate investment trust the market value of our equity securities, in general, is based primarily upon the market's perception of our growth potential and our current and potential future earnings and cash dividends. Our equity securities' market value is based secondarily upon the market value of our underlying real estate assets. For this reason, shares of our stock may trade at prices that are higher or lower than our net asset value per share. To the extent that we retain operating cash flow for investment purposes, working capital reserves, or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our stock. Our failure to meet the market's expectations with regard to future earnings and cash dividends likely would adversely affect the market price of our stock. Further, the distribution yield on the stock (as a percentage of the price of the stock) relative to market interest rates may also influence the price of our stock. An increase in market interest rates might lead prospective purchasers of our stock to expect a higher distribution yield, which would adversely affect our stock's market price. Additionally, if the market price of our stock declines significantly, then we might breach certain covenants with respect to our debt obligations, which could adversely affect our liquidity and ability to make future acquisitions and our ability to pay dividends to our stockholders.

If we issue additional securities, then the investment of existing stockholders will be diluted.

We have authority to issue shares of common stock or other equity or debt securities, and to cause the operating partnership to issue limited partnership units, in exchange for property or otherwise. Existing stockholders have no preemptive right to acquire any additional securities issued by the operating partnership or us and any issuance of additional equity securities could result in dilution of an existing stockholder's investment.

We could change our investment and financing policies without a vote of stockholders.

Subject to our current investment policy to maintain our qualification as a real estate investment trust (unless a change is approved by our board of directors under certain circumstances), our board of directors determines our investment and financing policies, our growth strategy and our debt, capitalization, distribution and operating policies. Although our board of directors does not presently intend to revise or amend these strategies and policies, they may do so at any time without a vote of stockholders. Any such changes may not serve the interests of all stockholders and could adversely affect our financial condition or results of operations, including our ability to pay dividends to our stockholders.

Shares available for future sale could adversely affect the market price of our common stock.

The operating partnership had 4,834,863 common limited partnership units issued and outstanding as of June 30, 2003, which may be exchanged generally one year after their issuance on a one-for-one basis into shares of our common stock. In the future, the operating partnership may issue additional limited partnership units, and we may issue shares of common stock, in connection with the acquisition of properties or in private placements. These shares of common stock and the shares of common stock issuable upon exchange of limited partnership units may be sold in the public securities markets over time, pursuant to registration rights that we have granted, or may grant in connection with future issuances, or pursuant to Rule 144. In addition, common stock issued under our stock option and incentive plans may also be sold in the market pursuant to registration statements that we have filed or pursuant to Rule 144. As of June 30, 2003, under our stock option and incentive plans, we had reserved 16,904,210 shares of common stock for issuance (not including shares that we have already issued), had granted options to purchase 10,421,375 shares of common stock (excluding forfeitures and 1,081,211 shares that we have issued upon the exercise of options) and had granted 964,579 restricted shares of common stock (excluding 51,852 shares that have been forfeited). Future sales of a substantial number of shares of our common stock in the market or the perception that such sales might occur could adversely affect the market price of our common stock. Further, the existence of the operating partnership's limited partnership units and the shares of our common stock reserved for issuance upon exchange of limited partnership units and the exercise of options, and registration rights referred to above, may adversely affect the terms upon which we are able to obtain additional capital through the sale of equity securities.

Item 6. ***Exhibits and Reports on Form 8-K***

(a) *Exhibits:*

Exhibit Number	Description
3.1	Articles Supplementary establishing and fixing the rights and preferences of the 6.5% Series L Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on June 20, 2003).
3.2	Form of certificate for 6 1/2% Series L Cumulative Redeemable Preferred Stock of AMB Property Corporation (incorporated by reference to Exhibit 4.2 of AMB Property Corporation's Form 8-K filed on June 20, 2003).
10.1	Eighth Amended and Restated Agreement of Limited Partnership of AMB Property, L.P. dated as of July 28, 2003.
10.2	First Amendment to the Eleventh Amended and Restated Agreement of Limited Partnership of AMB Property II, L.P. dated as of July 14, 2003.
10.3	Amendment to Amended and Restated Credit Agreement dated June 10, 2003, by and among AMB Property, L.P., the banks listed therein, JP Morgan Chase Bank, as administrative agent, Bank of America, N.A., as syndication agent, and Bank One, N.A., Commerzbank, A.G., New York and Grand Cayman Branches, and Wachovia Bank, as documentation agent.
31.1	Rule 13a-14(a)/15d-14(a) Certifications dated August 12, 2003.

Exhibit Number	Description
32.1	18 U.S.C. § 1350 Certifications dated August 12, 2003. The certifications in this exhibit are being furnished solely to accompany this report pursuant to 18 U.S.C. § 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any of our filings, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

(b) *Reports on Form 8-K:*

- AMB Property Corporation filed a Current Report on Form 8-K on April 8, 2003, in connection with its first quarter 2003 earnings release.
- AMB Property Corporation filed a Current Report on Form 8-K on June 20, 2003, in connection with the issuance of its Series L Preferred Stock.
- AMB Property Corporation filed a Current Report on Form 8-K on June 24, 2003, in connection with the redemption of its Series A Preferred Stock and the issuance of its Series L Preferred Stock.
- AMB Property Corporation filed a Current Report on Form 8-K on July 9, 2003, in connection with its second quarter 2003 earnings release.

SIGNATURES

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

AMB PROPERTY CORPORATION
Registrant

By: /s/ HAMID R. MOGHADAM

Hamid R. Moghadam
Chairman of the Board and
Chief Executive Officer
(Duly Authorized Officer and
Principal Executive Officer)

By: /s/ W. BLAKE BAIRD

W. Blake Baird
President and Director
(Duly Authorized Officer)

By: /s/ MICHAEL A. COKE

Michael A. Coke
Chief Financial Officer and
Executive Vice President
(Duly Authorized Officer and Principal
Financial and Accounting Officer)

Date: August 12, 2003

EIGHTH AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

AMB PROPERTY, L.P.

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EIGHTH AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

AMB PROPERTY, L.P.

THIS EIGHTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP, dated as of July 28, 2003, is entered into by and among AMB Property Corporation, a Maryland corporation (the "Company"), as the General Partner, and the Persons whose names are set forth on Exhibit A attached hereto, as the Limited Partners (the "Existing Limited Partners"), together with any other Persons who become Partners in the Partnership as provided herein.

WHEREAS, pursuant to Section 7.3D(ii), the Partnership Agreement may be amended by the General Partner to reflect the termination of or reduction in Partnership Interests or the withdrawal of Partners;

WHEREAS, on the date hereof, the Partnership has redeemed all of the outstanding Series A Preferred Units from the Series A Limited Partner pursuant to the terms and provisions of the Series A Preferred Units as set forth in the Partnership Agreement; and

WHEREAS, the General Partner and the Partnership believe it is desirable and in the best interest of the Partnership to amend and restate the Partnership Agreement to reflect the elimination of the Series A Preferred Units and as set forth herein.

NOW, THEREFORE, pursuant to Sections 2.4 and 7.3D(ii) and (iii) of the Partnership Agreement, the General Partner, on its own behalf and as attorney-in-fact for the Limited Partners, hereby amends and restates the Partnership Agreement as follows:

ARTICLE 1.
DEFINED TERMS AND RULES OF CONSTRUCTION

Section 1.1.Definitions

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"Act" means the Delaware Revised Uniform Limited Partnership Act, as it may be amended from time to time, and any successor to such statute.

"Additional Funds" shall have the meaning set forth in Section 4.3.A.

"Additional Limited Partner" means a Person admitted to the Partnership as a Limited Partner pursuant to Section 12.2 and who is shown as such on the books and records of the Partnership.

"Adjusted Capital Account Deficit" means, with respect to any Partner, the deficit balance, if any, in such Partner's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(i) decrease such deficit by any amounts which such Partner is obligated to restore pursuant to this Agreement or is deemed to be obligated to restore pursuant to Regulations Section

1.704-1(b)(2)(ii)(c) or the penultimate sentence of each of Regulations Sections 1.704-2(i)(5) and 1.704-2(g); and

(ii) increase such deficit by the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjustment Date" shall have the meaning set forth in Section 4.3.E.

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such Person.

"Agreed Value" means (i) in the case of any Contributed Property set forth in Exhibit A and as of the time of its contribution to the Partnership, the Agreed Value of such property as set forth in Exhibit A; (ii) in the case of any Contributed Property not set forth in Exhibit A and as of the time of its contribution to the Partnership, the fair market value of such property or other consideration as determined by the General Partner, reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed; and (iii) in the case of any property distributed to a Partner by the Partnership, the fair market value of such property as determined by the General Partner at the time such property is distributed, reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject at the time of the distribution as determined under Section 752 of the Code and the Regulations thereunder.

"Agreement" means this Eighth Amended and Restated Agreement of Limited Partnership, as it may be amended, modified, supplemented or restated from time to time.

"Appraisal" means with respect to any assets, the opinion of an independent third party experienced in the valuation of similar assets, selected by the General Partner in good faith; such opinion may be in the form of an opinion by such independent third party that the value for such asset as set by the General Partner is fair, from a financial point of view, to the Partnership.

"Assignee" means a Person to whom one or more Partnership Units have been transferred in a manner permitted under this Agreement, but who has not become a Substituted Limited Partner, and who has the rights set forth in Section 11.5.

"Available Cash" means, with respect to any period for which such calculation is being made, (i) the sum of:

(a) the Partnership's Net Income or Net Loss (as the case may be) for such period,

(b) Depreciation and all other noncash charges deducted in determining Net Income or Net Loss for such period,

(c) the amount of any reduction in reserves of the Partnership referred to in clause (ii)(f) below (including, without limitation, reductions resulting because the General Partner determines such amounts are no longer necessary),

(d) the excess of the net proceeds from the sale, exchange, disposition, or refinancing of Partnership property for such period over the gain (or loss, as the case may be) recognized from any such sale, exchange, disposition, or refinancing during such period (excluding Terminating Capital Transactions), and

(e) all other cash received by the Partnership for such period that was not included in determining Net Income or Net Loss for such period;

(ii) less the sum of:

(a) all principal debt payments made during such period by the Partnership,

(b) capital expenditures made by the Partnership during such period,

(c) investments in any entity (including loans made thereto) to the extent that such investments are not otherwise described in clauses (ii)(a) or (b),

(d) all other expenditures and payments not deducted in

determining Net Income or Net Loss for such period,

(e) any amount included in determining Net Income or Net Loss for such period that was not received by the Partnership during such period,

(f) the amount of any increase in reserves established during such period which the General Partner determines are necessary or appropriate in its sole and absolute discretion, and

(g) the amount of any working capital accounts and other cash or similar balances which the General Partner determines to be necessary or appropriate in its sole and absolute discretion.

Notwithstanding the foregoing, Available Cash shall not include any cash received or reductions in reserves, or take into account any disbursements made or reserves established, after commencement of the dissolution and liquidation of the Partnership.

"Board of Directors" means the Board of Directors of the General Partner.

"Business Day" means each day, other than a Saturday or a Sunday, which is not a day on which banking institutions in Los Angeles, California or New York, New York are authorized or required by law, regulation or executive order to close.

"Capital Account" means, with respect to any Partner, the Capital Account maintained for such Partner in accordance with the following provisions:

(i) To each Partner's Capital Account there shall be added such Partner's Capital Contributions, such Partner's share of Net Income and any items in the nature of income or gain which are specially allocated pursuant to Section 6.3, and the amount of any Partnership liabilities assumed by such Partner or which are secured by any property distributed to such Partner.

(ii) From each Partner's Capital Account there shall be subtracted the amount of cash and the Gross Asset Value of any property distributed to such Partner pursuant to any provision of this Agreement, such Partner's distributive share of Net Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 6.3 hereof, and the amount of any liabilities of such Partner assumed by the Partnership or which are secured by any property contributed by such Partner to the Partnership.

(iii) In the event any interest in the Partnership is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(iv) In determining the amount of any liability for purposes of subsections (i) and (ii) hereof, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

(v) The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Sections 1.704-1(b) and 1.704-2, and shall be interpreted and applied in a manner consistent with such Regulations. In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Partnership, the General Partner, or the Limited Partners) are computed in order to comply with such Regulations, the General Partner may make such modification; provided that, it is not likely to have a material effect on the amounts distributable to any Person pursuant to Article 13 of this Agreement upon the dissolution of the Partnership. The General Partner also shall (a) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q) and (b) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b) or Section 1.704-2.

"Capital Contribution" means, with respect to any Partner, the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Partnership by such Partner.

"Cash Amount" means, with respect to any Partnership Units subject to a Redemption, an amount of cash equal to the Deemed Partnership Interest Value attributable to such Partnership Units.

"Certificate" means the Certificate of Limited Partnership relating to the Partnership filed in the office of the Secretary of State of Delaware, as amended from time to time in accordance with the terms hereof and the Act.

"Charter" means the Company's Articles of Incorporation as of November 24, 1997, as amended by the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on July 23, 1998, as further amended by the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on November 12, 1998, as further amended by the Articles Supplementary filed by the Corporation on November 25, 1998, as further amended by the Certificate of Correction filed by the Corporation on March 18, 1999, as further amended by the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on May 5, 1999, as further amended by the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on August 31, 1999, as further amended by the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on March 23, 2000, as further amended by the Articles Supplementary with the Maryland Department of Assessments and Taxation on August 30, 2000, as further amended by the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on September 1, 2000, as further amended by the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on March 21, 2001, as further amended by the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on September 24, 2001, as further amended by the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on December 6, 2001, as further amended by the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on April 17, 2002, as further amended by the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on August 7, 2002 Redesignating and Reclassifying All 20,000 Shares of 7.95% Series G Cumulative Redeemable Preferred Stock as Preferred Stock, as further amended by the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on August 7, 2002 Redesignating and Reclassifying 130,000 Shares of 7.95% Series F Cumulative Redeemable Preferred Stock as Preferred Stock, as further amended by the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on June 20, 2003, and as further amended or restated from time to time.

"Code" means the Internal Revenue Code of 1986, as amended from time to time or any successor statute thereto, as interpreted by the applicable regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"Common Unit" means each Partnership Unit that is not entitled to any preference with respect to any other Partnership Unit as to distribution or voluntary or involuntary liquidation, dissolution or winding up of the Partnership.

"Consent" means the consent to, approval of, or vote on a proposed action by a Partner given in accordance with Article 14 hereof.

"Consent of the Limited Partners" means the Consent of a Majority in Interest of the Limited Partners, other than the Preferred Limited Partners, which Consent shall be obtained prior to the taking of any action for which it is required by this Agreement and may be given or withheld by a Majority in Interest of the Limited Partners, unless otherwise expressly provided herein, in their sole and absolute discretion.

"Consent of the Partners" means the Consent of Partners, other than the Preferred Limited Partners, holding Percentage Interests that in the aggregate are equal to or greater than a majority of the aggregate Percentage Interests of all Partners, other than the Preferred Limited Partners, which Consent shall be obtained prior to the taking of any action for which it is required by this Agreement and may be given or withheld by such Partners, in their sole and absolute discretion.

"Constructively Own" means ownership under the constructive ownership rules described in Exhibit C.

"Contributed Property" means each property or other asset, in such form as may be permitted by the Act, but excluding cash, contributed or deemed contributed to the Partnership (or, to the extent provided in applicable regulations, deemed contributed by the Partnership on termination and reconstitution thereof pursuant to Section 708 of the Code).

"Debt" means, as to any Person, as of any date of determination: (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services; (ii) all amounts owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments guaranteeing payment or other performance of obligations by such Person; (iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person's interest in such property, even though such Person has not assumed or

become liable for the payment thereof; and (iv) lease obligations of such Person which, in accordance with generally accepted accounting principles, should be capitalized.

"Deemed Partnership Interest Value" means, as of any date with respect to any class of Partnership Interests, the Deemed Value of the Partnership Interests of such class multiplied by the applicable Partner's Percentage Interest of such class.

"Deemed Value of the Partnership Interests" means, as of any date with respect to any class or series of Partnership Interests, (i) the total number of Partnership Units of the General Partner in such class or series of Partnership Interests (as provided for in Sections 4.1 and 4.3.C) issued and outstanding as of the close of business on such date multiplied by the Fair Market Value determined as of such date of a share of capital stock of the General Partner which corresponds to such class or series of Partnership Interests, as adjusted pursuant to Section 7.5 (in the event the General Partner acquires material assets, other than on behalf of the Partnership) and for stock dividends and distributions, stock splits and subdivisions, reverse stock splits and combinations, distribution of warrants or options and distributions of evidences of indebtedness or assets not received by the General Partner pursuant to a pro rata distribution by the Partnership; (ii) divided by the Percentage Interest of the General Partner in such class or series of Partnership Interests on such date; provided, that if no outstanding shares of capital stock of

the General Partner correspond to a class of series of Partnership Interests, the Deemed Value of the Partnership Interests with respect to such class or series shall be equal to an amount reasonably determined by the General Partner.

"Depreciation" means, for each fiscal year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for Federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the Federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the Federal income tax depreciation, amortization or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the General Partner.

"Effective Date" means the date of closing of the initial public offering of REIT Shares upon which date contributions set forth on Exhibit A shall become effective.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Escrow Agreements" means one or more of the agreements between the Company, the Partnership and one or more of the Performance Investors, dated as of the closing of the date of the initial public offering of the common stock of the General Partner, pursuant to which the Performance Investors have deposited their Performance Shares in escrow for possible transfer to the General Partner or the Partnership (as applicable).

"Excess Performance Capital" means, with respect to a Performance Partner, an amount equal to the number of Partnership Units held by such Performance Partner, multiplied by the excess of (i) the Capital Account per Partnership Unit for such Performance Partner; over (ii) the Capital Account per Partnership Unit for a Limited Partner which is not a PLP or a Performance Partner. For purposes of (ii) above, it shall be assumed that the Limited Partner has no special arrangements with the Partnership, other than as set forth in this Agreement, which would cause its Capital Account per Partnership Unit to be different from the Capital Account per Partnership Unit of other Limited Partners who are not Performance Partners or PLPs. If the Partner described in (ii) above does not exist, the amount used for purposes of (ii) shall be the projected Capital Account balance per Partnership Unit for such Partner, determined in the reasonable discretion of the General Partner. For purposes of this definition, to the extent the Capital Account of a Partner which owns both Common Units and Preference Units is being considered, such Capital Account shall be equal to such Partner's Capital Account determined without regard to the adjustments arising from or as a result of the acquisition or ownership of Preference Units by such Partner.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

"Fair Market Value" means, with respect to any share of capital stock of the General Partner, the average of the daily market price for the ten (10) consecutive trading days

immediately preceding the date with respect to which "Fair Market Value" must be determined hereunder or, if such date is not a Business Day, the immediately preceding Business Day. The market price for each such trading day shall be (i) if such shares are listed or admitted to trading on any securities exchange or the Nasdaq National Market, the closing price, regular way, on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices on such day, (ii) if such shares are not listed or admitted to trading on any securities exchange or the Nasdaq National Market, the last reported sale price on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reliable quotation source designated by the General Partner or (iii) if such shares are not listed or admitted to trading on any securities exchange or the Nasdaq National Market and no such last reported sale price or closing bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reliable quotation source designated by the General Partner, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than ten (10) days prior to the date in question) for which prices have been so reported; provided, that if there are no bid and asked prices reported during the ten (10) days prior to the date in question, the Fair Market Value of such shares shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate. In the event the REIT Shares Amount for such shares includes rights that a holder of such shares would be entitled to receive, then the Fair Market Value of such rights shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate; provided, that in connection with determining the Deemed Value of the Partnership Interests for purposes of determining the number of additional Partnership Units issuable upon a Capital Contribution funded by an underwritten public offering of shares of capital stock of the General Partner, the Fair Market Value of such shares shall be the public offering price per share of such class of capital stock sold. Notwithstanding the foregoing, the General Partner in its reasonable discretion may use a different "Fair Market Value" for purposes of making the determinations under subparagraph (ii) of the definition of "Gross Asset Value" and Section 4.3.E. in connection with the contribution of Property to the Partnership by a third-party, provided such value shall be based upon the value per REIT Share (or per Partnership Unit) agreed upon by the General Partner and such third-party for purposes of such contribution.

"Funding Debt" means the incurrence of any Debt by or on behalf of the General Partner for the purpose of providing funds to the Partnership.

"General Partner" means the Company or its successors as general partner of the Partnership.

"General Partner Interest" means a Partnership Interest held by the General Partner. A General Partner Interest may be expressed as a number of Partnership Units.

"General Partner Loan" shall have the meaning set forth in Section 4.3.B.

"General Partner Payment" shall have the meaning set forth in Section 15.11.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for Federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset, as determined by the contributing Partner and the General Partner (as set forth on Exhibit A attached hereto, as such Exhibit may be amended from time to time); provided, that if the contributing Partner is the General Partner then, except with respect to the General Partner's initial Capital Contribution which shall be determined as set forth on Exhibit A, or capital contributions of cash, REIT Shares or other shares of capital stock of the General Partner, the determination of the fair market value of the contributed asset shall be determined by (a) the price paid by the General Partner if the asset is acquired by the General Partner contemporaneously with its contribution to the Partnership or (b) by Appraisal if otherwise acquired by the General Partner.

(ii) Immediately prior to the times listed below, the Gross Asset Values of all Partnership assets shall be adjusted to equal their respective gross fair market values, as determined by the General Partner using such reasonable method of valuation as it may adopt; provided, however, that for such purpose, the net value of all of the Partnership assets, in the aggregate, shall be equal to the Deemed Value of the Partnership Interests of all classes of Partnership Interests then outstanding, regardless of the method of valuation adopted by the General Partner:

(a) the acquisition of an additional interest in the Partnership by a new or existing Partner in exchange for more than a de minimis Capital Contribution, if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(b) the distribution by the Partnership to a Partner of more than a de minimis amount of Partnership property as consideration for an interest in the Partnership if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership; the Partners agree that such an adjustment is appropriate when the Partnership effects a Redemption;

(c) the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g);

(d) the issuance of Performance Units; and

(e) at such other times as the General Partner shall reasonably determine necessary or advisable in order to comply with Regulations Sections 1.704-1(b) and 1.704-2.

(iii) The Gross Asset Value of any Partnership asset distributed to a Partner shall be the gross fair market value of such asset on the date of distribution as determined by the distributee and the General Partner; provided, that if the distributee is the General Partner, or if the distributee and the General Partner cannot agree on such a determination, by Appraisal.

(iv) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken

into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (iv) to the extent that the General Partner reasonably determines that an adjustment pursuant to subparagraph (ii) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv).

(v) If the Gross Asset Value of a Partnership asset has been determined or adjusted pursuant to subparagraph (i), (ii) or (iv), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Income and Net Losses.

"Holder" means either the Partner or Assignee owning a Partnership Unit.

"Immediate Family" means, with respect to any natural Person, such natural Person's estate or heirs or current spouse or former spouse, parents, parents-in-law, children, siblings and grandchildren and any trust or estate, all of the beneficiaries of which consist of such Person or such Person's spouse, former spouse, parents, parents-in-law, children, siblings or grandchildren.

"Incapacity" or "Incapacitated" means: (i) as to any individual Partner, death, total physical disability or entry by a court of competent jurisdiction adjudicating him or her incompetent to manage his or her Person or his or her estate; (ii) as to any corporation which is a Partner, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter; (iii) as to any partnership which is a Partner, the dissolution and commencement of winding up of the partnership; (iv) as to any estate which is a Partner, the distribution by the fiduciary of the estate's entire interest in the Partnership; (v) as to any trustee of a trust which is a Partner, the termination of the trust (but not the substitution of a new trustee); or (vi) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Partner is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (c) the Partner executes and delivers a general assignment for the benefit of the Partner's creditors, (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (b) above, (e) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner's properties, (f) any proceeding seeking liquidation, reorganization or other relief under any

bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within one hundred and twenty (120) days after the commencement thereof, (g) the appointment without the Partner's consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within ninety (90) days of such appointment or (h) an appointment referred to in clause (g) is not vacated within ninety (90) days after the expiration of any such stay.

"Indemnitee" means (i) any Person subject to a claim or demand or made or threatened to be made a party to, or involved or threatened to be involved in, an action, suit or proceeding by reason of his or her status as (a) the General Partner or (b) a director, officer,

employee or agent of the Partnership or the General Partner and (ii) such other Persons (including Affiliates of the General Partner or the Partnership) as the General Partner may designate from time to time, in its sole and absolute discretion.

"IRS" means the Internal Revenue Service, which administers the internal revenue laws of the United States.

"Junior Units" means Partnership Units representing any class or series of Partnership Interest ranking, as to distributions or voluntary or involuntary liquidation, dissolution or winding up of the Partnership, junior to the Series B Preferred Units, the Series J Preferred Units, the Series K Preferred Units and the Series L Preferred Units.

"Limited Partner" means any Person (including any PLP) named as a Limited Partner in Exhibit A attached hereto, as such Exhibit may be amended from time to time, any Substituted Limited Partner or Additional Limited Partner, in such Person's capacity as a Limited Partner in the Partnership.

"Limited Partnership Interest" means a Partnership Interest of a Limited Partner representing a fractional part of the Partnership Interests of all Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Limited Partnership Interest may be expressed as a number of Partnership Units.

"Liquidating Events" shall have the meaning set forth in Section 13.1.

"Liquidator" shall have the meaning set forth in Section 13.2.A.

"Majority in Interest of the Limited Partners" means Limited Partners (other than the General Partner and any Limited Partner fifty percent (50%) or more of whose equity is owned, directly or indirectly, by the General Partner, and any Preferred Limited Partner) holding Percentage Interests that in the aggregate are greater than fifty percent (50%) of the aggregate Percentage Interests of all Limited Partners (other than the General Partner and any Limited Partner fifty percent (50%) or more of whose equity is owned, directly or indirectly, by the General Partner and any Preferred Limited Partner).

"Majority in Interest of Partners" means Partners (other than Preferred Limited Partners) holding Percentage Interests that are greater than fifty percent (50%) of the aggregate Percentage Interests of all Partners (other than Preferred Limited Partners).

"Net Income" or "Net Loss" means for each fiscal year of the Partnership, an amount equal to the Partnership's taxable income or loss for such fiscal year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(i) Any income of the Partnership that is exempt from Federal income tax and not otherwise taken into account in computing Net Income or Net Loss pursuant to this definition of Net Income or Net Loss shall be added to such taxable income or loss;

(ii) Any expenditures of the Partnership described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income or Net Loss pursuant to this definition of Net Income or Net Loss shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subparagraph (ii) or (iii) of the definition of Gross Asset Value, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Income or Net Loss; in the event the Gross Asset Value of any Partnership asset is adjusted

pursuant to subparagraph (ii) of the definition of Gross Asset Value, the amount of such adjustment shall be taken into account as gain or loss from the disposition of all Partnership assets in a Terminating Capital Transaction for purposes of computing Net Income or Net Loss as set forth in Article 6;

(iv) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year;

(vi) To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Partner's interest in the Partnership, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Net Income or Net Loss; and

(vii) Notwithstanding any other provision of this definition of Net Income or Net Loss, any items which are specially allocated pursuant to Section 6.3 shall not be taken into account in computing Net Income or Net Loss. The amounts of the items of Partnership income, gain, loss, or deduction available to be specially allocated pursuant to Section 6.3 shall be determined by applying rules analogous to those set forth in this definition of Net Income or Net Loss.

"New Securities" means (i) any rights, options, warrants or convertible or exchangeable securities having the right to subscribe for or purchase REIT Shares or other shares of capital stock of the General Partner, excluding grants under any Stock Incentive Plan or (ii) any Debt issued by the General Partner that provides any of the rights described in clause (i).

"Nonrecourse Deductions" shall have the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

"Nonrecourse Liability" shall have the meaning set forth in Regulations Section 1.752-1(a)(2).

"Notice of Redemption" means the Notice of Redemption substantially in the form of Exhibit B to this Agreement.

"Offering Costs" means the aggregate amounts expended by the General Partner which related to the organization of the Partnership and the General Partner, or to the initial public offering or subsequent offerings of REIT Shares or other shares of capital stock of the General Partner, the net proceeds of which were used to make a contribution to the Partnership, in each case to the extent such expenses of the General Partner were not reimbursed by the Partnership.

"Parity Preferred Unit" means any class or series of Partnership Interests of the Partnership now or hereafter authorized, issued or outstanding expressly designated by the Partnership to rank on a parity with the Series B Preferred Units, the Series J Preferred Units, the Series K Preferred Units and the Series L Preferred Units with respect to distributions or rights upon voluntary or involuntary liquidation, winding up or dissolution of the Partnership, or both, as the context may require.

"Partner" means a General Partner or a Limited Partner, and "Partners" means the General Partner and the Limited Partners.

"Partner Minimum Gain" means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

"Partner Nonrecourse Debt" shall have the meaning set forth in Regulations Section 1.704-2(b)(4).

"Partner Nonrecourse Deductions" shall have the meaning set forth in Regulations Section 1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

"Partnership" means the limited partnership formed under the Act and pursuant to this Agreement, and any successor thereto.

"Partnership Interest" means an ownership interest in the Partnership of either a Limited Partner or the General Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. There may be one or more classes of Partnership Interests as provided in Section 4.3. A Partnership Interest may be expressed as a number of Partnership Units. Unless otherwise expressly provided for by the General Partner at the time of the original issuance of any Partnership Interests, all Partnership Interests (whether of a Limited Partner or a General Partner) shall be of the same class. The Partnership Interests represented by the Common Units (including Performance Units), the Series B Preferred Units, the Series J Preferred Units, the Series K

Preferred Units and the Series L Preferred Units are the only Partnership Interests and each such type of unit is a separate class of Partnership Interest for all purposes of this Agreement.

"Partnership Minimum Gain" shall have the meaning set forth in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

"Partnership Record Date" means the record date established by the General Partner for the distribution of Available Cash with respect to Common Units pursuant to Section 5.1 which record date shall be the same as the record date established by the General Partner for a distribution to its stockholders of some or all of its portion of such distribution.

"Partnership Unit" means, with respect to any class of Partnership Interest, a fractional, undivided share of such class of Partnership Interest issued pursuant to Sections 4.1 and 4.3 (including Performance Units). The ownership of Partnership Units may be evidenced by a certificate for units substantially in the form of Exhibit D-1 or D-2 hereto or as the General Partner may determine with respect to any class of Partnership Units issued from time to time under Sections 4.1 and 4.3.

"Partnership Year" means the fiscal year of the Partnership, which shall be the calendar year.

"Percentage Interest" means, as to a Partner holding a class of Partnership Interests, its interest in the Partnership as determined by dividing the Partnership Units of such class owned by such Partner by the total number of Partnership Units of such class then outstanding as specified in Exhibit A attached hereto, as such Exhibit may be amended from time to time. If the Partnership issues more than one class of Partnership Interest, the interest in the Partnership among the classes of Partnership Interests shall be determined as set forth in the amendment to the Partnership Agreement setting forth the rights and privileges of such additional classes of Partnership Interest, if any, as contemplated by Section 4.3.C.

"Performance Amount" means, with respect to a PLP on a specified date, (i) in the case of a Redemption, a number of Performance Units equal to (a) the amount of such PLP's Capital Account balance immediately following the revaluation of the Partnership's assets as of such date pursuant to the definitions of "Gross Asset Value" (paragraph (ii) therein) and "Net Income" (paragraph (iii) therein), divided by (b) the Fair Market Value of a REIT Share; and (ii) in the case of an exchange of Performance Units for the REIT Shares Amount, the same number of Performance Units as determined pursuant to subparagraph (i) above.

"Performance Investors" means shareholders of the General Partner and Limited Partners who are parties to one or more of the Escrow Agreements.

"Performance Partners" means Partners which had the number of their Partnership Units reduced pursuant to Section 4.3.F.

"Performance Shares" means a portion of the REIT Shares or Partnership Units issued to the Performance Investors which were escrowed pursuant to the Escrow Agreements for possible transfer to the General Partner or the Partnership (as applicable), the applicable

number of which for each Performance Investor is described in the applicable Escrow Agreement.

"Performance Units" means those Partnership Units issued pursuant to Section 4.3.F.

"Permitted Reason" means a termination of employment by reason of death, disability, termination by the employer without "cause," or termination by a Person of their employment for "good reason." For purposes of this definition, "cause" shall mean (i) gross negligence or willful misconduct, (ii) breach by the Person of the covenant not to compete provided in their employment agreement during the one year period following the closing of the initial public offering of common stock of the General Partner, (iii) fraud or other conduct against the material best interests of the General Partner, the Partnership or their subsidiaries, or (iv) conviction of a felony if such conviction has a material adverse effect on the General Partner, the Partnership or their subsidiaries. For purposes of this definition, "good reason" means (a) a substantial adverse change in the nature or scope of a Person's responsibilities or authority under the Person's employment agreement, or (b) an uncured breach by the employer of any of its material obligations under such employment agreement.

"Person" means an individual or a corporation, partnership, limited liability company, trust, unincorporated organization, association or other entity.

"Plan Asset Regulation" means the regulations promulgated by the United States Department of Labor in Title 29, Code of Federal Regulations, Part 2510, Section 101-3, and any successor regulations thereto.

"Pledge" shall have the meaning set forth in Section 11.3.A.

"PLP" means at any time, any Person who then owns one or more Performance Units, including Performance Units which have not vested.

"Preferred Distribution Shortfall" shall have the meaning given to such term in Section 5.1 hereof.

"Preferred Limited Partner" means any Person holding a Preferred Unit, and named as a Preferred Limited Partner in Exhibit A attached hereto, as such Exhibit may be amended from time to time, or any Substitute Limited Partner or Additional Limited Partner, in such Person's capacity as a Preferred Limited Partner in the Partnership.

"Preferred Share" means a share of the General Partner's preferred stock, par value $.01 per share, with such rights, priorities and preferences as shall be designated by the Board of Directors in accordance with the Charter.

"Preferred Unit" means a Partnership Unit representing a Partnership Interest, with such rights, priorities and preferences as shall be designated by the General Partner pursuant to Section 4.3.C hereof, including without limitation, the Series B Preferred Units, the Series J Preferred Units, the Series K Preferred Units and the Series L Preferred Units.

"Priority Return" means with respect to (i) the Series B Preferred Units, the Series B Priority Return, (ii) the Series J Preferred Units, the Series J Priority Return, (iii) the Series K Preferred Units, the Series K Priority Return, and (iv) the Series L Preferred Units, the Series L Priority Return.

"Properties" means such interests in real property and personal property including without limitation, fee interests, interests in ground leases, interests in joint ventures, interests in mortgages, and Debt instruments as the Partnership may hold from time to time.

"Qualified REIT Subsidiary" means any Subsidiary of the General Partner that is a "qualified REIT subsidiary" within the meaning of Section 856(i) of the Code.

"Qualified Transferee" means an "Accredited Investor" as defined in Rule 501 promulgated under the Securities Act.

"Redemption" shall have the meaning set forth in Section 8.6.A.

"Regulations" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Regulatory Allocations" shall have the meaning set forth in Section 6.3.A(viii).

"REIT" means a real estate investment trust under Sections 856 through 860 of the Code.

"REIT Requirements" shall have the meaning set forth in Section 5.1.

"REIT Share" means a share of common stock, par value $.01 per share, of the General Partner.

"REIT Shares Amount" means, as of any date, an aggregate number of REIT Shares equal to the number of Tendered Units, or in the case of Section 11.2.B, all Units, as adjusted pursuant to Section 7.5 (in the event the General Partner acquires material assets, other than on behalf of the Partnership) and for stock dividends and distributions, stock splits and subdivisions, reverse stock splits and combinations, distributions of rights, warrants or options, and distributions of evidences of indebtedness or assets relating to assets not received by the General Partner pursuant to a pro rata distribution by the Partnership.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

"Series B Articles Supplementary" means the Articles Supplementary of the General Partner in connection with its Series B Preferred Shares, as filed with the Maryland Department of Revenue and Taxation on November 12, 1998.

"Series B Limited Partner" means any Person holding Series B Preferred Units and named as a Series B Limited Partner in Exhibit A attached hereto, as such Exhibit may be

amended from time to time, or any Substitute Limited Partner, in such Person's capacity as a Limited Partner in the Partnership.

"Series B Preferred Capital" means a Capital Account balance equal to the product of (i) the number of Series B Preferred Units then held by the Partner multiplied by (ii) the sum of $50 and any Preferred Distribution Shortfall per Series B Preferred Unit.

"Series B Preferred Share" means a share of 8 5/8% Series B Cumulative Redeemable Preferred Stock, par value $.01 per share, liquidation preference $50 per share, of the General Partner.

"Series B Preferred Units" means the Partnership's 8 5/8% Series B Cumulative Redeemable Partnership Units.

"Series B Preferred Unit Distribution Payment Date" shall have the meaning set forth in Section 17.3.A hereof.

"Series B Priority Return" shall mean an amount equal to 8 5/8% per annum on an amount equal to $50 per Series B Preferred Unit then outstanding (equivalent to $4.3125 per annum). Such amount shall be determined on a daily basis computed on the basis of a 360-day year of twelve 30-day months (or actual days for any month which is shorter than a full monthly period), cumulative from November 12, 1998 to the extent not distributed for any given distribution period pursuant to Sections 5.1 and 17.3 hereof. Notwithstanding the foregoing, distributions on the Series B Preferred Units will accrue whether or not the terms and provisions of any agreement of the Partnership at any time prohibit the current payment of distributions, whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized. Accrued but unpaid distributions on the Series B Preferred Units will accumulate as of the Preferred Unit Distribution Payment Date on which they first become payable.

"Series J Articles Supplementary" means the Articles Supplementary of the General Partner in connection with its Series J Preferred Shares, as filed with the Maryland Department of Revenue and Taxation on September 24, 2001.

"Series J Limited Partner" means any Person holding Series J Preferred Units and named as a Series J Limited Partner in Exhibit A attached hereto, as such Exhibit may be amended from time to time, or any Substitute Limited Partner, in such Person's capacity as a Limited Partner in the Partnership.

"Series J Preferred Capital" means a Capital Account balance equal to the product of (i) the number of Series J Preferred Units then held by the Partner multiplied by (ii) the sum of $50 and any Preferred Distribution Shortfall per Series J Preferred Unit.

"Series J Preferred Share" means a share of 7.95% Series J Cumulative Redeemable Preferred Stock, par value $.01 per share, liquidation preference $50 per share, of the General Partner.

"Series J Preferred Units" means the Partnership's 7.95% Series J Cumulative Redeemable Partnership Units.

"Series J Preferred Unit Distribution Payment Date" shall have the meaning set forth in Section 18.3.A hereof.

"Series J Priority Return" shall mean an amount equal to 7.95% per annum on an amount equal to $50 per Series J Preferred Unit then outstanding (equivalent to $3.975 per annum). Such amount shall be determined on a daily basis computed on the basis of a 360-day year of twelve 30-day months (or actual days for any month which is shorter than a full monthly period), cumulative from September 21, 2001 to the extent not distributed for any given distribution period pursuant to Sections 5.1 and 18.3 hereof. Notwithstanding the foregoing, distributions on the Series J Preferred Units will accrue whether or not the terms and provisions of any agreement of the Partnership at any time prohibit the current payment of distributions, whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized. Accrued but unpaid distributions on the Series J Preferred Units will accumulate as of the Preferred Unit Distribution Payment Date on which they first become payable.

"Series K Articles Supplementary" means the Articles Supplementary of the General Partner in connection with its Series K Preferred Shares, as filed with the Maryland Department of Revenue and Taxation on April 17, 2002.

"Series K Limited Partner" means any Person holding Series K Preferred Units and named as a Series K Limited Partner in Exhibit A attached hereto, as such Exhibit may be amended from time to time, or any Substitute Limited Partner, in such Person's capacity as a Limited Partner in the Partnership.

"Series K Preferred Capital" means a Capital Account balance equal to the product of (i) the number of Series K Preferred Units then held by the Partner multiplied by (ii) the sum of $50 and any Preferred Distribution Shortfall per Series K Preferred Unit.

"Series K Preferred Share" means a share of 7.95% Series K Cumulative Redeemable Preferred Stock, par value $.01 per share, liquidation preference $50 per share, of the General Partner.

"Series K Preferred Units" means the Partnership's 7.95% Series K Cumulative Redeemable Partnership Units.

"Series K Preferred Unit Distribution Payment Date" shall have the meaning set forth in Section 19.3.A hereof.

"Series K Priority Return" shall mean an amount equal to 7.95% per annum on an amount equal to $50 per Series K Preferred Unit then outstanding (equivalent to $3.975 per annum). Such amount shall be determined on a daily basis computed on the basis of a 360-day year of twelve 30-day months (or actual days for any month which is shorter than a full monthly period), cumulative from April 17, 2002 to the extent not distributed for any given distribution period pursuant to Sections 5.1 and 19.3 hereof. Notwithstanding the foregoing, distributions on the Series K Preferred Units will accrue whether or not the terms and provisions of any agreement of the Partnership at any time prohibit the current payment of distributions, whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized. Accrued but

unpaid distributions on the Series K Preferred Units will accumulate as of the Preferred Unit Distribution Payment Date on which they first become payable.

"Series L Articles Supplementary" means the Articles Supplementary of the General Partner in connection with its Series L Preferred Shares, as filed with the Maryland Department of Revenue and Taxation on June 20, 2003.

"Series L Preferred Capital" means a Capital Account balance equal to the product of (i) the number of Series L Preferred Units then held by the Partner multiplied by (ii) the sum of $25 and any Preferred Distribution Shortfall per Series L Preferred Unit.

"Series L Preferred Share" means a share of 6 1/2% Series L Cumulative Redeemable Preferred Stock, par value $.01 per share, liquidation preference $25 per share, of the General Partner.

"Series L Preferred Units" means the Partnership's 6 1/2% Series L Cumulative Redeemable Partnership Units.

"Series L Preferred Unit Distribution Payment Date" shall have the meaning set forth in Section 20.3.A hereof.

"Series L Priority Return" shall mean an amount equal to 6 1/2% per annum on an amount equal to $25 per Series L Preferred Unit then outstanding (equivalent to $1.625 per annum). Such amount shall be determined on a daily basis computed on the basis of a 360-day year of twelve 30-day months (or actual days for any month which is shorter than a full monthly period), cumulative from June 23, 2003 to the extent not distributed for any given distribution period pursuant to Sections 5.1 and 20.3 hereof. Notwithstanding the foregoing,

distributions on the Series L Preferred Units will accrue whether or not the terms and provisions of any agreement of the Partnership at any time prohibit the current payment of distributions, whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized. Accrued but unpaid distributions on the Series L Preferred Units will accumulate as of the Preferred Unit Distribution Payment Date on which they first become payable.

"Specified Redemption Date" means the day of receipt by the General Partner of a Notice of Redemption.

"Stock Incentive Plan" means any stock incentive plan of the General Partner.

"Subsidiary" shall mean, with respect to any person, any corporation, partnership, limited liability company, joint venture or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests, is owned, directly or indirectly, by such person.

"Subsidiary Partnership" means any partnership or limited liability company that is a Subsidiary of the Partnership.

"Substituted Limited Partner" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.4.

"Surviving Partnership" shall have the meaning set forth in Section 11.2.C.

"Tax Items" shall have the meaning set forth in Section 6.4.A.

"Tenant" means any tenant from which the General Partner derives rent either directly or indirectly through partnerships, including the Partnership.

"Tendered Units" shall have the meaning set forth in Section 8.6.A.

"Tendering Partner" shall have the meaning set forth in Section 8.6.A.

"Terminating Capital Transaction" means any sale or other disposition of all or substantially all of the assets of the Partnership or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the assets of the Partnership.

"Termination Transaction" shall have the meaning set forth in Section 11.2.B.

Section 1.2 Rules of Construction

Unless otherwise indicated, all references herein to "REIT," "REIT Requirements," "REIT Shares" and "REIT Shares Amount" with respect to the General Partner shall apply only with reference to the Company.

ARTICLE 2.
ORGANIZATIONAL MATTERS

Section 2.1 Organization

The Partnership is a limited partnership formed pursuant to the provisions of the Act and upon the terms and conditions set forth in this Agreement. Except as expressly provided herein, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

Section 2.2 Name

The name of the Partnership is AMB Property, L.P. The Partnership's business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

Section 2.3 Resident Agent; Principal Office

The name and address of the resident agent of the Partnership in the State of Delaware is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808. The address of the principal office of the Partnership in the State of Delaware is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808 at such address. The principal office of the Partnership is located at Pier 1, Bay 1, San Francisco, California 94111, or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

Section 2.4 Power of Attorney

A. Each Limited Partner and each Assignee constitutes and appoints the General Partner, any Liquidator, and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices: (a) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments or restatements thereof) that the General Partner or the Liquidator deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the Limited Partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (b) all instruments that the General Partner or any Liquidator deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (c) all conveyances and other instruments or documents that the General Partner or any Liquidator deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of cancellation; (d) all instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Articles 11, 12 and 13 or the Capital Contribution of any Partner; and (e) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges of Partnership Interests; and

(ii) execute, swear to, acknowledge and file all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole and absolute discretion of the General Partner or any Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action which is made or given by the Partners hereunder or is consistent with the terms of this Agreement or appropriate

or necessary, in the sole discretion of the General Partner or any Liquidator, to effectuate the terms or intent of this Agreement.

Nothing contained herein shall be construed as authorizing the General Partner or any Liquidator to amend this Agreement except in accordance with Article 14 or as may be otherwise expressly provided for in this Agreement.

B. The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, in recognition of the fact that each of the Partners will be relying upon the power of the General Partner and any Liquidator to act as contemplated by this Agreement in any filing or other action by it on behalf of the Partnership, and it shall survive and not be affected by the subsequent Incapacity of any Limited Partner or Assignee and the transfer of all or any portion of such Limited Partner's or Assignee's Partnership Units and shall extend to such Limited Partner's or Assignee's heirs, successors, assigns and personal representatives. Each such Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or any Liquidator, acting in good faith pursuant to such power of attorney; and each such Limited Partner or Assignee hereby waives any and all defenses which may be available to contest, negate or disaffirm the action of the General Partner or any Liquidator, taken in good faith under such power of attorney. Each Limited Partner or Assignee shall execute and deliver to the General Partner or any Liquidator, within fifteen (15) days after receipt of the General Partner's or Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator, as the case may be, deems necessary to effectuate this Agreement and the purposes of the Partnership.

Section 2.5 Term

The term of the Partnership commenced on October 15, 1997 and shall continue until December 31, 2096 unless it is dissolved sooner pursuant to the provisions of Article 13 or as otherwise provided by law.

Section 2.6 Number of Partners

Without the consent of the General Partner which may be given or withheld in its sole discretion, the Partnership shall not at any time have more than one hundred (100) partners (including as partners those persons indirectly owning an interest in the Partnership through a partnership, limited liability company, S corporation or grantor trust (such entity, a "flow through entity"), but only if substantially all of the value of such person's interest in the flow through entity is attributable to the flow through entity's interest (direct or indirect) in the Partnership).

ARTICLE 3.
PURPOSE

Section 3.1 Purpose and Business

The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act; provided, however, that such business shall be limited to and conducted in such a manner as to permit the General Partner at all times to be classified as a REIT for Federal

income tax purposes, unless the General Partner ceases to qualify as a REIT for reasons other than the conduct of the business of the Partnership, (ii) to enter into any partnership, joint venture or other similar arrangement to engage in any of the foregoing or to own interests in any entity engaged, directly or indirectly, in any of the foregoing and (iii) to do anything necessary or incidental to the foregoing. In connection with the foregoing, and without limiting the General Partner's right in its sole discretion to cease qualifying as a REIT, the Partners acknowledge that the General Partner's current status as a REIT inures to the benefit of all the Partners and not solely the General Partner.

Section 3.2 Powers

The Partnership is empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership, including, without limitation, full power and authority, directly or through its ownership interest in other entities, to enter into, perform and carry out contracts of any kind, borrow money and issue evidences of indebtedness, whether or not secured by mortgage, deed of trust, pledge or other lien, acquire and develop real property, and manage, lease, sell, transfer and dispose of real property; provided, however, not withstanding anything to the contrary in this Agreement, the Partnership shall not take, or refrain from taking, any action which, in the judgment of the General Partner, in its sole and absolute discretion, (i) could adversely affect the ability of the General Partner to continue to qualify as a REIT, (ii) absent the consent of the General Partner, which may be given or withheld in its sole and absolute discretion, and except with respect to the distribution of Available Cash to the Series B Limited Partners in accordance with Section 17.3, the Series J Limited Partners in accordance with Section 18.3 and the Series K Limited Partners in accordance with Section 19.3, could subject the General Partner to any taxes under Section 857 or Section 4981 of the Code, or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over the General Partner or its securities, unless any such action (or inaction) under the foregoing clauses (i), (ii) or (iii) shall have been specifically consented to by the General Partner in writing.

Section 3.3 Partnership Only for Purposes Specified

The Partnership shall be a partnership only for the purposes specified in Section 3.1, and this Agreement shall not be deemed to create a partnership among the Partners with respect to any activities whatsoever other than the activities within the purposes of the Partnership as specified in Section 3.1. Except as otherwise provided in this Agreement, no Partner shall have any authority to act for, bind, commit or assume any obligation or responsibility on behalf of the Partnership, its properties or any other Partner. No Partner, in its capacity as a Partner under this Agreement, shall be responsible or liable for any indebtedness or obligation of another Partner, nor shall the Partnership be responsible or liable for any indebtedness or obligation of any Partner, incurred either before or after the execution and delivery of this Agreement by such Partner, except as to those responsibilities, liabilities, indebtedness or obligations incurred pursuant to and as limited by the terms of this Agreement and the Act.

Section 3.4 Representations and Warranties by the Parties

A. Each Partner that is an individual represents and warrants to each other Partner that (i) such Partner has in the case of any Person other than an individual, the power and authority, and in the case of an individual, the legal capacity, to enter into this Agreement and perform such Partner's obligations hereunder, (ii) the consummation of the transactions contemplated by this Agreement to be performed by such Partner will not result in a breach or violation of, or a default under, any agreement by which such Partner or any of such Partner's property is or are bound, or any statute, regulation, order or other law to which such Partner is subject, (iii) such Partner is neither a "foreign person" within the meaning of Section 1445(f) of the Code nor a "foreign partner" within the meaning of Section 1446(e) of the Code and (iv) this Agreement has been duly executed and delivered by such Partner and is binding upon, and enforceable against, such Partner in accordance with its terms.

B. Each Partner that is not an individual represents and warrants to each other Partner that (i) its execution and delivery of this Agreement and all transactions contemplated by this Agreement to be performed by it have been duly authorized by all necessary action, including without limitation, that of its general partner(s), committee(s), trustee(s), beneficiaries, directors and/or stockholder(s), as the case may be, as required, (ii) the consummation of such transactions shall not result in a breach or violation of, or a default under, its certificate of limited partnership, partnership agreement, trust agreement, limited liability company operating agreement, charter or by-laws, as the case may be, any agreement by which such Partner or any of such Partner's properties or any of its partners, beneficiaries, trustees or stockholders, as the case may be, is or are bound, or any statute, regulation, order or other law to which such Partner or any of its partners, trustees, beneficiaries or stockholders, as the case may be, is or are subject, (iii) such Partner is neither a "foreign person" within the meaning of Section 1445(f) of the Code nor a "foreign partner" within the meaning of Section 1446(e) of the Code and (iv) this Agreement has been duly executed and delivered by such Partner and is binding upon, and enforceable against, such Partner in accordance with its terms.

C. Each Partner represents, warrants and agrees that it has acquired and continues to hold its interest in the Partnership for its own account for investment only and not for the purpose of, or with a view toward, the resale or distribution of all or any part thereof, nor with a view toward selling or otherwise distributing such interest or any part thereof at any particular time or under any predetermined circumstances. Each Partner further represents and warrants that it is a sophisticated investor, able and accustomed to handling sophisticated financial matters for itself, particularly real estate investments, and that it has a sufficiently high net worth that it does not anticipate a need for the funds it has invested in the Partnership in what it understands to be a highly speculative and illiquid investment.

D. Each Partner further represents, warrants and agrees as follows:

(i) Except as provided in Exhibit E, at any time such Partner actually or Constructively Owns a 25% or greater capital interest or profits interest in the Partnership, it does not and will not, without the prior written consent of the General Partner, actually own or Constructively Own (a) with respect to any Tenant that is a corporation, any stock of such Tenant and (b) with respect to any Tenant that is not a corporation, any interests in either the assets or net profits of such Tenant.

(ii) Except as provided in Exhibit F, at any time such Partner actually or Constructively Owns a 25% or greater capital interest or profits interest in the Partnership, it does not, and agrees that it will not without the prior written consent of the General Partner, actually own or Constructively Own, any stock in the General Partner, other than any REIT Shares or other shares of capital stock of the General Partner such Partner may acquire (a) as a result of an exchange of Tendered Units pursuant to Section 8.6 or (b) upon the exercise of options granted or delivery of REIT Shares pursuant to any Stock Incentive Plan, in each case subject to the ownership limitations set forth in the General Partner's Charter.

(iii) Upon request of the General Partner, it will disclose to the General Partner the amount of REIT Shares or other shares of capital stock of the General Partner that it actually owns or Constructively Owns.

(iv) It understands that if, for any reason, (a) the representations, warranties or agreements set forth in Section 3.4.D(i) or (ii) are violated or (b) the Partnership's actual or Constructive Ownership of the REIT Shares or other shares of capital stock of the General Partner violates the limitations set forth in the Charter, then (x) some or all of the Redemption rights or rights of the Limited Partners

to exchange Partnership Interests for Series B Preferred Shares, for Series J Preferred Shares or for Series K Preferred Shares may become non-exercisable, and (y) some or all of such shares owned by the Partners and/or some or all of the Partnership Interests owned by the Limited Partners may be automatically transferred to a trust for the benefit of a charitable beneficiary, as provided in the Charter and Exhibit J of this Agreement, respectively.

E. The representations and warranties contained in Sections 3.4.A, 3.4.B, 3.4.C and 3.4.D shall survive the execution and delivery of this Agreement by each Partner and the dissolution and winding up of the Partnership.

F. Each Partner hereby acknowledges that no representations as to potential profit, cash flows, funds from operations or yield, if any, in respect of the Partnership or the General Partner have been made by any Partner or any employee or representative or Affiliate of any Partner, and that projections and any other information, including, without limitation, financial and descriptive information and documentation, which may have been in any manner submitted to such Partner shall not constitute any representation or warranty of any kind or nature, express or implied.

Section 3.5 Certain ERISA Matters

Each Partner acknowledges that the Partnership is intended to qualify as a "real estate operating company" (as such term is defined in the Plan Asset Regulation). The General Partner will use its reasonable best efforts to structure the investments in, relationships with and conduct with respect to Properties and any other assets of the Partnership so that the Partnership will be a "real estate operating company" (as such term is defined in the Plan Asset Regulation).

ARTICLE 4.
CAPITAL CONTRIBUTIONS

Section 4.1 Capital Contributions of the Partners

At the time of their respective execution of this Agreement, the Partners shall make or shall have made Capital Contributions as set forth in Exhibit A to this Agreement. The Partners shall own Partnership Units of the class and in the amounts set forth in Exhibit A and shall have a Percentage Interest in the Partnership as set forth in Exhibit A, which Percentage Interest shall be adjusted in Exhibit A from time to time by the General Partner to the extent necessary to accurately reflect exchanges, redemptions, Capital Contributions, the issuance of additional Partnership Units (including the issuance of Performance Units pursuant to Section 4.3.F) or similar events having an effect on a Partner's Percentage Interest. Except as required by law or as otherwise provided in Sections 4.3, 4.4 and 10.5, no Partner shall be required or permitted to make any additional Capital Contributions or loans to the Partnership. Unless otherwise specified by the General Partner at the time of the creation of any class of Partnership Interests, the corresponding class of capital stock for any Partnership Units issued shall be REIT Shares.

Section 4.2 Loans by Third Parties

Subject to Section 4.3, the Partnership may incur Debt, or enter into other similar credit, guarantee, financing or refinancing arrangements for any purpose (including, without limitation, in connection with any further acquisition of Properties) with any Person that is not the General Partner upon such terms as the General Partner determines appropriate; provided, that the Partnership shall not incur any Debt that is recourse to the General Partner, except to the extent otherwise agreed to by the General Partner in its sole discretion.

Section 4.3 Additional Funding and Capital Contributions

A. General. The General Partner may, at any time and from time to time, determine that the Partnership requires additional funds ("Additional Funds") for the acquisition of additional Properties or for such other Partnership purposes as the General Partner may determine. Additional Funds may be raised by the Partnership, at the election of the General Partner, in any manner provided in, and in accordance with, the terms of this Section 4.3. No Person shall have any preemptive, preferential or similar right or rights to subscribe for or acquire any Partnership Interest, except as set forth in this Section 4.3.

B. General Partner Loans. The General Partner may enter into a Funding Debt, including, without limitation, Funding Debt that is convertible into REIT Shares, and lend the Additional Funds to the Partnership (a "General Partner Loan"); provided, however, that the General Partner shall not be obligated to lend the net proceeds of any Funding Debt to the Partnership in a manner that would be inconsistent with the General Partner's ability to remain qualified as a REIT. If the General Partner enters into such a Funding Debt, the

General Partner Loan will consist of the net proceeds from such Funding Debt and will be on comparable terms and conditions, including interest rate, repayment schedule and costs and expenses, as shall be applicable with respect to or incurred in connection with such Funding Debt.

C. Issuance of Additional Partnership Interests. The General Partner may raise all or any portion of the Additional Funds by accepting additional Capital Contributions of cash. The General Partner may also accept additional Capital Contributions of real property or other non-cash assets. In connection with any such additional Capital Contributions (of cash or property), and subject to Sections 17.6, 18.6 and 19.6 hereof, the General Partner is hereby authorized to cause the Partnership from time to time to issue to Partners (including the General Partner) or other Persons (including, without limitation, in connection with the contribution of property to the Partnership) additional Partnership Units or other Partnership Interests in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers, and duties, including rights, powers, and duties senior to then existing Limited Partnership Interests, all as shall be determined by the General Partner in its sole and absolute discretion subject to Delaware law, and as set forth by amendment to this Agreement, including without limitation: (i) the allocations of items of Partnership income, gain, loss, deduction, and credit to such class or series of Partnership Interests; (ii) the right of each such class or series of Partnership Interests to share in Partnership distributions; (iii) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership; and (iv) the right to vote, including, without limitation, the limited partner approval rights set forth in Section 11.2.A; provided, that no such additional Partnership Units or other Partnership Interests shall be issued to the General Partner unless either (a) the additional Partnership Interests are issued in connection with the grant, award, or issuance of shares of the General Partner pursuant to Section 4.3.D below, which shares have designations, preferences, and other rights (except voting rights) such that the economic interests attributable to such shares are substantially similar to the designations, preferences and other rights of the additional Partnership Interests issued to the General Partner in accordance with this Section 4.3.C or (b) the additional Partnership Interests are issued to all Partners holding Partnership Interests in the same class in proportion to their respective Percentage Interests in such class. In the event that the Partnership issues additional Partnership Interests pursuant to this Section 4.3.C, the General Partner shall make such revisions to this Agreement (including but not limited to the revisions described in Sections 5.4, 6.2.C, and 8.6) as it determines are necessary to reflect the issuance of such additional Partnership Interests.

D. Issuance of REIT Shares or Other Securities by the General Partner. The General Partner shall not issue any additional REIT Shares (other than REIT Shares issued pursuant to Section 8.6 or pursuant to a dividend or distribution (including any stock split) of REIT Shares to all of its stockholders or all of its stockholders who hold a class of stock of the General Partner), other shares of capital stock of the General Partner (other than in connection with the acquisition of Partnership Interests in exchange for capital stock of the General Partner which corresponds in ranking to the Partnership's Partnership Interests being acquired) or New Securities unless the General Partner shall make a Capital Contribution of the net proceeds (including, without limitation, cash and Properties) from the issuance of such additional REIT Shares, other shares of capital stock or New Securities, as the case may be, and from the exercise of the rights contained in such additional New Securities, as the case may be. The General Partner's Capital Account shall be increased by the amount of cash or the value of Properties so contributed.

E. Percentage Interest Adjustments in the Case of Capital Contributions for Partnership Units. Upon the acceptance of additional Capital Contributions in exchange for any class or series of Partnership Units, the Percentage Interest related thereto shall be equal to a

fraction, the numerator of which is equal to the amount of cash and the Agreed Value of the Properties contributed as of the Business Day immediately preceding the date on which the additional Capital Contributions are made (an "Adjustment Date") and the denominator of which is equal to the sum of (i) the Deemed Value of the Partnership Interests of such class or series (computed as of the Business Day immediately preceding the Adjustment Date) plus (ii) the aggregate amount of cash and the Agreed Value of the Property contributed to the Partnership on such Adjustment Date in respect of such class or series of Partnership Interests. The Percentage Interest of each other Partner holding Partnership Interests of such class or series not making a full pro rata Capital Contribution shall be adjusted to equal a fraction, the numerator of which is equal to the sum of (i) the Deemed Partnership Interest Value of such Limited Partner in respect of such class or series (computed as of the Business Day immediately preceding the Adjustment Date) plus (ii) the amount of cash and the Agreed Value of the Property contributed by such Partner to the Partnership in respect of such class or series as of such Adjustment Date, and the denominator

of which is equal to the sum of (a) the Deemed Value of the Partnership Interests of such class (computed as of the Business Day immediately preceding the Adjustment Date), plus (b) the aggregate amount of cash and the Agreed Value of the Property contributed to the Partnership on such Adjustment Date in respect of such class or series. Notwithstanding the foregoing, solely for purposes of calculating a Partner's Percentage Interest pursuant to this Section 4.3.E, (i) in the case of cash Capital Contributions by the General Partner, such Capital Contributions will be deemed to equal the cash contributed by the General Partner plus, in the case of cash contributions funded by an offering of REIT Shares or other shares of capital stock of the General Partner, the offering costs attributable to the cash contributed to the Partnership, and (ii) in the case of the contribution of Properties (or any portion thereof) by the General Partner which were acquired by the General Partner in exchange for REIT Shares immediately prior to such contribution, the General Partner shall be issued a number of Partnership Units equal to the number of REIT Shares issued by the General Partner in exchange for such Properties, the Partnership Units held by the other Partners shall not be adjusted, and the Partners' Percentage Interests shall be adjusted accordingly. The General Partner shall promptly give each Partner written notice of its Percentage Interest, as adjusted.

F. Issuance of Performance Units to the PLPs. Pursuant to the terms of the Escrow Agreements, Performance Investors have transferred all or a portion of their Performance Shares to the General Partner or the Partnership (as applicable). To the extent Performance Shares (i.e., REIT Shares) were transferred by Performance Investors to the General Partner pursuant to the Escrow Agreements, the number of Partnership Units held by the General Partner were automatically reduced by such amount on such date. To the extent Performance Shares (i.e., Partnership Units) were transferred by Performance Investors to the Partnership pursuant the Escrow Agreements, the number of Partnership Units held by each such Performance Investor were automatically reduced by such amount on such date. To the extent the Partnership Units held by the General Partner or Performance Investors were reduced as set forth in the preceding two sentences, the Partnership immediately issued an equal number of Performance Units to the Persons listed on Schedule G-1 and Schedule G-2 to Exhibit G in accordance with the allocations set forth on Exhibit G. The adjustments in the number of Partnership Units held by the Performance Partners and the PLPs set forth above did not effect each such Partners' Capital Account in the Partnership (except with respect to subsequent allocations of items of Partnership income, gain, loss, deduction, and credit made to such Partners and possibly with respect to the reissuance of a Performance Unit subsequent to its

forfeiture by a PLP) and no PLP was obligated to make a contribution to the capital of the Partnership in connection with the issuance of Performance Units.

Section 4.4 Stock Incentive Plan

If at any time or from time to time the General Partner sells or issues REIT Shares pursuant to any Stock Incentive Plan, the General Partner shall contribute any proceeds therefrom to the Partnership as an additional Capital Contribution and shall receive an amount of additional Partnership Units equal to the number of REIT Shares so sold or issued. The General Partner's Capital Account shall be increased by the amount of cash so contributed.

Section 4.5 No Preemptive Rights

Except to the extent expressly granted by the Partnership pursuant to another agreement, no Person shall have any preemptive, preferential or other similar right with respect to (i) additional Capital Contributions or loans to the Partnership or (ii) issuance or sale of any Partnership Units or other Partnership Interests.

Section 4.6 Other Contribution Provisions

In the event that any Partner is admitted to the Partnership and is given (or is treated as having received) a Capital Account in exchange for services rendered to the Partnership, such transaction shall be treated by the Partnership and the affected Partner as if the Partnership had compensated such Partner in cash, and the Partner had contributed such cash to the capital of the Partnership. In addition, with the consent of the General Partner, in its sole discretion, one or more Limited Partners may enter into contribution agreements with the Partnership which have the effect of providing a guarantee of certain obligations of the Partnership.

ARTICLE 5.
DISTRIBUTIONS

Section 5.1 Requirement and Characterization of Distributions

The General Partner shall cause the Partnership to distribute all, or such portion as the General Partner may in its discretion determine, Available Cash generated by the Partnership (i) first, to the extent that the amount of cash distributed with respect to any Partnership Interests that are entitled to any preference in distribution for any prior distribution period was

less than the required distribution for such outstanding Partnership Interests for such prior distribution period, and to the extent such deficiency has not been subsequently distributed pursuant to this Section 5.1 (a "Preferred Distribution Shortfall"), in accordance with the rights of such class of Partnership Interests (and within such class, pro rata in proportion to the respective Percentage Interests on the applicable record date) and to the Partners who are Partners on the applicable record date with respect to such distribution, (ii) second, with respect to any Partnership Interests that are entitled to any preference in distribution, in accordance with the rights of such class of Partnership Interests (and within such class, pro rata in proportion to the respective Percentage Interests on the applicable record date) and (iii) third, with respect to Partnership Interests that are not entitled to any preference in distribution, pro rata to each such class on a quarterly basis and in accordance with the terms of such class to Partners who are Partners of such class on the

Partnership Record Date with respect to such distribution (and within each such class, pro rata in proportion with the respective Percentage Interests on such Partnership Record Date). Except as expressly provided for in Article 17 with respect to the Series B Preferred Units, Article 18 with respect to the Series J Preferred Units, Article 19 with respect to the Series K Preferred Units, Article 20 with respect to the Series L Preferred Units and in an agreement, if any, entered into in connection with the creation of a new class of Partnership Interests in accordance with Article 4, no Partnership Interest shall be entitled to a distribution in preference to any other Partnership Interest. The General Partner shall take such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with its qualification as a REIT, to cause the Partnership to distribute sufficient amounts to enable the General Partner, for so long as the General Partner has determined to qualify as a REIT, to pay stockholder dividends that will (a) satisfy the requirements for qualifying as a REIT under the Code and Regulations ("REIT Requirements") and (b) except to the extent otherwise determined by the General Partner, avoid any Federal income or excise tax liability of the General Partner, except to the extent that a distribution pursuant to clause (b) would prevent the Partnership from making a distribution to the holders of Series B Preferred Units in accordance with Section 17.3, the holders of Series J Preferred Units in accordance with Section 18.3 and the holders of Series K Preferred Units in accordance with Section 19.3.

Section 5.2 Distributions in Kind

Except as expressly provided herein, no right is given to any Partner to demand and receive property other than cash. The General Partner may determine, in its sole and absolute discretion, to make a distribution in kind to the Partners of Partnership assets, and such assets shall be distributed in such a fashion as to ensure that the fair market value is distributed and allocated in accordance with Articles 5, 6 and 10; provided, however, that, in such case, the General Partner shall distribute only cash to the Series B Limited Partners, the Series J Limited Partners and the Series K Limited Partners.

Section 5.3 Distributions Upon Liquidation

Notwithstanding Section 5.1, proceeds from a Liquidating Event shall be distributed to the Partners in accordance with Section 13.2.

Section 5.4 Distributions to Reflect Issuance of Additional Partnership Interests

In the event that the Partnership issues additional Partnership Interests (other than Performance Units, which shall receive distributions as set forth in Section 5.1) to the General Partner or any Additional Limited Partner pursuant to Section 4.3.C or 4.4, the General Partner shall make such revisions to this Article 5 as it determines are necessary to reflect the issuance of such additional Partnership Interests. In the absence of any agreement to the contrary, an Additional Limited Partner shall be entitled to the distributions set forth in Section 5.1 (without regard to this Section 5.4) with respect to the quarter during which the closing of its contribution to the Partnership occurs, multiplied by a fraction the numerator of which is the number of days from and after the date of such closing through the end of the applicable quarter, and the denominator of which is the total number of days in such quarter.

Section 5.5 Character of PLP Distributions

Distributions to each PLP pursuant to this Agreement shall be advances or drawings of money or property against such Partner's distributive share of Net Income (or items thereof) as described in Treasury Regulation Section 1.731-1(a)(1)(ii).

ARTICLE 6.

ALLOCATIONS

Section 6.1 Timing and Amount of Allocations of Net Income and Net Loss

Net Income and Net Loss of the Partnership shall be determined and allocated with respect to each fiscal year of the Partnership as of the end of each such year. Subject to the other provisions of this Article 6, an allocation to a Partner of a share of Net Income or Net Loss shall be treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing Net Income or Net Loss.

Section 6.2 General Allocations

A. In General. Except as otherwise provided in this Article 6, Net Income and Net Loss allocable with respect to a class of Partnership Interests, shall be allocated to each of the Partners holding such class of Partnership Interests in accordance with their respective Percentage Interest of such class.

B.1. Net Income. Except as provided in Sections 6.2.B.3 and 6.3, Net Income for any Partnership Year shall be allocated in the following manner and order of priority:

(a) First, 100% to the General Partner in an amount equal to the remainder, if any, of the cumulative Net Losses allocated to the General Partner pursuant to Section 6.2.B.2(d) for all prior Partnership Years minus the cumulative Net Income allocated to the General Partner pursuant to this Section 6.2.B.1(a) for all prior Partnership Years;

(b) Second, 100% to each Limited Partner in an amount equal to the remainder, if any, of the cumulative Net Losses allocated to each such Limited Partner pursuant to Section 6.2.B.2(c) for all prior Partnership Years minus the cumulative Net Income allocated to such Limited Partner pursuant to this Section 6.2.B.1(b) for all prior Partnership Years;

(c) Third, 100% to the General Partner and any Preferred Limited Partners in an amount equal to the remainder, if any, of the cumulative Net Losses allocated to such Partners pursuant to Section 6.2.B.2(b) for all prior Partnership Years minus the cumulative Net Income allocated to such Partners pursuant to this Section 6.2.B.1(c) for all prior Partnership Years;

(d) Fourth, 100% to the General Partner and the Limited Partners in an amount equal to the remainder, if any, of the cumulative Net Losses allocated to each such Partner pursuant to Section 6.2.B.2(a) for all prior Partnership Years minus the cumulative Net Income allocated to each Partner pursuant to this Section 6.2.B.1(d) for all prior Partnership Years;

(e) Fifth, 100% to the General Partner and any Preferred Limited Partners in an amount equal to the excess of (i) the cumulative Priority Return on such Partner's Preferred Units to the last day of the current Partnership Year or to the date of redemption of such Preferred Units, to the extent such Preferred Units are redeemed during such year, over (ii) the cumulative Net Income allocated to the General Partner or such Preferred Limited Partner, as applicable, pursuant to this Section 6.2.B.1(e) for all prior Partnership Years; and

(f) Sixth, 100% to the General Partner and the Limited Partners in accordance with their respective Percentage Interests in the Common Units.

To the extent the allocations of Net Income set forth above in any paragraph of this Section 6.2.B.1 are not sufficient to entirely satisfy the allocation set forth in such paragraph, such allocation shall be made in proration to the total amount that would have been allocated pursuant to such paragraph without regard to such shortfall.

B.2. Net Losses. Except as provided in Sections 6.2.B.3 and 6.3, Net Losses for any Partnership Year shall be allocated in the following manner and order of priority:

(a) First, 100% to the General Partner and the Limited Partners in accordance with their respective Percentage Interests in the Common Units (to the extent consistent with this Section 6.2.B.2(a)) until the Adjusted Capital Account (ignoring for this purpose any amounts a Partner is obligated to contribute to the capital of the Partnership or is deemed obligated to contribute pursuant to Regulations Section 1.704-1(b)(2)(ii)(c)(2) and ignoring the Partner's Series B

Preferred Capital, the Series J Preferred Capital, the Series K Preferred Capital and the Series L Preferred Capital) of each such Partner is zero;

(b) Second, 100% to the General Partner and any Preferred Limited Partners, pro rata to each such Partner's Adjusted Capital Account (ignoring for this purpose any amounts a Partner is obligated to contribute to the capital of the Partnership or is deemed obligated to contribute pursuant to Regulations Section 1.704-1(b)(2)(ii)(c)(2)), until the Adjusted Capital Account (as so modified) of each such Partner is zero;

(c) Third, 100% to the Limited Partners to the extent of, and in proportion to, the positive balance (if any) in their Adjusted Capital Accounts; and

(d) Fourth, 100% to the General Partner.

B.3. Terminating Capital Transactions.

(a) If no Performance Units are outstanding at the time of a Terminating Capital Transaction, any Net Income attributable to such Terminating Capital Transaction shall first be allocated to the General Partner in an amount equal to the Offering Costs, to the extent the General Partner's Capital Account has not previously been adjusted to account for such amounts.

(b) If Performance Units are outstanding at the time of a Terminating Capital Transaction --

(1) any Net Income attributable to such Terminating Capital Transaction shall be allocated as follows: such Net Income shall first be tentatively allocated solely as an interim step in calculating final allocations pursuant to this Section 6.2.B.3(b)(1), among the Partners in accordance with Section 6.2.B.3(a), Section 6.2.A and Section 6.2.B.1. Then the amount so tentatively allocated to each Performance Partner, to the extent of each such Performance Partner's Excess Performance Capital, shall instead be allocated to the PLPs, pro rata to the number of Performance Units held by each PLP.

(2) any Net Loss attributable to such Terminating Capital Transaction shall be allocated as follows: such Net Loss shall first be tentatively allocated, solely as an interim step in calculating final allocations pursuant to this Section 6.2.B.3(b)(2), among the Partners in accordance with Section 6.2.A and Section 6.2.B.2. Then the amount so tentatively allocated to the PLPs shall instead be allocated to the Performance Partners to the extent of the aggregate Excess Performance Capital of the Performance Partners. Any amounts so allocated away from the PLPs shall be done on a basis which is proportionate to each PLP's Performance Units. Any amounts so allocated to the Performance Partners shall be done on a basis which is proportionate to each Performance Partner's Excess Performance Capital.

C. Allocations to Reflect Issuance of Additional Partnership Interests. In the event that the Partnership issues additional Partnership Interests to the General Partner or any Additional Limited Partner pursuant to Section 4.3 or 4.4, the General Partner shall make such revisions to this Section 6.2 or to Section 12.2.B as it determines are necessary to reflect the terms of the issuance of such additional Partnership Interests, including making preferential allocations to certain classes of Partnership Interests, subject to the terms of the Series B Preferred Units, Series J Preferred Units, the Series K Preferred Units and the Series L Preferred Units. In addition, for any quarter in which Performance Units were issued, Net Income and Net Loss relating to such units shall be allocated among (i) the PLPs who received such units and (ii) the Performance Partners who returned the corresponding Partnership Units to the Partnership, in

accordance with any method selected by the General Partner which is permitted under Section 706 of the Code.

Section 6.3 Additional Allocation Provisions

Notwithstanding the foregoing provisions of this Article 6:

A. Regulatory Allocations.

(i) Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), notwithstanding the provisions of Section 6.2, or any other provision of this Article 6, if there is a net decrease in Partnership Minimum Gain during any fiscal year, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 6.3.A(i) is intended to qualify as a "minimum gain chargeback" within the meaning of Regulation Section 1.704-2(f) which shall be controlling in the event of a conflict between such Regulation and this Section 6.3.A(i).

(ii) Partner Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(i)(4), and notwithstanding the provisions of Section 6.2, or any other provision of this Article 6 (except Section 6.3.A(i)), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any fiscal year, each Partner who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each General Partner and Limited Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 6.3.A(ii) is intended to qualify as a "chargeback of partner nonrecourse debt minimum gain" within the meaning of Regulation Section 1.704-2(i) which shall be controlling in the event of a conflict between such Regulation and this Section 6.3.A(ii).

(iii) Nonrecourse Deductions and Partner Nonrecourse Deductions. Any Nonrecourse Deductions for any fiscal year shall be specially allocated to the Partners in accordance with their respective Percentage Interest in Common Units. Any Partner Nonrecourse Deductions for any fiscal year shall be specially allocated to the Partner(s) who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable, in accordance with Regulations Sections 1.704-2(b)(4) and 1.704-2(i).

(iv) Qualified Income Offset. If any Partner unexpectedly receives an adjustment, allocation or distribution described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be allocated, in accordance with Regulations Section 1.704-1(b)(2)(ii)(d), to the Partner in an amount and manner sufficient to eliminate, to the extent required by such Regulations, the Adjusted Capital Account Deficit of the Partner as quickly as possible provided that an allocation pursuant to this Section 6.3.A(iv) shall be made if and only to the extent that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided in this Article 6 have been tentatively made as if this Section 6.3.A(iv) were not in the Agreement. It is intended that this Section 6.3.A(iv) qualify and be construed as a "qualified income offset" within the meaning of Regulations 1.704-1(b)(2)(ii)(d), which shall be controlling in the event of a conflict between such Regulations and this Section 6.3.A(iv).

(v) Gross Income Allocation. In the event any Partner has a deficit Capital Account at the end of any fiscal year which is in excess of the sum of (a) the amount (if any) such Partner is obligated to restore to the Partnership and (b) the amount such Partner is deemed to be obligated to restore pursuant to Regulations Section 1.704-1(b)(2)(ii)(c) or the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible; provided, that an allocation pursuant to this Section 6.3.A(v) shall be made if and only to the extent that such Partner would have a deficit Capital Account in excess of such sum after all other allocations provided in this Article 6 have been tentatively made as if this Section 6.3.A(v) and Section 6.3.A(iv) were not in the Agreement.

(vi) Limitation on Allocation of Net Loss. To the extent any allocation of Net Loss would cause or increase an Adjusted Capital Account Deficit as to any Partner, such allocation of Net Loss shall be reallocated among the other Partners in accordance with their respective

Percentage Interests in Common Units, subject to the limitations of this Section 6.3.A(vi).

(vii) Section 754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Partner in complete liquidation of his interest in the Partnership, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Partners in accordance with their interests in the Partnership in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Partners to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(viii) Curative Allocation. The allocations set forth in Sections 6.3.A(i), (ii), (iii), (iv), (v), (vi), and (vii) (the "Regulatory Allocations") are intended to comply with certain regulatory requirements, including the requirements of Regulations Sections

1.704-1(b) and 1.704-2. Notwithstanding the provisions of Sections 6.1 and 6.2, the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Partners so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Partner shall be equal to the net amount that would have been allocated to each such Partner if the Regulatory Allocations had not occurred.

B. For purposes of determining a Partner's proportional share of the "excess nonrecourse liabilities" of the Partnership within the meaning of Regulations Section 1.752-3(a)(3), each Partner's interest in Partnership profits shall be such Partner's Percentage Interest in Common Units.

Section 6.4 Tax Allocations

A. In General. Except as otherwise provided in this Section 6.4, for income tax purposes each item of income, gain, loss and deduction (collectively, "Tax Items") shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Sections 6.2 and 6.3.

B. Allocations Respecting Section 704(c) Revaluations. Notwithstanding Section 6.4.A, Tax Items with respect to Partnership property that is contributed to the Partnership by a Partner shall be shared among the Partners for income tax purposes pursuant to Regulations promulgated under Section 704(c) of the Code, so as to take into account the variation, if any, between the basis of the property to the Partnership and its initial Gross Asset Value. With respect to Partnership property that is initially contributed to the Partnership upon its formation pursuant to Section 4.1, such variation between basis and initial Gross Asset Value shall be taken into account under the "traditional method" as described in Regulations Section 1.704-3(b). With respect to properties subsequently contributed to the Partnership, the Partnership shall account for such variation under any method approved under Section 704(c) of the Code and the applicable regulations as chosen by the General Partner. In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subparagraph (ii) of the definition of Gross Asset Value (provided in Article 1), subsequent allocations of Tax Items with respect to such asset shall take account of the variation, if any, between the adjusted basis of such asset and its Gross Asset Value in the same manner as under Section 704(c) of the Code and the applicable regulations consistent with the requirements of Regulations Section 1.704-1(b)(2)(iv)(g) using any method approved under 704(c) of the Code and the applicable regulations as chosen by the General Partner.

ARTICLE 7.
MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.1 Management

A. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership are exclusively vested in the General Partner, and no Limited Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership. The General Partner may not be removed by the Limited Partners with or without cause, except with the consent of the

General Partner. In addition to the powers now or hereafter granted a general partner of a limited partnership under the Act and other applicable law or which

are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to the other provisions hereof including Section 7.3, shall have full power and authority to do all things deemed necessary or desirable by it to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 and to effectuate the purposes set forth in Section 3.1, including, without limitation:

(i) the making of any expenditures, the lending or borrowing of money (including, without limitation, making prepayments on loans and borrowing money to permit the Partnership to make distributions to its Partners in such amounts as will permit the General Partner (for so long as the General Partner has determined to qualify as a REIT) to avoid the payment of any Federal income tax (including, for this purpose, any excise tax pursuant to Section 4981 of the Code) and to make distributions to its stockholders sufficient to permit the General Partner to maintain REIT status), the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness (including the securing of same by mortgage, deed of trust or other lien or encumbrance on all or any of the Partnership's assets) and the incurring of any obligations it deems necessary for the conduct of the activities of the Partnership;

(ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(iii) subject to the provisions of Section 7.3.D, the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any assets of the Partnership or the merger or other combination of the Partnership with or into another entity;

(iv) the mortgage, pledge, encumbrance or hypothecation of all or any assets of the Partnership, and the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms it sees fit, including, without limitation, the financing of the conduct or the operations of the General Partner or the Partnership, the lending of funds to other Persons (including, without limitation, the General Partner (if necessary to permit the financing or capitalization of a subsidiary of the General Partner or the Partnership) and any Subsidiaries of the Partnership) and the repayment of obligations of the Partnership, any of its Subsidiaries and any other Person in which it has an equity investment;

(v) the negotiation, execution, and performance of any contracts, leases, conveyances or other instruments that the General Partner considers useful or necessary to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement;

(vi) the distribution of Partnership cash or other Partnership assets in accordance with this Agreement;

(vii) the selection and dismissal of employees of the Partnership (including, without limitation, employees having titles such as "president," "vice president," "secretary" and "treasurer"), and agents, outside attorneys, accountants, consultants and contractors of the Partnership, the determination of their compensation and other terms of employment or hiring, including waivers of conflicts of interest and the payment of their expenses and compensation out of the Partnership's assets;

(viii) the maintenance of such insurance for the benefit of the Partnership and the Partners as it deems necessary or appropriate;

(ix) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, joint ventures or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property to any Subsidiary and any other Person in which it has an equity investment from time to time); provided that, as long as the General Partner has determined to continue to qualify as a REIT, the Partnership may not engage in any such formation, acquisition or contribution that would cause the

General Partner to fail to qualify as a REIT;

(x) the control of any matters affecting the rights and obligations of the Partnership, including the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation, and the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(xi) the undertaking of any action in connection with the Partnership's direct or indirect investment in any Person (including, without limitation, contributing or loaning Partnership funds to, incurring indebtedness on behalf of, or guarantying the obligations of any such Persons);

(xii) subject to the other provisions in this Agreement, the determination of the fair market value of any Partnership property distributed in kind using such reasonable method of valuation as it may adopt; provided that, such methods are otherwise consistent with requirements of this Agreement;

(xiii) the management, operation, leasing, landscaping, repair, alteration, demolition or improvement of any real property or improvements owned by the Partnership or any Subsidiary of the Partnership or any Person in which the Partnership has made a direct or indirect equity investment;

(xiv) holding, managing, investing and reinvesting cash and other assets of the Partnership;

(xv) the collection and receipt of revenues and income of the Partnership;

(xvi) the exercise, directly or indirectly through any attorney-in-fact acting under a general or limited power of attorney, of any right, including the right to vote, appurtenant to any asset or investment held by the Partnership;

(xvii) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of or in connection with any Subsidiary of the Partnership or any other Person in which the Partnership has a direct or indirect interest, or jointly with any such Subsidiary or other Person;

(xviii) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of any Person in which the Partnership does not have an interest, pursuant to contractual or other arrangements with such Person; and

(xix) the making, execution and delivery of any and all deeds, leases, notes, deeds to secure debt, mortgages, deeds of trust, security agreements, conveyances, contracts, guarantees, warranties, indemnities, waivers, releases or legal instruments or other agreements in writing necessary or appropriate in the judgment of the General Partner for the accomplishment of any of the powers of the General Partner enumerated in this Agreement.

B. Each of the Limited Partners agrees that the General Partner is authorized to execute, deliver and perform the above-mentioned agreements and transactions on behalf of the Partnership without any further act, approval or vote of the partners, notwithstanding any other provisions of this Agreement (except as provided in Section 7.3), the Act or any applicable law, rule or regulation. The execution, delivery or performance by the General Partner or the Partnership of any agreement authorized or permitted under this Agreement shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or any other Persons under this Agreement or of any duty stated or implied by law or equity.

C. At all times from and after the date hereof, the General Partner may cause the Partnership to obtain and maintain (i) casualty, liability and other insurance (including, without limitation, earthquake insurance) on the properties of the Partnership and (ii) liability insurance for the Indemnities hereunder.

D. At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain working capital and other reserves in such amounts as the General Partner, in its sole and absolute discretion, deems appropriate and reasonable from time to time.

E. In exercising its authority under this Agreement, the General Partner may, but other than as set forth in the following sentence and as

expressly set forth in the agreements listed on Exhibit I hereto, shall be under no obligation to, take into account the tax consequences to any Partner (including the General Partner) of any action taken by the General Partner. The General Partner, on behalf of the Partnership, shall use commercially reasonable efforts to cooperate with the Limited Partners to minimize any taxes payable in connection with any sale,

exchange or any other disposition of assets of the Partnership. The General Partner and the Partnership shall not have liability to a Limited Partner under any circumstances as a result of an income tax liability incurred by such Limited Partner as a result of an action (or inaction) by the General Partner pursuant to its authority under this Agreement.

F. Except as otherwise provided herein, to the extent the duties of the General Partner require expenditures of funds to be paid to third parties, the General Partner shall not have any obligations hereunder except to the extent that Partnership funds are reasonably available to it for the performance of such duties, and nothing herein contained shall be deemed to authorize or require the General Partner, in its capacity as such, to expend its individual funds for payment to third parties or to undertake any individual liability or obligation on behalf of the Partnership.

Section 7.2 Certificate of Limited Partnership

To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and to maintain the Partnership's qualification to do business as a foreign limited partnership in each other state, the District of Columbia or other jurisdiction, in which the Partnership may elect to do business or own property. Subject to the terms of Section 8.5.A(iv), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate or any amendment thereto to any Limited Partner. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware, and any other state, or the District of Columbia or other jurisdiction, in which the Partnership may elect to do business or own property.

Section 7.3 Restrictions on General Partner's Authority

A. The General Partner may not take any action in contravention of this Agreement, including, without limitation:

(i) take any action that would make it impossible to carry on the ordinary business of the Partnership, except as otherwise provided in this Agreement;

(ii) possess Partnership property, or assign any rights in specific Partnership property, for other than a Partnership purpose except as otherwise provided in this Agreement;

(iii) admit a Person as a Partner, except as otherwise provided in this Agreement (including with respect to the PLPs, who shall become Partners upon their receipt of Performance Units);

(iv) perform any act that would subject a Limited Partner to liability as a general partner in any jurisdiction or any other liability except as provided herein or under the Act; or

(v) enter into any contract, mortgage, loan or other agreement that prohibits or restricts, or has the effect of prohibiting or restricting, the ability of a Limited Partner to exercise its rights to a Redemption in full, except with the written consent of such Limited Partner.

B. The General Partner shall not, without the prior Consent of the Partners (in addition to any Consent of the Limited Partners required by any other provision hereof), undertake, on behalf of the Partnership, any of the following actions or enter into any transaction which would have the effect of such transactions:

(i) except as provided in Section 7.3.D below, amend, modify or terminate this Agreement other than to reflect the admission, substitution, termination or withdrawal of partners pursuant to Article 12;

(ii) make a general assignment for the benefit of creditors or

appoint or acquiesce in the appointment of a custodian, receiver or trustee for all or any part of the assets of the Partnership;

(iii) institute any proceeding for bankruptcy on behalf of the Partnership;

(iv) confess a judgment against the Partnership; or

(v) enter into a merger (including a triangular merger), consolidation or other combination of the Partnership with or into another entity.

C. Except in the case of a Liquidating Event pursuant to Section 13.1 (other than Section 13.1.F), the General Partner shall not, without the prior Consent of the Limited Partners, undertake, on behalf of the Partnership, any actions or enter into any transaction which would have the effect of a dissolution of the Partnership, including a sale, exchange, transfer or other disposition of all or substantially all of the Partnership's assets in a single transaction or a series of related transactions.

D. Notwithstanding Sections 7.3.B and 7.3.C, but subject to Section 7.3.E, the General Partner shall have the power, without the Consent of the Partners, to amend this Agreement as may be required to facilitate or implement any of the following purposes:

(i) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners;

(ii) to reflect the issuance of additional Partnership Interests pursuant to Sections 4.3.C, 4.3.F and 4.4, or the admission, substitution, termination, reduction in Partnership Units or withdrawal of Partners in accordance with this Agreement (which may be effected through the replacement of Exhibit A with an amended Exhibit A);

(iii) to set forth or amend the designations, rights, powers, duties, and preferences of the holders of any additional Partnership Interests issued pursuant to Article 4;

(iv) to reflect a change that is of an inconsequential nature and does not adversely affect the Limited Partners in any material respect, or to cure any ambiguity in, correct or supplement any provision, or make other changes with respect to matters arising under, this Agreement that will not be inconsistent with law or with the provisions of this Agreement;

(v) to satisfy any requirements, conditions, or guidelines contained in any order, directive, opinion, ruling or regulation of a Federal, state of local agency or contained in Federal, state or local law.

(vi) to reflect such changes as are reasonably necessary for the General Partner to maintain its status as a REIT, including changes which may be necessitated due to a change in applicable law (or an authoritative interpretation thereof) or a ruling of the IRS; and

(vii) to modify, as set forth in the definition of "Capital Account," the manner in which Capital Accounts are computed.

The General Partner will provide notice to the Limited Partners when any action under this Section 7.3.D is taken.

E. Notwithstanding Sections 7.3.B, 7.3.C and 7.3.D, this Agreement shall not be amended, and no action may be taken by the General Partner, including in either case through merger or sale of assets of the Partnership or otherwise, without the Consent of each Common Limited Partner or Preferred Limited Partner adversely affected if such amendment or action would (i) convert a Limited Partner's interest in the Partnership into a general partner's interest (except as the result of the General Partner acquiring such interest), (ii) modify the limited liability of a Limited Partner, (iii) alter rights of the Partner to receive distributions pursuant to Article 5, Section 13.2.A(4), Article 17, Article 18, Article 19 or Article 20 or the allocations specified in Article 6 (except as permitted pursuant to Section 4.3 and Section 7.3.D), (iv) alter or modify the rights to a Redemption or the REIT Shares Amount as set forth in Section 8.6, and related definitions hereof, (v) alter the redemption or exchange rights as set forth in Sections 17.5, 17.8, 18.5, 18.8 19.5 and 19.8 hereof, respectively, or (vi) amend this Section 7.3.E. Further, no amendment may alter the restrictions on the General Partner's authority set forth elsewhere in this Section 7.3 without the Consent specified in such section. In

addition, (a) Section 11.2 of this Agreement shall not be amended, and no action in contravention of Section 11.2 shall be taken, including in either case through merger or sale of assets of the Partnership or otherwise, without the Consent of the Limited Partners and (b) this Agreement shall not be amended, and no action shall be taken, including in either case through merger or sale of assets of the Partnership or otherwise, which would adversely affect the rights of the Persons set forth in Exhibit G to receive Performance Units as described herein.

F. Other than incident to a transaction pursuant to Sections 11.2.B or 11.2.C, the General Partner shall not undertake to dispose of any Partnership Property specified in the

agreements listed in Exhibit H in a taxable sale or taxable exchange prior to the dates specified in such agreements without the prior consent of each Limited Partner which contributed all or any portion of an interest in such Property to the Partnership, as set forth in such agreements.

Section 7.4 Reimbursement of the General Partner

A. Except as provided in this Section 7.4 and elsewhere in this Agreement (including the provisions of Articles 5 and 6 regarding distributions, payments and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

B. Subject to Section 15.11, the General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all expenses it incurs relating to the ownership of interests in and operation of, or for the benefit of, the Partnership. The Limited Partners acknowledge that the General Partner's sole business is the ownership of interests in and operation of the Partnership and that such expenses are incurred for the benefit of the Partnership; provided that, the General Partner shall not be reimbursed for expenses it incurs relating to the organization of the Partnership and the General Partner, or the initial public offering or subsequent offerings of REIT Shares, other shares of capital stock or Funding Debt by the General Partner, but shall be reimbursed for expenses it incurs with respect to any other issuance of additional Partnership Interests pursuant to the provisions hereof. Such reimbursements shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 7.7.

C. If and to the extent any reimbursements to the General Partner pursuant to this Section 7.4 constitute gross income of the General Partner (as opposed to the repayment of advances made by the General Partner on behalf of the Partnership), such amounts shall constitute guaranteed payments within the meaning of Section 707(c) of the Code, shall be treated consistently therewith by the Partnership and all Partners, and shall not be treated as distributions for purposes of computing the Partners' Capital Accounts.

Section 7.5 Outside Activities of the General Partner

A. Except in connection with a transaction authorized in Section 11.2, without the Consent of the Limited Partners, the General Partner shall not, directly or indirectly, enter into or conduct any business, other than in connection with the ownership, acquisition and disposition of Partnership Interests as a General Partner and the management of the business of the Partnership, its operation as a public reporting company with a class (or classes) of securities registered under the Exchange Act, its operation as a REIT and such activities as are incidental to the same. Without the Consent of the Limited Partners, the General Partner shall not, directly or indirectly, participate in or otherwise acquire any interest in any real or personal property, except its General Partner Interest, its interest in any Subsidiary Partnership(s) (held directly or indirectly through a Qualified REIT Subsidiary) that the General Partner holds in order to maintain such Subsidiary Partnership's status as a partnership, and such bank accounts, similar instruments or other short-term investments as it deems necessary to carry out its responsibilities contemplated under this Agreement and the Charter. In the event the General Partner desires to contribute cash to any Subsidiary Partnership to acquire or maintain an interest of 1% or less in the capital of such partnership, the General Partner may acquire such cash from the Partnership

in exchange for a reduction in the General Partner's Units, in an amount equal to the amount of such cash divided by the Fair Market Value of a REIT Share on the day such cash is received by the General Partner. Notwithstanding the foregoing, the General Partner may acquire Properties in exchange for REIT Shares, to the extent such Properties are immediately contributed by the General Partner to the Partnership, pursuant to the terms described in Section 4.3.E. Any Limited Partner Interests acquired by the General Partner, whether pursuant to exercise by a Limited Partner of its right of Redemption, or otherwise, shall be automatically converted into a General Partner Interest comprised of an identical number of Partnership Units with the same rights, priorities and

preferences as the class or series so acquired. If, at any time, the General Partner acquires material assets (other than on behalf of the Partnership) the definition of "REIT Shares Amount" and the definition of "Deemed Value of Partnership Interests" shall be adjusted, as reasonably agreed to by the General Partner and the other Limited Partners, to reflect the relative Fair Market Value of a share of capital stock of the General Partner relative to the Deemed Partnership Interest Value of the related Partnership Unit. The General Partner's General Partner Interest in the Partnership, its minority interest in any Subsidiary Partnership(s) (held directly or indirectly through a Qualified REIT Subsidiary) that the General Partner holds in order to maintain such Subsidiary Partnership's status as a partnership, and interests in such short-term liquid investments, bank accounts or similar instruments as the General Partner deems necessary to carry out its responsibilities contemplated under this Agreement and the Charter are interests which the General Partner is permitted to acquire and hold for purposes of this Section 7.5.A.

B. In the event the General Partner exercises its rights under the Charter to purchase REIT Shares or Preferred Shares, then the General Partner shall cause the Partnership to redeem from it a number of Partnership Units of the appropriate class as determined based on, in the case of REIT Shares, the REIT Shares Amount equal to the number of REIT Shares so purchased, or in the case of Preferred Shares an equal number of Preferred Units which correspond in ranking to the Preferred Shares so purchased, in each case on the same terms that the General Partner purchased such REIT Shares or Preferred Shares (as applicable).

Section 7.6 Contracts with Affiliates

A. Except as expressly permitted by this Agreement, the Partnership shall not, directly or indirectly, sell, transfer or convey any property to, or purchase any property from, or borrow funds from, or lend funds to, any Partner or any Affiliate of the Partnership that is not also a Subsidiary of the Partnership, except pursuant to transactions that are on terms that are fair and reasonable and no less favorable to the Partnership than would be obtained from an unaffiliated third party.

B. The General Partner, in its sole and absolute discretion and without the approval of the Limited Partners, may propose and adopt on behalf of the Partnership employee benefit plans funded by the Partnership for the benefit of employees of the General Partner, the Partnership, Subsidiaries of the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership, the General Partner, or any of the Partnership's Subsidiaries. The General Partner also is expressly authorized to cause the Partnership to issue to it Partnership Units corresponding to REIT Shares issued by the General Partner pursuant to its Stock Incentive Plan or any similar or successor plan and to repurchase

such Partnership Units from the General Partner to the extent necessary to permit the General Partner to repurchase such REIT Shares in accordance with such plan.

Section 7.7 Indemnification

A. The Partnership shall indemnify an Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnitee 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 Indemnitee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guaranty or otherwise, for any indebtedness of the Partnership or any Subsidiary of the Partnership (including, without limitation, any indebtedness which the Partnership or any Subsidiary of the Partnership has assumed or taken subject to), and the General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 7.7 in favor of any Indemnitee having or potentially having liability for any such indebtedness. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.7.A. The termination of any proceeding by conviction or upon a plea of nolo contendere or its equivalent, or any entry of an order of probation prior to judgment, creates a rebuttable presumption that the Indemnitee acted in a manner contrary to that specified in this Section 7.7.A. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership, and any insurance proceeds from the liability policy covering the General Partner and any Indemnitee, and neither the General Partner nor any

Limited Partner shall have any obligation to contribute to the capital of the Partnership or otherwise provide funds to enable the Partnership to fund its obligations under this Section 7.7.

B. Reasonable expenses incurred by an Indemnitee who is a party to a proceeding may be paid or reimbursed by the Partnership in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in Section 7.7.A has been met and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

C. The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity.

D. The Partnership may purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the General Partner shall determine, against any liability

that may be asserted against or expenses that may be incurred by any such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

E. For purposes of this Section 7.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of Section 7.7; and actions taken or omitted by the Indemnitee with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Partnership.

F. In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

G. An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

H. The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 7.7 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the Partnership's liability to any Indemnitee under this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

I. If and to the extent any reimbursements to the General Partner pursuant to this Section 7.7 constitute gross income of the General Partner (as opposed to the repayment of advances made by the General Partner on behalf of the Partnership) such amounts shall constitute guaranteed payments within the meaning of Section 707(c) of the Code, shall be treated consistently therewith by the Partnership and all Partners, and shall not be treated as distributions for purposes of computing the Partners' Capital Accounts.

J. Any indemnification hereunder is subject to, and limited by, the provisions of Section 17-108 of the Act.

K. In the event the Partnership is made a party to any litigation or otherwise incurs any loss or expense as a result of or in connection with any Partner's personal obligations or liabilities unrelated to Partnership business, such Partner shall indemnify and reimburse the Partnership for all such loss and expense incurred, including legal fees, and the Partnership Interest of such Partner may be charged therefor. The liability of a Partner under this Section 7.7.K shall not be limited to such Partner's Partnership Interest, but shall be enforceable against such Partner personally.

Section 7.8 Liability of the General Partner

A. Notwithstanding anything to the contrary set forth in this Agreement, none of the General Partner and any of its officers, directors, agents and employees shall be liable or accountable in damages or otherwise to the Partnership, any Partners or any Assignees, or their successors or assigns, for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or any act or omission if the General Partner acted in good faith.

B. The Limited Partners expressly acknowledge that the General Partner is acting for the benefit of the Partnership, the Limited Partners and the General Partner's stockholders collectively, that the General Partner is under no obligation to give priority to the separate interests of the Limited Partners or the General Partner's stockholders (including, without limitation, the tax consequences to Limited Partners or Assignees or to stockholders) in deciding whether to cause the Partnership to take (or decline to take) any actions and that the General Partner shall not be liable to the Partnership or to any Limited Partner for monetary damages for losses sustained, liabilities incurred, or benefits not derived by Limited Partners in connection with such decisions; provided, that the General Partner has acted in good faith.

C. Subject to its obligations and duties as General Partner set forth in Section 7.1.A, the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents. The General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by it in good faith. In no event shall the liability of the General Partner and its officers, directors, agents and employees, to the Partnership and the Limited Partners under this Section 7.8 be greater than the Partnership Interest of the General Partner.

D. Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability of the General Partner and any of its officers, directors, agents and employees to the Partnership and the Limited Partners under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.9 Other Matters Concerning the General Partner

A. The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

B. The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters which such General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

C. The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the General Partner hereunder.

D. Notwithstanding any other provisions of this Agreement or any non-mandatory provision of the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order to protect the ability of the General Partner, for so long as the General Partner has determined to qualify as a REIT, to (i) continue to qualify as a REIT or (ii) except with respect to the distribution of Available Cash to the Series B Limited Partners in accordance with Section 17.3, to the Series J Limited Partners in accordance with Section 18.3 and to the Series K Limited Partners in accordance with Section 19.3 avoid the General Partner incurring any taxes under Section 857 or Section 4981 of the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

E. So long as the Company holds any interest in the Partnership (as either a General Partner or Limited Partner), the Company shall have "management rights" (as such term is defined in the Plan Asset Regulation) with respect to the Partnership and its Properties to the extent necessary to qualify the Company as a "venture capital operating company" (as such term is defined in the Plan Asset Regulation).

Section 7.10 Title to Partnership Assets

Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partners, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be deemed held by the General Partner or such nominee or Affiliate for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use its best efforts to cause beneficial and record title to such assets to be vested in the Partnership as soon as reasonably practicable. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

Section 7.11 Reliance by Third Parties

Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies which

may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (ii) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (iii) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE 8.
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

Section 8.1 Limitation of Liability

The Limited Partners shall have no liability under this Agreement except as expressly provided in this Agreement or under the Act.

Section 8.2 Management of Business

No Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any officer, director, employee, general partner, agent or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such) shall take part in the operations, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, employee, general partner, agent or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

Section 8.3 Outside Activities of Limited Partners

Subject to any agreements entered into by a Limited Partner or its Affiliates with the General Partner, Partnership or a Subsidiary, any Limited Partner and any officer, director, employee, agent, trustee, Affiliate or stockholder of any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct competition with the Partnership or that are enhanced by the activities of the Partnership. Neither the Partnership nor any Partners shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee. Subject to such agreements, none of the Limited Partners nor any other Person shall have

any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person, other than the Limited Partners benefiting from the business conducted by the General Partner, and such other Person shall have no obligation pursuant to this Agreement to offer any interest in any such business ventures to the

Partnership, any Limited Partner or any such other Person, even if such opportunity is of a character which, if presented to the Partnership, any Limited Partner or such other Person, could be taken by such other Person.

Section 8.4 Return of Capital

Except pursuant to the rights of Redemption set forth in Section 8.6 and the redemption and exchange rights set forth in Sections 17.5, 17.8, 18.5, 18.8 19.5 and 19.8, no Limited Partner shall be entitled to the withdrawal or return of his or her Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon termination of the Partnership as provided herein. Except as expressly set forth herein with respect to the rights, priorities and preferences of the Preferred Limited Partners holding any series of Preferred Units, no Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Capital Contributions, or as otherwise expressly provided in this Agreement, as to profits, losses, distributions or credits.

Section 8.5 Rights of Limited Partners Relating to the Partnership

A. In addition to other rights provided by this Agreement or by the Act, and except as limited by Section 8.5.C, each Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a limited partner in the Partnership, upon written demand with a statement of the purpose of such demand and at the Partnership's expense:

(i) to obtain a copy of the most recent annual and quarterly reports filed with the Securities and Exchange Commission by the General Partner pursuant to the Exchange Act, and each communication sent to the stockholders of the General Partner;

(ii) to obtain a copy of the Partnership's Federal, state and local income tax returns for each Partnership Year;

(iii) to obtain a current list of the name and last known business, residence or mailing address of each Partner;

(iv) to obtain a copy of this Agreement and the Certificate and all amendments thereto, together with executed copies of all powers of attorney pursuant to which this Agreement, the Certificate and all amendments thereto have been executed; and

(v) to obtain true and full information regarding the amount of cash and a description and statement of any other property or services contributed by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner.

B. The Partnership shall notify each Common Limited Partner in writing of any adjustment made in the calculation of the REIT Shares Amount within ten (10) Business Days of the date such change becomes effective.

C. Notwithstanding any other provision of this Section 8.5, the General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner determines in its sole and absolute discretion to be reasonable, any information that (i) the General Partner believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or (ii) the Partnership or the General Partner is required by law or by agreements with unaffiliated third parties to keep confidential.

Section 8.6 Common Limited Partner Redemption Rights

A. On or after the date one year after the Effective Date, or on or after such later date as expressly provided in an agreement entered into between the Partnership and any Common Limited Partner, each Common Limited Partner shall have the right (subject to the terms and conditions set forth herein and in any other such agreement, as applicable) to require the Partnership to redeem all or a portion of the Common Partnership Units held by such Common Limited Partner (such Partnership Units being hereafter referred to as "Tendered Units") in exchange for the Cash Amount (a "Redemption"); provided, that the terms of such Common Partnership Units do not provide that such Common Partnership Units are not entitled to a right of Redemption. Unless otherwise expressly provided in this Agreement or a separate agreement entered into between the Partnership and the holders of such Partnership Units, all Common Partnership Units shall be

entitled to a right of Redemption hereunder. Notwithstanding the foregoing, a PLP shall not have the right to require the Partnership to redeem, and the Partnership may not redeem, (i) a number of Performance Units held by such PLP in excess of the Performance Amount; or (ii) any Performance Units prior to the second anniversary of their issuance. Any Redemption shall be exercised pursuant to a Notice of Redemption delivered to the General Partner by the Common Limited Partner who is exercising the right (the "Tendering Partner"). The Cash Amount shall be delivered as a certified check payable to the Tendering Partner within ten (10) days of the Specified Redemption Date in accordance with the instructions set forth in the Notice of Redemption.

B. Notwithstanding Section 8.6.A above, if a Common Limited Partner has delivered to the General Partner a Notice of Redemption then the General Partner may, in its sole and absolute discretion, (subject to the limitations on ownership and transfer of REIT Shares set forth in Article IV.E of the Charter) elect to acquire some or all of the Tendered Units from the Tendering Partner in exchange for the REIT Shares Amount (as of the Specified Redemption Date) and, if the General Partner so elects, the Tendering Partner shall sell the Tendered Units to the General Partner in exchange for the REIT Shares Amount. In such event, the Tendering Partner shall have no right to cause the Partnership to redeem such Tendered Units. The General Partner shall promptly give such Tendering Partner written notice of its election, and the Tendering Partner may elect to withdraw its redemption request at any time prior to the acceptance of the Cash Amount or REIT Shares Amount by such Tendering Partner.

C. The REIT Shares Amount, if applicable, shall be delivered as duly authorized, validly issued, fully paid and nonassessable REIT Shares and, if applicable, free of any pledge, lien, encumbrance or restriction, other than those provided in the Charter, the Bylaws of the General Partner, the Securities Act, relevant state securities or blue sky laws and any applicable registration rights agreement with respect to such REIT Shares entered into by the Tendering Partner. The REIT Shares Amount shall be registered in the name and otherwise

delivered as set forth in the Notice of Redemption. Notwithstanding any delay in such delivery (but subject to Section 8.6.E below), the Tendering Partner shall be deemed the owner of such REIT Shares for all purposes, including without limitation, rights to vote or consent, and receive dividends, as of the Specified Redemption Date.

D. Each Common Limited Partner covenants and agrees with the General Partner that all Tendered Units shall be delivered to the General Partner free and clear of all liens, claims and encumbrances whatsoever and should any such liens, claims and/or encumbrances exist or arise with respect to such Tendered Units, the General Partner shall be under no obligation to acquire the same. Each Common Limited Partner further agrees that, in the event any state or local property transfer tax is payable as a result of the transfer of its Tendered Units to the General Partner (or its designee), such Common Limited Partner shall assume and pay such transfer tax.

E. Notwithstanding the provisions of Sections 8.6.A, 8.6.B, 8.6.C or any other provision of this Agreement, a Common Limited Partner (i) shall not be entitled to effect a Redemption for cash or an exchange for REIT Shares to the extent the ownership or right to acquire REIT Shares pursuant to such exchange by such Partner on the Specified Redemption Date would cause such Partner or any other Person, or, in the opinion of counsel selected by the General Partner, may cause such Partner or any other Person, to violate the restrictions on ownership and transfer of REIT Shares set forth in Article IV.E of the Charter and (ii) shall have no rights under this Agreement to acquire REIT Shares which would otherwise be prohibited under the Charter. To the extent any attempted Redemption or exchange for REIT Shares would be in violation of this Section 8.6.E, it shall be null and void ab initio and such Common Limited Partner shall not acquire any rights or economic interest in the cash otherwise payable upon such redemption or the REIT Shares otherwise issuable upon such exchange.

F. Notwithstanding anything herein to the contrary (but subject to Section 8.6.E above), with respect to any Redemption or exchange for REIT Shares pursuant to this Section 8.6:

(i) All Common Partnership Units acquired by the General Partner pursuant thereto shall automatically, and without further action required, be converted into and deemed to be General Partner Interests comprised of the same number and class of Common Partnership Units.

(ii) Without the consent of the General Partner, each Common Limited Partner may not effect a Redemption for less than 10,000 Partnership Units or, if the Common Limited Partner holds less than 10,000 Partnership Units, all of the Common Partnership Units held by such Common Limited Partner.

(iii) Without the consent of the General Partner, each Common Limited Partner may not effect a Redemption during the period after the Partnership Record Date with respect to a

distribution and before the record date established by the General Partner for a distribution to its common stockholders of some or all of its portion of such distribution.

(iv) The consummation of any Redemption or exchange for REIT Shares shall be subject to the expiration or termination of the applicable waiting period, if any, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(v) Each Tendering Partner shall continue to own all Common Partnership Units subject to any Redemption or exchange for REIT Shares, and be treated as a Common Limited Partner with respect to such Common Partnership Units for all purposes of this Agreement, until such Common Partnership Units are transferred to the General Partner and paid for or exchanged as of the Specified Redemption Date. Until a Specified Redemption Date, the Tendering Partner shall have no rights as a stockholder of the General Partner with respect to such Tendering Partner's Common Partnership Units.

G. In the event that the Partnership issues additional Partnership Interests to any Additional Limited Partner pursuant to Section 4.3.C, the General Partner shall make such revisions to this Section 8.6 as it determines are necessary to reflect the issuance of such additional Partnership Interests.

ARTICLE 9.
BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1 Records and Accounting

The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to Section 9.3. Any records maintained by or on behalf of the Partnership in the regular course of its business may be kept on, or be in the form of, punch cards, magnetic tape, photographs, micrographics or any other information storage device; provided, that the records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles.

Section 9.2 Fiscal Year

The fiscal year of the Partnership shall be the calendar year.

Section 9.3 Reports

A. As soon as practicable, but in no event later than one hundred and five (105) days after the close of each Partnership Year, or such earlier date as they are filed with the Securities and Exchange Commission, the General Partner shall cause to be mailed to each Limited Partner as of the close of the Partnership Year, an annual report containing financial statements of the Partnership, or of the General Partner if such statements are prepared solely on a consolidated basis with the General Partner, for such Partnership Year, presented in accordance

with generally accepted accounting principles, such statements to be audited by a nationally recognized firm of independent public accountants selected by the General Partner.

B. As soon as practicable, but in no event later than forty-five (45) days after the close of each calendar quarter (except the last calendar quarter of each year), or such earlier date as they are filed with the Securities and Exchange Commission, the General Partner shall cause to be mailed to each Limited Partner as of the last day of the calendar quarter, a report containing unaudited financial statements of the Partnership, or of the General Partner, if such statements are prepared solely on a consolidated basis with the General Partner, presented in accordance with the applicable law or regulation, or as the General Partner determines to be appropriate.

Section 9.4 Nondisclosure of Certain Information

Notwithstanding the provisions of Sections 9.1 and 9.3, the General Partner may keep confidential from the Limited Partners any information that the General Partner believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or which the Partnership is required by law or by agreements with unaffiliated third parties to keep confidential.

ARTICLE 10.
TAX MATTERS

Section 10.1 Preparation of Tax Returns

The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions, losses and other items required of the Partnership for Federal and state income tax purposes and shall use all reasonable efforts to furnish, within ninety (90) days of the close of each taxable year, the tax information reasonably required by Limited Partners for Federal and state income tax reporting purposes. Each Limited Partner shall promptly provide the General Partner with such information relating to any Contributed Property contributed by such Limited Partner to the Partnership.

Section 10.2 Tax Elections

Except as otherwise provided herein, the General Partner shall, in its sole and absolute discretion, determine whether to make any available election pursuant to the Code, including the election under Section 754 of the Code. The General Partner shall have the right to seek to revoke any such election (including without limitation, any election under Section 754 of the Code) upon the General Partner's determination in its sole and absolute discretion that such revocation is the best interests of the Partners.

Section 10.3 Tax Matters Partner

A. The General Partner shall be the "tax matters partner" of the Partnership for Federal income tax purposes. Pursuant to Section 6223(c) of the Code, upon receipt of notice from the IRS of the beginning of an administrative proceeding with respect to the Partnership, the tax matters partner shall furnish the IRS with the name, address and profit interest of each of

the Limited Partners and Assignees; provided, however, that such information is provided to the Partnership by the Limited Partners and Assignees.

B. The tax matters partner is authorized, but not required:

(i) to enter into any settlement with the IRS with respect to any administrative or judicial proceedings for the adjustment of Partnership items required to be taken into account by a Partner for income tax purposes (such administrative proceedings being referred to as a "tax audit" and such judicial proceedings being referred to as "judicial review"), and in the settlement agreement the tax matters partner may expressly state that such agreement shall bind all Partners, except that such settlement agreement shall not bind any Partner (a) who (within the time prescribed pursuant to the Code and Regulations) files a statement with the IRS providing that the tax matters partner shall not have the authority to enter into a settlement agreement on behalf of such Partner or (b) who is a "notice partner" (as defined in Section 6231 of the Code) or a member of a "notice group" (as defined in Section 6223(b)(2) of the Code);

(ii) in the event that a notice of a final administrative adjustment at the Partnership level of any item required to be taken into account by a Partner for tax purposes (a "final adjustment") is mailed to the tax matters partner, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the Tax Court or the United States Claims Court, or the filing of a complaint for refund with the District Court of the United States for the district in which the Partnership's principal place of business is located;

(iii) to intervene in any action brought by any other Partner for judicial review of a final adjustment;

(iv) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file an appropriate pleading (petition or complaint) for judicial review with respect to such request;

(v) to enter into an agreement with the IRS to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Partner for tax purposes, or an item affected by such item; and

(vi) to take any other action on behalf of the Partners of the Partnership in connection with any tax audit or judicial

review proceeding to the extent permitted by applicable law or regulations.

The taking of any action and the incurring of any expense by the tax matters partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the tax matters partner and the provisions relating to indemnification of the General Partner set forth in Section 7.7 shall be fully applicable to the tax matters partner in its capacity as such.

C. The tax matters partner shall receive no compensation for its services. All third party costs and expenses incurred by the tax matters partner in performing its duties as such (including legal and accounting fees) shall be borne by the Partnership. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm to assist the tax matters partner in discharging its duties hereunder, so long as the compensation paid by the Partnership for such services is reasonable.

Section 10.4 Organizational Expenses

The Partnership shall elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a sixty (60) month period as provided in Section 709 of the Code.

Section 10.5 Withholding

Each Limited Partner hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Limited Partner any amount of Federal, state, local, or foreign taxes that the General Partner determines that the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Limited Partner pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Sections 1441, 1442, 1445 or 1446 of the Code. Any amount paid on behalf of or with respect to a Limited Partner shall constitute a loan by the Partnership to such Limited Partner, which loan shall be repaid by such Limited Partner within fifteen (15) days after notice from the General Partner that such payment must be made unless (i) the Partnership withholds such payment from a distribution which would otherwise be made to the Limited Partner or (ii) the General Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the available funds of the Partnership which would, but for such payment, be distributed to the Limited Partner. Any amounts withheld pursuant to the foregoing clauses (i) or (ii) shall be treated as having been distributed to such Limited Partner. Each Limited Partner hereby unconditionally and irrevocably grants to the Partnership a security interest in such Limited Partner's Partnership Interest to secure such Limited Partner's obligation to pay to the Partnership any amounts required to be paid pursuant to this Section 10.5. In the event that a Limited Partner fails to pay any amounts owed to the Partnership pursuant to this Section 10.5 when due, the General Partner may, in its sole and absolute discretion, elect to make the payment to the Partnership on behalf of such defaulting Limited Partner, and in such event shall be deemed to have loaned such amount to such defaulting Limited Partner and shall succeed to all rights and remedies of the Partnership as against such defaulting Limited Partner (including, without limitation, the right to receive distributions and the holding of a security interest in such Limited Partner's Partnership Interest). Any amounts payable by a Limited Partner hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in the Wall Street Journal, plus two percentage points (but not higher than the maximum lawful rate) from the date such amount is due (i.e., 15 days after demand) until such amount is paid in full. Each Limited Partner shall take such actions as the Partnership or the General Partner shall request in order to perfect or enforce the security interest created hereunder.

ARTICLE 11.
TRANSFERS AND WITHDRAWALS

Section 11.1 Transfer

A. The term "transfer," when used in this Article 11 with respect to a Partnership Interest, shall be deemed to refer to a transaction by which the General Partner purports to assign its General Partner Interest to another Person or by which a Limited Partner purports to assign its Limited Partnership Interest to another Person, and includes a sale, assignment, gift (outright or in trust), pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise. Except to the extent otherwise specified, the term "transfer" when used in this Article 11 does not include any Redemption or exchange for REIT Shares pursuant to Section 8.6, any redemption of Preferred Units pursuant to Sections 17.5, 18.5, 19.5 or 20.5 or any exchange for Preferred Shares pursuant to Section 17.8, 18.8 or 19.8. No part of the interest of a Limited Partner shall be subject to the claims of any creditor, any spouse for alimony or support, or to legal process, and may not be voluntarily or

involuntarily alienated or encumbered, except as may be specifically provided for in this Agreement.

B. No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article 11. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article 11 shall be null and void ab initio unless otherwise consented by the General Partner in its sole and absolute discretion.

Section 11.2 Transfer of General Partner's Partnership Interest

A. The General Partner shall not withdraw from the Partnership and shall not transfer all or any portion of its interest in the Partnership (whether by sale, statutory merger, consolidation, liquidation or otherwise) without the Consent of the Limited Partners which may be given or withheld by each such Limited Partner in its sole and absolute discretion, and only upon the admission of a successor General Partner pursuant to Section 12.1; provided, however, that, subject to Sections 11.2.B, 11.2.C, 11.2.D and 11.2.E, the General Partner may withdraw from the Partnership and transfer all of its interest upon the merger, consolidation or sale of substantially all of the assets of the General Partner without the consent of any Limited Partners. Upon any transfer of a Partnership Interest in accordance with the provisions of this Section 11.2, the transferee shall become a substitute General Partner for all purposes herein, and shall be vested with the powers and rights of the transferor General Partner, and shall be liable for all obligations and responsible for all duties of the General Partner, once such transferee has executed such instruments as may be necessary to effectuate such admission and to confirm the agreement of such transferee to be bound by all the terms and provisions of this Agreement with respect to the Partnership Interest so acquired. It is a condition to any transfer otherwise permitted hereunder that the transferee assumes, by operation of law or express agreement, all of the obligations of the transferor General Partner under this Agreement with respect to such transferred Partnership Interest, and no such transfer (other than pursuant to a statutory merger or consolidation wherein all obligations and liabilities of the transferor General Partner are assumed by a successor corporation by operation of law) shall relieve the transferor General Partner of its obligations under this Agreement without the Consent of the Partners, in their reasonable discretion. In the event the General Partner withdraws from the Partnership, or otherwise

dissolves or terminates, or upon the Incapacity of the General Partner, all of the remaining Partners may elect to continue the Partnership business by selecting a substitute General Partner in accordance with the Act.

B. Neither the General Partner nor the Partnership may engage in any merger, consolidation or other combination with or into another person, or effect any reclassification, recapitalization or change of its outstanding equity interests, and the General Partner may not sell all or substantially all of its assets (each a "Termination Transaction") unless in connection with the Termination Transaction all holders of Partnership Units either will receive, or will have the right to elect to receive, for each Partnership Unit an amount of cash, securities or other property equal to the product of the REIT Share Amount and the greatest amount of cash, securities or other property paid to the holder of one REIT Share in consideration of one REIT Share pursuant to the Termination Transaction. If, in connection with the Termination Transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of the outstanding REIT Shares, each holder of Partnership Units will receive, or will have the right to elect to receive, the greatest amount of cash, securities or other property which such holder would have received had it exercised its rights to Redemption (as set forth in Section 8.6) and received REIT Shares in exchange for its Partnership Units immediately prior to the expiration of such purchase, tender or exchange offer and had thereupon accepted such purchase, tender or exchange offer. The PLPs shall have the benefit of the foregoing provisions with respect to all of their Performance Units, notwithstanding the limitation set forth in Section 8.6.A on a PLPs ability to exercise its rights to a Redemption.

C. A Termination Transaction may also occur if the following conditions are met: (i) substantially all of the assets directly or indirectly owned by the surviving entity are held directly or indirectly by the Partnership or another limited partnership or limited liability company which is the survivor of a merger, consolidation or combination of assets with the Partnership (in each case, the "Surviving Partnership"); (ii) the holders of Partnership Units, including the holders of Performance Units issued or to be issued, own a percentage interest of the Surviving Partnership based on the relative fair market value of the net assets of the Partnership and the other net assets of the Surviving Partnership immediately prior to the consummation of such transaction; (iii) the rights, preferences and privileges of such holders in the Surviving Partnership, including the holders of Performance Units issued or to be issued, are at least as favorable as those in effect immediately prior to the consummation of such transaction and as those applicable to any other limited partners or non-managing members of the Surviving Partnership (except, as to Performance Units, for such differences with Partnership Units regarding

liquidation, Redemption and exchange as are set forth herein); and (iv) such rights of the Limited Partners, including the holders of Performance Units issued or to be issued, include at least one of the following: (a) the right to redeem their interests in the Surviving Partnership for the consideration available to such persons pursuant to Section 11.2.B; or (b) the right to redeem their Partnership Units for cash on terms equivalent to those in effect with respect to their Partnership Units immediately prior to the consummation of such transaction, or, if the ultimate controlling person of the Surviving Partnership has publicly traded common equity securities, such common equity securities, with an exchange ratio based on the determination of relative fair market value of such securities and the REIT Shares.

D. In connection with any transaction permitted by Section 11.2.B or 11.2.C the determination of relative fair market values and rights, preferences and privileges of the

Limited Partners shall be reasonably determined by the General Partner's Board of Directors as of the time of the Termination Transaction and, to the extent applicable, the values shall be no less favorable to the holders of Partnership Units than the relative values reflected in the terms of the Termination Transaction.

E. In the event of a Termination Transaction, the arrangements with respect to Performance Units and Performance Shares will be equitably adjusted to reflect the terms of the transaction, including, to the extent that the REIT Shares are exchanged for consideration other than publicly traded common equity, the transfer or release of remaining Performance Shares pursuant to the Escrow Agreements, and resulting issuance of any Performance Units as set forth in Section 4.3.F.

Section 11.3 Limited Partners' Rights to Transfer

A. Any Limited Partner may, at any time without the consent of the General Partner, (i) transfer all or any portion of its Partnership Interest to the General Partner, (ii) transfer all or any portion of its Partnership Interest to an Affiliate controlled thereby or to an Immediate Family member, subject to the provisions of Section 11.6, (iii) transfer all or any portion of its Partnership Interest to a trust for the benefit of a charitable beneficiary or to a charitable foundation, subject to the provisions of Section 11.6 and (iv) subject to the provisions of Section 11.6, (a) pledge (a "Pledge") all or any portion of its Partnership Interest to a lending institution, which is not an Affiliate of such Limited Partner, as collateral or security for a bona fide loan or other extension of credit, or (b) transfer such pledged Partnership Interest to such lending institution in connection with the exercise of remedies under such loan or extension of credit. In addition, each Limited Partner or Assignee (resulting from a transfer made pursuant to clauses (i)-(iv) of the preceding sentence) shall have the right to transfer all or any portion of its Partnership Interest, subject to the provisions of Section 11.6 and the satisfaction of each of the following conditions:

(a) General Partner Right of First Refusal. The transferring Partner shall give written notice of the proposed transfer to the General Partner, which notice shall state (x) the identity of the proposed transferee and (y) the amount and type of consideration proposed to be received for the transferred Partnership Units. The General Partner shall have ten (10) days upon which to give the transferring Partner notice of its election to acquire the Partnership Units on the proposed terms. If it so elects, it shall purchase the Partnership Units on such terms within ten (10) days after giving notice of such election. If it does not so elect, the transferring Partner may transfer such Partnership Units to a third party, on economic terms no more favorable to the transferee than the proposed terms, subject to the other conditions of this Section 11.3.

(b) Qualified Transferee. Any transfer of a Partnership Interest shall be made only to Qualified Transferees.

It is a condition to any transfer otherwise permitted hereunder that the transferee assumes by operation of law or express agreement all of the obligations of the transferor Limited Partner under this Agreement with respect to such transferred Partnership Interest and no such transfer (other than pursuant to a statutory merger or consolidation wherein all obligations and

liabilities of the transferor Partner are assumed by a successor corporation by operation of law) shall relieve the transferor Partner of its obligations under this Agreement without the approval of the General Partner, in its reasonable discretion. Notwithstanding the foregoing, any transferee of any transferred Partnership Interest shall be subject to any and all ownership limitations contained in the Charter, which may limit or restrict such transferee's ability

to exercise its exchange rights set forth in Section 17.8, 18.8 and 19.8 and to the representations set forth in Section 3.4.D. Any transferee, whether or not admitted as a Substituted Limited Partner, shall take subject to the obligations of the transferor hereunder. Unless admitted as a Substituted Limited Partner, no transferee, whether by a voluntary transfer, by operation of law or otherwise, shall have any rights hereunder, other than the rights of an Assignee as provided in Section 11.5.

B. If a Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator, or receiver of such Limited Partner's estate shall have all the rights of a Limited Partner, but not more rights than those enjoyed by other Limited Partners, for the purpose of settling or managing the estate, and such power as the Incapacitated Limited Partner possessed to transfer all or any part of his or its interest in the Partnership. The Incapacity of a Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

C. The General Partner may prohibit any transfer otherwise permitted under this Section 11.3 by a Limited Partner of his or her Partnership Units if, in the opinion of legal counsel to the Partnership, such transfer would require the filing of a registration statement under the Securities Act by the Partnership or would otherwise violate any Federal or state securities laws or regulations applicable to the Partnership or the Partnership Unit.

D. No transfer by a Limited Partner of his or her Partnership Units (including any Redemption or exchange for REIT Shares pursuant to Section 8.6, the redemption or exchange rights set forth in Sections 17.5 and 17.8, Sections 18.5 and 18.8 or Sections 19.5 and 19.8, or any other acquisition of Common Units, Series B Preferred Partnership Units, Series J Preferred Partnership Units and Series K Preferred Partnership Units by the General Partner or the Partnership) may be made to any person if (i) in the opinion of legal counsel for the Partnership, it could result in the Partnership being treated as an association taxable as a corporation or (ii) absent the consent of the General Partner, which may be given or withheld in its sole and absolute discretion, such transfer could be treated as effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code.

E. No transfer of any Partnership Units may be made to a lender to the Partnership or any Person who is related (within the meaning of Section 1.752-4(b) of the Regulations) to any lender to the Partnership whose loan constitutes a Nonrecourse Liability, without the consent of the General Partner, in its sole and absolute discretion; provided, that as a condition to such consent, the lender will be required to enter into an arrangement with the Partnership and the General Partner to redeem or exchange for the REIT Shares Amount, or the specified amount of Series B Preferred Shares, Series J Preferred Shares and Series K Preferred Shares, as the case may be, any Partnership Units in which a security interest is held simultaneously with the time at which such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Section 752 of the Code.

F. No Limited Partner may withdraw from the Partnership except as a result of transfer, Redemption or exchange of Partnership Units pursuant hereto.

G. No PLP (or any transferee described below) shall be entitled to transfer any Performance Units prior to the second anniversary of their issuance, without the consent of the General Partner, which may be given or withheld in its sole discretion; provided, however, no such consent shall be required under this Section 11.3.G (but subject to the other limitations of this Article 11) for a transfer of all or a portion of such Performance Units to an Affiliate, to Immediate Family Members, to a trust described in Section 11.3.A(iii), pursuant to a Pledge, or a transfer of such pledged units to such lending institution in connection with the exercise of remedies under such loan or extension of credit.

Section 11.4 Substituted Limited Partners

A. No Limited Partner shall have the right to substitute a transferee as a Limited Partner in his or her place (including any transferee permitted by Section 11.3 above). The General Partner shall, however, have the right to consent to the admission of a permitted transferee of the interest of a Limited Partner, as a Substituted Limited Partner, pursuant to this Section 11.4, which consent may be given or withheld by the General Partner in its sole and absolute discretion. The General Partner's failure or refusal to permit a transferee of any such interests to become a Substituted Limited Partner shall not give rise to any cause of action against the Partnership or any Partner.

B. A transferee who has been admitted as a Substituted Limited Partner in accordance with this Article 11 shall have all the rights and powers and be subject to all the restrictions and liabilities of a Limited Partner under this Agreement. The admission of any transferee as a Substituted Limited Partner shall be subject to the transferee executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement

(including, without limitation, the provisions of Section 2.4 and such other documents or instruments as may be required to effect the admission, each in form and substance satisfactory to the General Partner) and the acknowledgment by such transferee that each of the representations and warranties set forth in Section 3.4 are true and correct with respect to such transferee as of the date of the transfer of the Partnership Interest to such transferee and will continue to be true to the extent required by such representations and warranties.

C. Upon the admission of a Substituted Limited Partner, the General Partner shall amend Exhibit A to reflect the name, address, number of Partnership Units, and Percentage Interest of such Substituted Limited Partner and to eliminate or adjust, if necessary, the name, address and interest of the predecessor of such Substituted Limited Partner.

Section 11.5 Assignees

If the General Partner, in its sole and absolute discretion, does not consent to the admission of any permitted transferee under Section 11.3 as a Substituted Limited Partner, as described in Section 11.4, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be entitled to all the rights of an assignee of a limited partnership interest under the Act, including the right to receive distributions from the Partnership and the share of Net Income, Net Losses, gain and loss attributable to the Partnership Units assigned to

such transferee, the rights to transfer the Partnership Units provided in this Article 11, the right of Redemption provided in Section 8.6, the right of exchange for Series B Preferred Shares set forth in Section 17.8, the right of exchange for Series J Preferred Shares set forth in Section 18.8 and the right of exchange for Series K Preferred Shares set forth in Section 19.8, but shall not be deemed to be a holder of Partnership Units for any other purpose under this Agreement, and shall not be entitled to effect a Consent with respect to such Partnership Units on any matter presented to the Limited Partners for approval (such Consent remaining with the transferor Limited Partner). In the event any such transferee desires to make a further assignment of any such Partnership Units, such transferee shall be subject to all the provisions of this Article 11 to the same extent and in the same manner as any Limited Partner desiring to make an assignment of Partnership Units. Notwithstanding anything contained in this Agreement to the contrary, as a condition to becoming an Assignee, any prospective Assignee must first execute and deliver to the Partnership an acknowledgment that each of the representations and warranties set forth in Section 3.4 hereof are true and correct with respect to such prospective Assignee as of the date of the prospective assignment of the Partnership Interest to such prospective Assignee and will continue to be true to the extent required by such representations or warranties.

Section 11.6 General Provisions

A. No Limited Partner may withdraw from the Partnership other than (i) as a result of a permitted transfer of all of such Limited Partner's Partnership Units in accordance with this Article 11 and the transferee(s) of such Units being admitted to the Partnership as a Substituted Limited Partner(s) or (ii) pursuant to the exercise of its right of Redemption of all of such Limited Partner's Partnership Units under Section 8.6, its right of exchange of all of such Limited Partner's Series B Preferred Units under Section 17.8, its right of exchange of all of such Limited Partner's Series J Preferred Units under Section 18.8 or its right of exchange of all of such Limited Partner's Series K Preferred Units under Section 19.8, or upon the redemption of all of such Limited Partner's Series B Preferred Units pursuant to Section 17.5, the redemption of all of such Limited Partner's Series J Preferred Units pursuant to Section 18.5 or the redemption of all of such Limited Partner's Series K Preferred Units pursuant to Section 19.5; provided that after such transfer, exchange or redemption such Limited Partner owns no Partnership Units.

B. Any Limited Partner who shall assign all of such Limited Partner's Partnership Units (i) in a transfer permitted pursuant to this Article 11 where such transferee was admitted as a Substituted Limited Partner, (ii) pursuant to the exercise of (1) its rights of Redemption of all of such Limited Partner's Partnership Units under Section 8.6, (2) its right of exchange of all of such Limited Partner's Series B Preferred Units under Section 17.8, (3) its right of exchange of all of such Limited Partner's Series J Preferred Units under Section 18.8 or (4) its right of exchange of all of such Limited Partner's Series K Preferred Units under Section 19.8, or (iii) upon the redemption of all of such Limited Partner's Series B Preferred Units pursuant to Section 17.5, the redemption of all of such Limited Partner's Series J Preferred Units pursuant to Section 18.5 or the redemption of all of such Limited Partner's Series K Preferred Units pursuant to Section 19.5 shall cease to be a Limited Partner; provided that after such transfer, exchange or redemption such Limited Partner owns no Partnership Units.

C. Transfers pursuant to this Article 11 may only be made effective

on the last day of the month set forth on the written instrument of transfer, unless the General Partner otherwise agrees.

D. If any Partnership Interest is transferred, assigned or redeemed during any quarterly segment of the Partnership's fiscal year in compliance with the provisions of this Article 11 or transferred or redeemed pursuant to Sections 8.6, 17.5, 18.5 or 19.5, on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items attributable to such Partnership Interest for such fiscal year shall be divided and allocated between the transferor Partner and the transferee Partner by taking into account their varying interests during the fiscal year in accordance with Section 706(d) of the Code, using the interim closing of the books method. Except as otherwise required by Section 706(d) of the Code or as otherwise specified in this Agreement or as otherwise determined by the General Partner (to the extent consistent with Section 706(d) of the Code), solely for purposes of making such allocations, each of such items for the calendar month in which the transfer, assignment or redemption occurs shall be allocated among all the Partners and Assignees in a manner determined by the General Partner in its sole discretion.

E. In addition to any other restrictions on transfer herein contained, including without limitation the provisions of this Article 11 and Section 2.6, in no event may any transfer or assignment of a Partnership Interest by any Partner (including by way of a Redemption or exchange for Series B Preferred Shares, Series J Preferred Shares or Series K Preferred Shares, or any other acquisition of Common Units, Series B Preferred Units, Series J Preferred Units or Series K Preferred Units by the Partnership or the General Partner) be made (i) to any person or entity who lacks the legal right, power or capacity to own a Partnership Interest; (ii) in violation of applicable law; (iii) except with the consent of the General Partner, which may be given or withheld in its sole and absolute discretion, of any component portion of a Partnership Interest, such as the Capital Account, or rights to distributions, separate and apart from all other components of a Partnership Interest; (iv) except with the consent of the General Partner, which may be given or withheld in its sole and absolute discretion, if in the opinion of legal counsel to the Partnership such transfer would cause a termination of the Partnership for Federal or state income tax purposes (except as a result of the Redemption or exchange for REIT Shares, and a Redemption or exchange for Preferred Shares or cash pursuant to Sections 17.5, 17.8, 18.5, 18.8, 19.5 and 19.8, of all Partnership Units held by all Limited Partners or pursuant to a Termination Transaction expressly permitted under Section 11.2); (v) if in the opinion of counsel to the Partnership such transfer would cause the Partnership to cease to be classified as a partnership for Federal or state income tax purposes (except as a result of the Redemption or exchange for REIT Shares and a Redemption or exchange for Preferred Shares pursuant to Sections 17.5, 17.8, 18.5, 18.8, 19.5 and 19.8 of all Partnership Units held by all Limited Partners); (vi) if such transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code); (vii) if such transfer would, in the opinion of counsel to the Partnership, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.2-101; (viii) if such transfer requires the registration of such Partnership Interest or requires the registration of the exchange of such Partnership Interests for any capital stock pursuant to any applicable Federal or state securities laws; (ix) except with the consent of the General Partner, which may be given or withheld in its sole and absolute discretion, if such

transfer is effectuated through an "established securities market" or a "secondary market" (or the substantial equivalent thereof) within the meaning of Section 7704 of the Code or such transfer causes the Partnership to become a "Publicly Traded Partnership," as such term is defined in Sections 469(k)(2) or 7704(b) of the Code; (x) if such transfer subjects the Partnership to be regulated under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or the Employee Retirement Income Security Act of 1974, each as amended; (xi) if the transferee or assignee of such Partnership Interest is unable to make the representations set forth in Section 3.4.D or such transfer could otherwise adversely affect the ability of the General Partner to remain qualified as a REIT; or (xii) if in the opinion of legal counsel for the Partnership such transfer would adversely affect the ability of the General Partner to continue to qualify as a REIT or, except with the consent of the General Partner, which may be given or withheld in its sole and absolute discretion, subject the General Partner to any additional taxes under Section 857 or Section 4981 of the Code.

F. The General Partner shall monitor the transfers of interests in the Partnership (including any acquisition of Common Units, Series B Preferred Partnership Units, Series J Preferred Units or Series K Preferred Units by the Partnership or the General Partner) to determine (i) if such interests are being traded on an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code and (ii) whether such transfers of interests would result in the Partnership

being unable to qualify for at least one of the "safe harbors" set forth in Regulations Section 1.7704-1 (or such other applicable guidance subsequently published by the IRS setting forth safe harbors under which interests will not be treated as "readily tradable on a secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code) (the "Safe Harbors"). The General Partner shall have authority (but shall not be required to) to take any steps it determines are necessary or appropriate in its sole and absolute discretion to prevent any trading of interests which could cause the Partnership to become a "publicly traded partnership," or any recognition by the Partnership of such transfers, or to insure that at least one of the Safe Harbors is met.

ARTICLE 12.
ADMISSION OF PARTNERS

Section 12.1 Admission of Successor General Partner

A successor to all of the General Partner's General Partner Interest pursuant to Section 11.2 who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective upon such transfer. Any such transferee shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission. In the case of such admission on any day other than the first day of a Partnership Year, all items attributable to the General Partner Interest for such Partnership Year shall be allocated between the transferring General Partner and such successor as provided in Article 11.

Section 12.2 Admission of Additional Limited Partners

A. A Person who makes a Capital Contribution to the Partnership in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 2.4 and (ii) such other documents or instruments as may be required in the discretion of the General Partner in order to effect such Person's admission as an Additional Limited Partner.

B. Notwithstanding anything to the contrary in this Section 12.2, no Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent may be given or withheld in the General Partner's sole and absolute discretion. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the receipt of the Capital Contribution in respect of such Limited Partner, the documents set forth in this Section 12.2.A and the consent of the General Partner to such admission. If any Additional Limited Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items allocable among Partners and Assignees for such Partnership Year shall be allocated among such Limited Partner and all other Partners and Assignees by taking into account their varying interests during the Partnership Year in accordance with Section 706(d) of the Code, using the interim closing of the books method. Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of an Additional Limited Partner occurs shall be allocated among all the Partners and Assignees, including such Additional Limited Partner, in a manner determined by the General Partner in its sole discretion.

Section 12.3 Amendment of Agreement and Certificate of Limited Partnership

For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement (including an amendment of Exhibit A) and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Section 2.4.

ARTICLE 13.
DISSOLUTION AND LIQUIDATION

Section 13.1 Dissolution

The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner (selected as described in Section 13.1.B below) shall continue the business of the Partnership. The Partnership shall dissolve, and its affairs shall be wound

up, upon the first to occur of any of the following ("Liquidating Events"):

A. the expiration of its term as provided in Section 2.5;

B. an event of withdrawal of the General Partner, as defined in the Act, unless, within ninety (90) days after the withdrawal, all of the remaining Partners agree in writing, in their sole and absolute discretion, to continue the business of the Partnership and to the appointment, effective as of the date of withdrawal, of a substitute General Partner;

C. prior to December 31, 2096, an election to dissolve the Partnership made by the General Partner with the consent of Limited Partners who hold ninety percent (90%) of the outstanding Units held by Limited Partners;

D. subject to the provisions of Section 7.3.C, an election to dissolve the Partnership made by the General Partner in its sole and absolute discretion;

E. entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act;

F. the sale or disposition of all or substantially all of the assets and properties of the Partnership;

G. final and non-appealable judgment is entered by a court of competent jurisdiction ruling that the General Partner is bankrupt or insolvent, or a final and non-appealable order for relief is entered by a court with appropriate jurisdiction against the General Partner, in each case under any Federal or state bankruptcy or insolvency laws as now or hereafter in effect, unless prior to or at the time of the entry of such order or judgment a Majority in Interest of the remaining Limited Partners Consent in writing to continue the business of the Partnership and to the appointment, effective as of a date prior to the date of such order or judgment, of a substitute General Partner; or

H. the Redemption or exchange for REIT Shares, Series B Preferred Shares, Series J Preferred Shares or Series K Preferred Shares of all Partnership Units (other than those of the General Partner) pursuant to this Agreement.

Section 13.2 Winding Up

A. Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Partners. No Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner (or, in the event there is no remaining General Partner, any Person elected by a Majority in Interest of the Limited Partners (the "Liquidator")) shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and assets and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom (which may, to the extent determined by the General Partner, include shares of stock of the General Partner) shall be applied and distributed in the following order:

(i) First, to the payment and discharge of all of the Partnership's debts and liabilities to creditors other than the Partners;

(ii) Second, to the payment and discharge of all of the Partnership's debts and liabilities to the General Partner;

(iii) Third, to the payment and discharge of all of the Partnership's debts and liabilities to the other Partners; and

(iv) The balance, if any, to the Partners in accordance with their Capital Account balances determined after giving effect to all contributions and distributions for all periods, and after taking into account all Capital Account adjustments for the Partnership taxable year during which the liquidation occurs (other than those made as a result of the liquidating distribution set forth in this Section 13.2.A(iv)).

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article 13 other than reimbursement of its expenses as provided in Section 7.4.

B. Notwithstanding the provisions of Section 13.2.A which require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership

the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Partners as creditors) and/or distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2.A, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Partners, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

C. The Partnership shall be terminated when any notes received in connection with any such sale or disposition referenced in Section 13.1.E above, or in connection with the liquidation of the Partnership have been paid and all of the cash or property available for application and distribution under this Agreement have been applied and distributed in accordance with this Agreement.

Section 13.3 Compliance with Timing Requirements of Regulations

In the event the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Article 13 to the General Partner and Limited Partners who have positive Capital Accounts in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2). If any Partner has a deficit balance in his or her Capital Account (after giving effect to all contributions, distributions and allocations for the taxable years, including the year during which such liquidation occurs), such Partner shall have no obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit shall not be considered a debt owed to the Partnership or to any other

Person for any purpose whatsoever, except to the extent otherwise agreed to by such Partner and the General Partner. In the discretion of the Liquidator or the General Partner, a pro rata portion of the distributions that would otherwise be made to the General Partner and Limited Partners pursuant to this Article 13 may be:

A. distributed to a trust established for the benefit of the General Partner and Limited Partners for the purposes of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership. The assets of any such trust shall be distributed to the General Partner and Limited Partners from time to time, in the reasonable discretion of the Liquidator or the General Partner, in the same proportions and the amount distributed to such trust by the Partnership would otherwise have been distributed to the General Partner and Limited Partners pursuant to this Agreement; or

B. withheld to establish any reserves deemed necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership; and to reflect the unrealized portion of any installment obligations owed to the Partnership; provided that, such withheld amounts shall be distributed to the General Partner and Limited Partners as soon as practicable.

Section 13.4 Deemed Distribution and Recontribution

Notwithstanding any other provision of this Article 13, in the event the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Liquidating Event has occurred, the Partnership's property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up. Instead, the Partnership shall be deemed to have distributed the Partnership property in kind to the General Partner and Limited Partners, who shall be deemed to have assumed and taken such property subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the General Partner and Limited Partners shall be deemed to have recontributed the Partnership property in kind to the Partnership, which shall be deemed to have assumed and taken such property subject to all such liabilities.

Section 13.5 Rights of Limited Partners

Except as otherwise provided in this Agreement, each Limited Partner shall look solely to the assets of the Partnership for the return of his Capital Contribution and shall have no right or power to demand or receive property from the General Partner. Except as expressly set forth herein with respect to the rights, priorities and preferences of the Preferred Limited Partners holding any series of Preferred Units, no Limited Partner shall have priority over any other

Limited Partner as to the return of his Capital Contributions, distributions or allocations.

Section 13.6 Notice of Dissolution

In the event a Liquidating Event occurs or an event occurs that would, but for provisions of Section 13.1, result in a dissolution of the Partnership, the General Partner shall, within thirty (30) days thereafter, provide written notice thereof to each of the Partners and to all other parties with whom the Partnership regularly conducts business (as determined in the discretion of the General Partner) and shall publish notice thereof in a newspaper of general

circulation in each place in which the Partnership regularly conducts business (as determined in the discretion of the General Partner).

Section 13.7 Cancellation of Certificate of Limited Partnership

Upon the completion of the liquidation of the Partnership cash and property as provided in Section 13.2, the Partnership shall be terminated and the Certificate and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 13.8 Reasonable Time for Winding-Up

A reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect between the Partners during the period of liquidation.

Section 13.9 Waiver of Partition

Each Partner hereby waives any right to partition of the Partnership property.

ARTICLE 14.
AMENDMENT OF PARTNERSHIP AGREEMENT; CONSENTS

Section 14.1 Amendments

A. The actions requiring consent or approval of the Partners or of the Limited Partners pursuant to this Agreement, including Section 7.3, or otherwise pursuant to applicable law, are subject to the procedures in this Article 14.

B. Amendments to this Agreement requiring the consent or approval of Limited Partners may be proposed by the General Partner or by Limited Partners holding twenty-five percent (25%) or more of the Partnership Interests held by Limited Partners. Following such proposal, the General Partner shall submit any proposed amendment to the Partners or of the Limited Partners, as applicable. The General Partner shall seek the written consent or approval of the Partners or of the Limited Partners on the proposed amendment or shall call a meeting to vote thereon and to transact any other business that it may deem appropriate. For purposes of obtaining a written consent, the General Partner may require a response within a reasonable specified time, but not less than fifteen (15) days, and failure to respond in such time period shall constitute a consent which is consistent with the General Partner's recommendation (if so recommended); provided that, an action shall become effective at such time as requisite consents are received even if prior to such specified time.

Section 14.2 Action by the Partners

A. Meetings of the Partners may be called by the General Partner and shall be called upon the receipt by the General Partner of a written request by Limited Partners holding twenty-five percent (25%) or more of the Partnership Interests held by the Limited Partners. The

call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Partners not less than seven days nor more than thirty (30) days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Whenever the vote of the Percentage Interests of the Partners, or the Consent of the Partners or Consent of the Limited Partners is permitted or required under this Agreement, such vote or Consent may be given at a meeting of Partners or may be given in accordance with the procedure prescribed in Section 14.1.

B. Any action required or permitted to be taken at a meeting of the Partners may be taken without a meeting if a written consent setting forth the

action so taken is signed by the Percentage Interests as is expressly required by this Agreement for the action in question. Such consent may be in one instrument or in several instruments, and shall have the same force and effect as a vote of the Percentage Interests of the Partners (expressly required by this Agreement). Such consent shall be filed with the General Partner. An action so taken shall be deemed to have been taken at a meeting held on the effective date so certified.

C. Each Limited Partner may authorize any Person or Persons to act for him by proxy on all matters in which a Limited Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Limited Partner or his attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Limited Partner executing it.

D. Each meeting of Partners shall be conducted by the General Partner or such other Person as the General Partner may appoint pursuant to such rules for the conduct of the meeting as the General Partner or such other Person deems appropriate.

E. On matters on which Limited Partners are entitled to vote, each Limited Partner shall have a vote equal to the number of Partnership Units held.

ARTICLE 15.
GENERAL PROVISIONS

Section 15.1 Addresses and Notice

Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by certified first class United States mail, nationally recognized overnight delivery service or facsimile transmission to the Partner or Assignee at the address set forth in Exhibit A or such other address as the Partners shall notify the General Partner in writing.

Section 15.2 Titles and Captions

All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

Section 15.3 Pronouns and Plurals

Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

Section 15.4 Further Action

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.5 Binding Effect

This Agreement shall be binding upon and inure to the benefit of the parties hereto including the Persons set forth in Exhibit G, and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.6 Creditors

Other than as expressly set forth herein with respect to Indemnitees, none of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

Section 15.7 Waiver

No failure or delay by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon any breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

Section 15.8 Counterparts

This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto,

notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 15.9 Applicable Law

This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

Section 15.10 Invalidity of Provisions

If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 15.11 Limitation to Preserve REIT Status

To the extent that any amount paid or credited to the General Partner or its officers, directors, employees or agents pursuant to Section 7.4 or 7.7 would constitute gross income to the General Partner for purposes of Sections 856(c)(2) or 856(c)(3) of the Code (a "General Partner Payment") then, notwithstanding any other provision of this Agreement, the amount of such General Partner Payments for any fiscal year shall not exceed the lesser of:

(i) an amount equal to the excess, if any, of (a) 4.17% of the General Partner's total gross income (but not including the amount of any General Partner Payments) for the fiscal year which is described in subsections (A) through (H) of Section 856(c)(2) of the Code over (b) the amount of gross income (within the meaning of Section 856(c)(2) of the Code) derived by the General Partner from sources other than those described in subsections (A) through (H) of Section 856(c)(2) of the Code (but not including the amount of any General Partner Payments); or

(ii) an amount equal to the excess, if any, of (a) 25% of the General Partner's total gross income (but not including the amount of any General Partner Payments) for the fiscal year which is described in subsections (A) through (I) of Section 856(c)(3) of the Code over (b) the amount of gross income (within the meaning of Section 856(c)(3) of the Code) derived by the General Partner from sources other than those described in subsections (A) through (I) of Section 856(c)(3) of the Code (but not including the amount of any General Partner Payments);

provided, however, that General Partner Payments in excess of the amounts set forth in subparagraphs (i) and (ii) above may be made if the General Partner, as a condition precedent, obtains an opinion of tax counsel that the receipt of such excess amounts would not adversely affect the General Partner's ability to qualify as a REIT. To the extent General Partner Payments may not be made in a year due to the foregoing limitations, such General Partner Payments shall carry over and be treated as arising in the following year; provided, however, that such amounts shall not carry over for more than five years, and if not paid within such five year period, shall expire; provided, further, that (a) as General Partner Payments are made, such payments shall be applied first to carry over amounts outstanding, if any and (b) with respect to carry over amounts for more than one Partnership Year, such payments shall be applied to the earliest Partnership Year first.

Section 15.12 Entire Agreement

This Agreement (together with the agreements listed on Exhibit I hereto as to rights and obligations in respect of the Units held by the Limited Partners who are parties thereto, or their permitted transferees) contains the entire understanding and agreement among the Partners with respect to the subject matter hereof and supersedes any other prior written or oral understandings or agreements among them with respect thereto.

Section 15.13 No Rights as Stockholders

Nothing contained in this Agreement shall be construed as conferring upon the holders of Partnership Units any rights whatsoever as stockholders of the General Partner, including without limitation any right to receive dividends or other distributions made to stockholders of the General Partner or to vote or to consent or to receive notice as stockholders in respect of any meeting of stockholders for the election of directors of the General Partner or any other

matter.

ARTICLE 16.
INTENTIONALLY OMITTED

ARTICLE 17.
SERIES B PREFERRED UNITS

Section 17.1 Designation and Number

A series of Partnership Units in the Partnership designated as the 8 5/8% Series B Cumulative Redeemable Preferred Units (the "Series B Preferred Units") is hereby established. The number of Series B Preferred Units shall be 1,300,000.

Section 17.2 Ranking

The Series B Preferred Units shall, with respect to distribution rights and rights upon voluntary or involuntary liquidation, winding up or dissolution of the Partnership, rank (i) senior to the Common Units and to all Partnership Units the terms of which provide that such Partnership Units shall rank junior to the Series B Preferred Units; (ii) on a parity with the Series J Preferred Units, Series K Preferred Units, the Series L Preferred Units and all other Parity Preferred Units; and (iii) junior to all Partnership Units which rank senior to the Series B Preferred Units.

Section 17.3 Distributions

A. Payment of Distributions. Subject to the rights of holders of Parity Preferred Units (including the Series J Preferred Units, the Series K Preferred Units and the Series L Preferred Units) as to the payment of distributions, pursuant to Section 5.1, Section 18.3.A, Section 19.3.A and Section 20.3.A hereof, holders of Series B Preferred Units will be entitled to receive, when, as and if declared by the Partnership acting through the General Partner, out of Available Cash, cumulative preferential cash distributions in an amount equal to the Series B Priority Return. Such distributions will be payable (A) quarterly in arrears, on the 15th day of January, April, July and October of each year and (B) in the event of (i) an exchange of Series B Preferred Units into Series B Preferred Shares, or (ii) a redemption of Series B Preferred Units, on the exchange date or redemption date, as applicable (each a "Series B Preferred Unit Distribution Payment Date"), commencing on the first of such payment dates to occur following their original date of issuance. If any date on which distributions are to be made on the Series B Preferred Units is not a Business Day, then payment of the distribution to be made on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in

the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. Distributions on the Series B Preferred Units will be made to the holders of record of the Series B Preferred Units on the relevant record dates, which will be fifteen (15) days prior to the relevant Preferred Unit Distribution Payment Date (the "Series B Preferred Unit Partnership Record Date").

B. Distributions Cumulative. Notwithstanding the foregoing, distributions on the Series B Preferred Units will accrue whether or not the terms and provisions of any agreement of the Partnership at any time prohibit the current payment of distributions, whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of such of such distributions and whether or not such distributions are authorized. Accrued but unpaid distributions on the Series B Preferred Units will accumulate as of the Preferred Unit Distribution Payment Date on which they first become payable.

C. Priority as to Distributors.

(i) So long as any Series B Preferred Units are outstanding, no distribution of cash or other property shall be authorized, declared, paid or set apart for payment on or with respect to any class or series of Partnership Interest represented by Junior Units, nor shall any Junior Units or Parity Preferred Units (including the Series J Preferred Units, the Series K Preferred Units and the Series L Preferred Units) be redeemed, purchased or otherwise acquired for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any such Junior Units or Parity Preferred Units) by the Partnership (except by conversion into or exchange for other Junior Units or Parity Preferred Units) unless, in each case, full cumulative distributions have been or contemporaneously are authorized and paid or authorized and a sum sufficient for the payment thereof set apart for such payment on the Series B Preferred Units and all classes and series of outstanding Parity Preferred Units for all distribution periods. The foregoing sentence will not prohibit (a) distributions payable solely in Junior Units, (b)

the exchange of Junior Units or Parity Preferred Units (including the Series J Preferred Units, the Series K Preferred Units and the Series L Preferred Units) into Partnership Interests of the Partnership ranking junior to the Series B Preferred Units as to distributions, or (c) the redemption of Partnership Interests corresponding to Series B Preferred Shares, Parity Preferred Stock (including the Series J Preferred Shares, the Series K Preferred Shares and the Series L Preferred Shares) with respect to distributions or Junior Stock to be purchased by the General Partner pursuant to the Charter to preserve the General Partner's status as a real estate investment trust, provided that such redemption shall be upon the same terms as the corresponding stock purchase pursuant to the Charter.

(ii) So long as distributions have not been paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series B Preferred Units and any other Parity Preferred Units (including the Series J Preferred Units, the Series K Preferred Units and the Series L Preferred Units), all distributions authorized and declared on the Series B Preferred Units and all classes or series of outstanding Parity Preferred Units (including the Series J Preferred Units, the Series K Preferred Units and the Series L Preferred Units) shall be authorized and declared pro rata so that the amount of distributions authorized and declared per Series B Preferred Unit and such other classes or series of Parity Preferred Units shall in all cases bear to each other the same ratio that accrued distributions per Series B Preferred Unit and such other classes or series of Parity Preferred Units (which shall not include any accumulation in

respect of unpaid distributions for prior distribution periods if such class or series of Parity Preferred Units do not have cumulative distribution rights) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any distributions or payments on Series B Preferred Units which may be in arrears.

(iii) Notwithstanding anything to the contrary set forth herein, distributions on Partnership Interests held by either (a) the General Partner or (b) any other holder of Partnership Interest in the Partnership, in each case ranking junior to or on parity with the Series B Preferred Units may be made, without preserving the priority of distributions described in Sections 17.3.C(i) and (ii), but only to the extent such distributions are required to preserve the real estate investment trust status of the General Partner and in the case of any holder other than the General Partner only to the extent required by the Partnership Agreement.

D. No Further Rights. Holders of Series B Preferred Units shall not be entitled to any distributions, whether payable in cash, other property or otherwise, in excess of the full cumulative distributions described herein.

Section 17.4 Liquidation Proceeds

A. Distributions. Upon voluntary or involuntary liquidation, dissolution or winding-up of the Partnership, distributions on the Series B Preferred Units shall be made in accordance with Article 13 of this Agreement.

B. Notice. Written notice of any such voluntary or involuntary liquidation, dissolution or winding-up of the Partnership, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by the General Partner pursuant to Section 13.6 hereof.

C. No Further Rights. After payment of the full amount of the liquidating distributions to which they are entitled, Holders of Series B Preferred Units will have no right or claim to any of the remaining assets of the Partnership.

D. Consolidation, Merger or Certain Other Transactions. None of a consolidation or merger of the Partnership with or into another entity, a merger of another entity with or into the Partnership, or a sale, lease, transfer or conveyance of all or substantially all of the Partnership's property or business shall be considered a liquidation, dissolution or winding up of the Partnership.

Section 17.5 Redemption

A. Redemption. The Series B Preferred Units may not be redeemed prior to November 12, 2003. On or after such date, the Partnership shall have the right to redeem the Series B Preferred Units, in whole or in part, at any time or from time to time, upon not less than 30 nor more than 60 days' written notice, at a redemption price, payable in cash, equal to the Capital Account balance of the holder of Series B Preferred Units (the "Redemption Price"); provided, however, that no redemption pursuant to this Section 17.5 will be permitted if the Redemption Price does not equal or exceed the original Capital Contribution of such holder plus the cumulative Priority Return to the redemption date to the extent not previously distributed. If fewer than all of the outstanding Series B Preferred Units are to be redeemed, the Series B

Preferred Units to be redeemed shall be selected pro rata (as nearly as practicable without creating fractional units).

B. Limitation on Redemption. (i) The Redemption Price of the Series B Preferred Units (other than the portion thereof consisting of accumulated but unpaid distributions) is payable solely out of the sale proceeds of capital stock of the General Partner, which will be contributed by the General Partner to the Partnership as an additional capital contribution, or out of the sale of limited partner interests in the Partnership and from no other source. For purposes of the preceding sentence, "capital stock" means any equity securities (including Common Stock and Preferred Stock (as such terms are defined in the Charter)), depository shares, interests, participation or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities) or options to purchase any of the foregoing.

(ii) The Partnership may not redeem fewer than all of the outstanding Series B Preferred Units unless all accumulated and unpaid distributions have been paid on all Series B Preferred Units for all quarterly distribution periods terminating on or prior to the date of redemption.

C. Procedures for Redemption. (i) Notice of redemption will be (i) faxed, and (ii) mailed by the Partnership, by certified mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series B Preferred Units at their respective addresses as they appear on the records of the Partnership. No failure to give or defect in such notice shall affect the validity of the proceedings for the redemption of any Series B Preferred Units except as to the holder to whom such notice was defective or not given. In addition to any information required by law, each such notice shall state: (a) the redemption date, (b) the Redemption Price, (c) the aggregate number of Series B Preferred Units to be redeemed and if fewer than all of the outstanding Series B Preferred Units are to be redeemed, the number of Series B Preferred Units to be redeemed held by such holder, which number shall equal such holder's pro rata share (based on the percentage of the aggregate number of outstanding Series B Preferred Units that the total number of Series B Preferred Units held by such holder represents) of the aggregate number of Series B Preferred Units to be redeemed, (d) the place or places where such Series B Preferred Units are to be surrendered for payment of the Redemption Price, (e) that distributions on the Series B Preferred Units to be redeemed will cease to accumulate on such redemption date and (f) that payment of the Redemption Price will be made upon presentation and surrender of such Series B Preferred Units.

(ii) If the Partnership gives a notice of redemption in respect of Series B Preferred Units (which notice will be irrevocable) then, by 12:00 noon, New York City time, on the redemption date, the Partnership will deposit irrevocably in trust for the benefit of the Series B Preferred Units being redeemed funds sufficient to pay the applicable Redemption Price and will give irrevocable instructions and authority to pay such Redemption Price to the holders of the Series B Preferred Units upon surrender of the Series B Preferred Units by such holders at the place designated in the notice of redemption. On and after the date of redemption, distributions will cease to accumulate on the Series B Preferred Units or portions thereof called for redemption, unless the Partnership defaults in the payment thereof. If any date fixed for redemption of Series B Preferred Units is not a Business Day, then payment of the Redemption

Price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the Redemption Price is improperly withheld or refused and not paid by the Partnership, distributions on such Series B Preferred Units will continue to accumulate from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the applicable Redemption Price.

Section 17.6 Voting Rights

A. General. Holders of the Series B Preferred Units will not have any voting rights or right to consent to any matter requiring the consent or approval of the Limited Partners, except as set forth below and in Section 7.3.E.

B. Certain Voting Rights. So long as any Series B Preferred Units remains outstanding, the Partnership shall not, without the affirmative vote of the holders of at least two-thirds of the Series B Preferred Units outstanding at the time (i) authorize or create, or increase the authorized or issued amount of, any class or series of Partnership Interests ranking prior to the Series B Preferred Units with respect to payment of distributions or rights upon liquidation, dissolution or winding-up or reclassify any Partnership Interests

of the Partnership into any such Partnership Interest, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such Partnership Interests, (ii) authorize or create, or increase the authorized or issued amount of any Parity Preferred Units or reclassify any Partnership Interest of the Partnership into any such Partnership Interest or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such Partnership Interests but only to the extent such Parity Preferred Units are issued to an affiliate of the Partnership, other than the General Partner to the extent the issuance of such interests was to allow the General Partner to issue corresponding preferred stock to persons who are not affiliates of the Partnership or (iii) either consolidate, merge into or with, or convey, transfer or lease its assets substantially as an entirety to, any corporation or other entity or amend, alter or repeal the provisions of the Partnership Agreement (including, without limitation, this Article 17), whether by merger, consolidation or otherwise, in each case in a manner that would materially and adversely affect the powers, special rights, preferences, privileges or voting power of the Series B Preferred Units or the holders thereof; provided, however, that with respect to the occurrence of any event set forth in (iii) above, so long as (a) the Partnership is the surviving entity and the Series B Preferred Units remain outstanding with the terms thereof unchanged, or (b) the resulting, surviving or transferee entity is a partnership, limited liability company or other pass-through entity organized under the laws of any state and substitutes the Series B Preferred Units for other interests in such entity having substantially the same terms and rights as the Series B Preferred Units, including with respect to distributions, voting rights and rights upon liquidation, dissolution or winding-up, then the occurrence of any such event shall not be deemed to materially and adversely affect such rights, privileges or voting powers of the holders of the Series B Preferred Units; and provided further, that any increase in the amount of Partnership Interests or the creation or issuance of any other class or series of Partnership Interests represented by Junior Units or Parity Preferred Units are not issued to an affiliate of the Partnership, other than the General Partner to the extent the issuance of such interests was to

allow the General Partner to issue corresponding preferred stock to persons who are not affiliates of the Partnership, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

Section 17.7 Transfer Restrictions

The Series B Preferred Units shall be subject to the provisions of Article 11 hereof; provided, however, that the Series B Preferred Units shall not be subject to the right of first refusal of the General Partner as described in Section 11.3 hereof. No transfer of Series B Preferred Units, or other action by the holder or holders of such Units, is permitted, without the consent of the General Partner which consent may be given or withheld in its sole and absolute discretion, if such transfer or other action would result in more than four partners holding all outstanding Series B Preferred Units within the meaning of Treasury Regulation Section 1.7704-1(h)(3)(i); provided, however, that the General Partner's consent may not be unreasonably withheld if (a) such transfer or other action would not result in more than ten partners holding all outstanding Series B Preferred Units within the meaning of Treasury Regulation Section 1.7704-1(h)(3)(i) and (b) the General Partner is relying on a provision other than Treasury Regulation Section 1.7704-1(h) to avoid classification of Operating Partnership as a "publicly traded partnership" within the meaning of Code Section 7704 (a "PTP"). In addition, no transfer may be made to any person if such transfer would cause the exchange of the Series B Preferred Units for Series B Preferred Shares, as provided herein, to be required to be registered under the Securities Act of 1933, as amended, or any state securities laws. If (i) Contributor concludes based on results or projected results that there exists (in the reasonable judgment of Contributor) an imminent and substantial risk that the Contributor's interest in the Partnership represents or will represent more than 19.5% of the total profits or capital interests in the Partnership for a taxable year, (ii) Contributor delivers to the General Partner an opinion of independent counsel to the effect that there is a substantial risk that Contributor's interest in the Partnership represents or will represent more than 19.5% (the "19.5% Limit") of the total profits or capital interests in the Partnership (determined in accordance with Regulations Section 1.731-2(e)(4)), and (iii) the General Partner agrees with the conclusions referred to in clauses (i) and (ii) of this sentence, such agreement not to be unreasonably withheld, then Contributor shall, subject to the above limitations, be permitted to transfer so much of its Series B Preferred Units as may be appropriate to alleviate the risk of not satisfying the 19.5% Limit to the trust described in Exhibit J, with the Contributor having the rights set forth in such Exhibit.

Section 17.8 Exchange Rights

A. Right to Exchange. (i) Series B Preferred Units will be exchangeable in whole but not in part unless expressly otherwise provided herein at anytime on or after November 12, 2008, at the option of 51% of the holders of all outstanding Series B Preferred Units, for authorized but previously unissued Series B Preferred Shares at an exchange rate of one Series B Preferred Share from the General Partner for one Series B Preferred Unit, subject to adjustment

as described below (the "Exchange Price"), provided that the Series B Preferred Units will become exchangeable at any time, in whole but not in part unless expressly otherwise provided herein, at the option of 51% of the holders of all outstanding Series B Preferred Units for Series B Preferred Shares if (y) at any time full distributions shall not have been timely made on any Series B Preferred Unit with respect to six (6) prior quarterly distribution periods, whether or not consecutive, provided, however, that a distribution in respect of Series B

Preferred Units shall be considered timely made if made within two (2) Business Days after the applicable Preferred Unit Distribution Payment Date if at the time of such late payment there shall not be any prior quarterly distribution periods in respect of which full distributions were not timely made or (z) upon receipt by a holder or holders of Series B Preferred Units of (A) notice from the General Partner that the General Partner or a Subsidiary of the General Partner has taken the position that the Partnership is, or upon the consummation of an identified event in the immediate future will be, a PTP and (B) an opinion rendered by independent counsel familiar with such matters addressed to a holder or holders of Series B Preferred Units, that the Partnership is or likely is, or upon the occurrence of a defined event in the immediate future will be or likely will be, a PTP. In addition, the Series B Preferred Units may be exchanged for Series B Preferred Shares, in whole but not in part unless expressly otherwise provided herein, at the option of 51% of the holders of all outstanding Series B Preferred Units after November 12, 2001 and prior to November 12, 2008 if such holders of a Series B Preferred Units shall deliver to the General Partner either (i) a private ruling letter addressed to such holder of Series B Preferred Units or (ii) an opinion of independent counsel reasonably acceptable to the General Partner based on the enactment of temporary or final Treasury Regulations or the publication of a Revenue Ruling, in either case to the effect that an exchange of the Series B Preferred Units at such earlier time would not cause the Series B Preferred Units to be considered "stock and securities" within the meaning of section 351(e) of the Code for purposes of determining whether the holder of such Series B Preferred Units is an "investment company" under section 721(b) of the Code if an exchange is permitted at such earlier date. Furthermore, the Series B Preferred Units, if Contributor so determines, may be exchanged in whole but not in part (regardless of whether held by Contributor) for Series B Preferred Shares (but only if the exchange in whole may be accomplished consistently with the ownership limitations set forth under the Series B Articles Supplementary (as defined herein), taking into account exceptions thereto) if (1) Contributor concludes based on results or projected results that there exists (in the reasonable judgment of Contributor) an imminent and substantial risk that the Contributor's interest in the Partnership represents or will represent more than the 19.5% Limit for a taxable year, (2) Contributor delivers to the General Partner an opinion of independent counsel to the effect that there is a substantial risk that its interest in the Partnership does not or will not satisfy the 19.5% Limit and (3) the General Partner agrees with the conclusions referred to in clauses (1) and (2) of this sentence, such agreement not to be unreasonably withheld; provided, however, that if, as a result of such conclusion, Contributor's interest in the Partnership is reduced pursuant to the last sentence of Section 17.7 hereof (which procedure shall be available to Contributor to the exclusion of the procedure under this sentence for so long as, on a cumulative basis, sales of 10% or fewer of the Series B Preferred Units originally acquired by Contributor would in the opinion of the above-referenced counsel reduce the risk that Contributor's interest in the Partnership would not satisfy the 19.5% Limit to less than a substantial risk, and thereafter shall be a permitted alternative to the procedure pursuant to this sentence) or the risk of Contributor not satisfying the 19.5% Limit otherwise is reduced below a substantial risk, then an exchange in whole under this sentence shall not be permitted unless and until a change in facts occurs and a further determination by Contributor is made under this sentence.

(ii) Notwithstanding anything to the contrary set forth in Section 17.8.A(i), if an Exchange Notice (as defined herein) has been delivered to the General Partner, then the General Partner may, at its option, within ten (10) Business Days after receipt of the Exchange Notice, elect to cause the Partnership to redeem all or a portion of the outstanding Series B Preferred Units for cash in an amount equal to the original Capital Contribution per Series B

Preferred Unit and all accrued and unpaid distributions thereon to the date of redemption. If the General Partner elects to redeem fewer than all of the outstanding Series B Preferred Units, the number of Series B Preferred Units held by each holder to be redeemed shall equal such holder's pro rata share (based on the percentage of the aggregate number of outstanding Series B Preferred Units that the total number of Series B Preferred Units held by such holder represents) of the aggregate number of Series B Preferred Units being redeemed.

(iii) In the event an exchange of all Series B Preferred Units pursuant to Section 17.8.A would violate the provisions on ownership limitation of the General Partner set forth in Section 7 of the Articles Supplementary to

the Charter with respect to Series B Preferred Shares (the "Series B Articles Supplementary"), each holder of Series B Preferred Units shall be entitled to exchange, pursuant to the provisions of Section 17.8.B, a number of Series B Preferred Units which would comply with the provisions on the ownership limitation of the General Partner set forth in such Section 7 of the Series B Articles Supplementary, with respect to such holder, and any Series B Preferred Units not so exchanged (the "Excess Units") shall be redeemed by the Partnership for cash in an amount equal to the original Capital Contribution per Excess Unit, plus any accrued and unpaid distributions thereon to the date of redemption subject to any restriction thereon contained in any debt instrument or agreement of the Partnership. In the event an exchange would result in Excess Units, as a condition to such exchange, each holder of such units agrees to provide representations and covenants reasonably requested by the General Partner relating to (i) the widely held nature of the interests in such holder, sufficient to assure the General Partner that the holder's ownership of stock of the General Partner (without regard to the limits described above) will not cause any individual to own in excess of 9.0% of the stock of the General Partner; and (ii) to the extent such holder can so represent and covenant without obtaining information from its owners, the holder's ownership of tenants of the Partnership and its affiliates. For purposes of determining the number of Excess Units under this Section 17.8.A(iii), the "Beneficial Ownership Limit" and "Constructive Ownership Limit" set forth in the Series B Articles Supplementary shall be deemed to be 9.0%. To the extent the General Partner would not be able to pay the cash set forth above in exchange for the Excess Units, and to the extent consistent with the Charter, the General Partner agrees that it will grant to the holders of the Series B Preferred Units exceptions to the Beneficial Ownership Limit and Constructive Ownership Limit set forth in the Series B Articles Supplementary sufficient to allow such holders to exchange all of their Series B Preferred Units for REIT Series B Preferred Stock, provided such holders furnish to the General Partner representations acceptable to the General Partner in its sole and absolute discretion which assure the General Partner that such exceptions will not jeopardize the General Partner's tax status as a REIT for purposes of federal and applicable state law. Notwithstanding any provision of this Agreement to the contrary, no Series B Limited Partner shall be entitled to effect an exchange of Series B Preferred Units for Series B Preferred Shares to the extent that ownership or right to acquire such shares would cause the Partner or any other Person or, in the opinion of counsel selected by the General Partner, may cause the Partner or any other Person, to violate the restrictions on ownership and transfer of Series B Preferred Shares set forth in the Charter. To the extent any such attempted exchange for Series B Preferred Shares would be in violation of the previous sentence, it shall be void ab initio and such Series B Limited Partner shall not acquire any rights or economic interest in the Series B Preferred Shares otherwise issuable upon such exchange.

(iv) The redemption of Series B Preferred Units described in Section 17.8.A(ii) and (iii) shall be subject to the provisions of Section 17.5.B(i) and Section 17.5.C(ii); provided,

however, that the term "Redemption Price" in such Sections 17.5.B(i) and 17.5.C(ii) shall be read to mean the original Capital Contribution per Series B Preferred Unit being redeemed as set forth on Exhibit A plus all accrued and unpaid distributions to the redemption date.

B. Procedure for Exchange and/or Redemption of Series B Preferred Units.

(i) Any exchange shall be exercised pursuant to a notice of exchange (the "Exchange Notice") delivered to the General Partner by the Partners representing at least 51% of the outstanding Series B Preferred Units (or by Contributor in the case of an exchange pursuant to the last sentence of Section 17.8.A.(i) hereof) by (a) fax and (b) by certified mail postage prepaid. The General Partner may effect any exchange of Series B Preferred Units, or exercise its option to cause the Partnership to redeem any portion of the Series B Preferred Units for cash pursuant to Section 17.8.A(ii) or redeem Excess Units pursuant to Section 17.8.A(iii), by delivering to each holder of record of Series B Preferred Units, within ten (10) Business Days following receipt of the Exchange Notice, (a) if the General Partner elects to cause the Partnership to acquire any of the Series B Preferred Units then outstanding, (1) certificates representing the Series B Preferred Shares being issued in exchange for the Series B Preferred Units of such holder being exchanged and (2) a written notice (a "Redemption Notice") stating (A) the redemption date, which may be the date of such Redemption Notice or any other date which is not later than sixty (60) days following the receipt of the Exchange Notice, (B) the redemption price, (C) the place or places where the Series B Preferred Units are to be surrendered and (D) that distributions on the Series B Preferred Units will cease to accrue on such redemption date, or (b) if the General Partner elects to cause the Partnership to redeem all of the Series B Preferred Units then outstanding in exchange for cash, a Redemption Notice. Series B Preferred Units shall be deemed canceled (and any corresponding Partnership Interest represented thereby deemed terminated) simultaneously with the delivery of shares of Series B Preferred Shares (with respect to Series B Preferred Units exchanged) or simultaneously with the redemption date (with respect to Series B Preferred Units redeemed).

Holders of Series B Preferred Units shall deliver any canceled certificates representing Series B Preferred Units which have been exchanged or redeemed to the office of General Partner (which currently is located at Pier 1, Bay 1, San Francisco, California 94111) within ten (10) Business Days of the exchange or redemption with respect thereto. Notwithstanding anything to the contrary contained herein, any and all Series B Preferred Units to be exchanged for REIT Series B Preferred Stock pursuant to this Section 17.8 shall be so exchanged in a single transaction at one time. As a condition to exchange, the General Partner may require the holders of Series B Preferred Units to make such representations as may be reasonably necessary for the General Partner to establish that the issuance of Series B Preferred Shares pursuant to the exchange shall not be required to be registered under the Securities Act or any state securities laws. Any Series B Preferred Shares issued pursuant to this Section 17.8 shall be delivered as shares which are duly authorized, validly issued, fully paid and nonassessable, free of any pledge, lien, encumbrance or restriction other than those provided in the Charter, the Bylaws of the General Partner, the Securities Act and relevant state securities or blue sky laws.

The certificates representing the Series B Preferred Shares issued upon exchange of the Series B Preferred Units shall contain the following legend:

> THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED,

> HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND STATE SECURITIES LAWS OR (B) IF THE CORPORATION HAS BEEN FURNISHED WITH A SATISFACTORY OPINION OF COUNSEL FOR THE HOLDER OF THE SHARES REPRESENTED HEREBY, OR OTHER EVIDENCE SATISFACTORY TO THE CORPORATION, THAT SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF SECTION 5 OF THE ACT AND STATE SECURITIES LAWS AND THE RULES AND REGULATIONS THEREUNDER.

(ii) In the event of an exchange of Series B Preferred Units for Series B Preferred Shares, an amount equal to the accrued and unpaid distributions to the date of exchange on any Series B Preferred Units tendered for exchange shall (i) accrue on the Series B Preferred Shares into which such Series B Preferred Units are exchanged, and (ii) continue to accrue on such Series B Preferred Units, which shall remain outstanding following such exchange, with the General Partner as the holder of such REIT Series B Preferred Units. Notwithstanding anything to the contrary set forth herein, in no event shall a holder of a Series B Preferred Unit that was validly exchanged for Series B Preferred Shares pursuant to this section (other than the General Partner holding such Series B Preferred Unit following any such exchange), receive a distribution out of Available Cash of the Partnership, if such holder, after exchange, is entitled to receive a distribution out of Available Cash with respect to the Series B Preferred Shares for which such Series B Preferred Unit was exchanged or redeemed. Further for purposes of the foregoing, in the event of an exchange of Series B Preferred Units for Series B Preferred Shares, if the accrued and unpaid distributions per Series B Preferred Unit is not the same for each Series B Preferred Unit, the accrued and unpaid distributions per Series B Preferred Unit for each such Series B Preferred Unit shall be equal to the greatest amount of such accrued and unpaid distributions per Series B Preferred Unit on any such unit.

(iii) Fractional Series B Preferred Shares are not to be issued upon exchange but, in lieu thereof, the General Partner will pay a cash adjustment based upon the fair market value of the Series B Preferred Shares on the day prior to the exchange date as determined in good faith by the Board of Directors of the General Partner.

C. Adjustment of Exchange Price. In case the General Partner shall be a party to any transaction (including, without limitation, a merger, consolidation, statutory share exchange, tender offer for all or substantially all of the General Partner's capital stock or sale of all or substantially all of the General Partner's assets), in each case as a result of which the Series B Preferred Shares will be converted into the right to receive shares of capital stock, other securities or other property (including cash or any combination thereof), each Series B Preferred Unit will thereafter be exchangeable into the kind and amount of shares of capital stock and other securities and property receivable (including cash or any combination thereof) upon the consummation of such transaction by a holder of that number of Series B Preferred Shares or fraction thereof into which one Series B Preferred Unit was exchangeable immediately prior to

such transaction. The General Partner may not become a party to any such transaction unless the terms thereof are consistent with the foregoing.

Section 17.9 No Conversion Rights

The Series B Preferred Units shall not be convertible into any other class or series of interest in the Partnership.

Section 17.10 No Sinking Fund

No sinking fund shall be established for the retirement or redemption of Series B Preferred Units.

ARTICLE 18.
SERIES J PREFERRED UNITS

Section 18.1 Designation and Number

A series of Partnership Units in the Partnership designated as the 7.95% Series J Cumulative Redeemable Preferred Units (the "Series J Preferred Units") is hereby established. The number of Series J Preferred Units shall be 800,000.

Section 18.2 Ranking

The Series J Preferred Units shall, with respect to distribution rights and rights upon voluntary or involuntary liquidation, winding up or dissolution of the Partnership, rank (i) senior to the Common Units and to all Partnership Units the terms of which provide that such Partnership Units shall rank junior to the Series J Preferred Units; (ii) on a parity with the Series B Preferred Units, the Series K Preferred Units, the Series L Preferred Units and all other Parity Preferred Units; and (iii) junior to all Partnership Units which rank senior to the Series J Preferred Units.

Section 18.3 Distributions

A. Payment of Distributions. Subject to the rights of holders of Parity Preferred Units (including the Series B Preferred Units, the Series K Preferred Units and the Series L Preferred Units) as to the payment of distributions, pursuant to Section 5.1, Section 17.3.A, Section 19.3.A and Section 20.3.A hereof, holders of Series J Preferred Units will be entitled to receive, when, as and if declared by the Partnership acting through the General Partner, out of Available Cash, cumulative preferential cash distributions in an amount equal to the Series J Priority Return. Such distributions will be payable (A) quarterly in arrears, on the 15th day of January, April, July and October of each year and (B) in the event of (i) an exchange of Series J Preferred Units into Series J Preferred Shares, or (ii) a redemption of Series J Preferred Units, on the exchange date or redemption date, as applicable (each a "Series J Preferred Unit Distribution Payment Date"), commencing on the first of such payment dates to occur following their original date of issuance. If any date on which distributions are to be made on the Series J Preferred Units is not a Business Day, then payment of the distribution to be

made on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. Distributions on the Series J Preferred Units will be made to the holders of record of the Series J Preferred Units on the relevant record dates, which will be fifteen (15) days prior to the relevant Preferred Unit Distribution Payment Date (the "Series J Preferred Unit Partnership Record Date").

B. Distributions Cumulative. Notwithstanding the foregoing, distributions on the Series J Preferred Units will accrue whether or not the terms and provisions of any agreement of the Partnership at any time prohibit the current payment of distributions, whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized. Accrued but unpaid distributions on the Series J Preferred Units will accumulate as of the Preferred Unit Distribution Payment Date on which they first become payable.

C. Priority as to Distributors.

(i) So long as any Series J Preferred Units are outstanding, no distribution of cash or other property shall be authorized, declared, paid or set apart for payment on or with respect to any class or series of Partnership Interest represented by Junior Units, nor shall any Junior Units or Parity Preferred Units (including the Series B Preferred Units, the Series K Preferred Units and the Series L Preferred Units) be redeemed, purchased or otherwise acquired for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any such Junior Units or Parity Preferred Units) by the Partnership (except by conversion into or exchange for other Junior Units or Parity Preferred Units) unless, in each case, full cumulative distributions have been or contemporaneously are authorized and paid or authorized and a sum sufficient for the payment thereof set apart for such payment on the Series J Preferred Units and all classes and series of

outstanding Parity Preferred Units for all distribution periods. The foregoing sentence will not prohibit (a) distributions payable solely in Junior Units, (b) the exchange of Junior Units or Parity Preferred Units (including the Series B Preferred Units, the Series K Preferred Units and the Series L Preferred Units) into Partnership Interests of the Partnership ranking junior to the Series J Preferred Units as to distributions, or (c) the redemption of Partnership Interests corresponding to Series J Preferred Shares, Parity Preferred Stock (including Series B Preferred Shares, Series K Preferred Shares and Series L Preferred Shares) with respect to distributions or Junior Stock to be purchased by the General Partner pursuant to the Charter to preserve the General Partner's status as a real estate investment trust, provided that such redemption shall be upon the same terms as the corresponding stock purchase pursuant to the Charter.

(ii) So long as distributions have not been paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series J Preferred Units and any other Parity Preferred Units (including the Series B Preferred Units, the Series K Preferred Units and the Series L Preferred Units), all distributions authorized and declared on the Series J Preferred Units and all classes or series of outstanding Parity Preferred Units (including the Series B Preferred Units, the Series K Preferred Units and the Series L Preferred Units) shall be authorized and declared pro rata so that the amount of distributions authorized and declared per Series J Preferred Unit and such other classes or series of Parity Preferred Units shall in all cases

bear to each other the same ratio that accrued distributions per Series J Preferred Unit and such other classes or series of Parity Preferred Units (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such class or series of Parity Preferred Units do not have cumulative distribution rights) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any distributions or payments on Series J Preferred Units which may be in arrears.

(iii) Notwithstanding anything to the contrary set forth herein, distributions on Partnership Interests held by either (a) the General Partner or (b) any other holder of Partnership Interest in the Partnership, in each case ranking junior to or on parity with the Series J Preferred Units may be made, without preserving the priority of distributions described in Sections 18.3.C(i) and (ii), but (i) only to the extent such distributions are required to preserve the real estate investment trust status of the General Partner and (ii) in the case of any holder other than the General Partner only to the extent required by the Partnership Agreement.

D. No Further Rights. Holders of Series J Preferred Units shall not be entitled to any distributions, whether payable in cash, other property or otherwise, in excess of the full cumulative distributions described herein.

Section 18.4 Liquidation Proceeds

A. Distributions. Upon voluntary or involuntary liquidation, dissolution or winding-up of the Partnership, distributions on the Series J Preferred Units shall be made in accordance with Article 13 of this Agreement.

B. Notice. Written notice of any such voluntary or involuntary liquidation, dissolution or winding-up of the Partnership, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by the General Partner pursuant to Section 13.6 hereof.

C. No Further Rights. After payment of the full amount of the liquidating distributions to which they are entitled, Holders of Series J Preferred Units will have no right or claim to any of the remaining assets of the Partnership.

D. Consolidation, Merger or Certain Other Transactions. None of a consolidation or merger of the Partnership with or into another entity, a merger of another entity with or into the Partnership, or a sale, lease, transfer or conveyance of all or substantially all of the Partnership's property or business shall be considered a liquidation, dissolution or winding up of the Partnership.

Section 18.5 Redemption

A. Redemption. The Series J Preferred Units may not be redeemed prior to September 21, 2006. On or after such date, the Partnership shall have the right to redeem the Series J Preferred Units, in whole or in part, at any time or from time to time, upon not less than 30 nor more than 60 days' written notice, at a redemption price, payable in cash, equal to the Capital Account balance of the holder of Series J Preferred Units (the "Redemption Price"); provided, however, that no redemption pursuant to this Section 18.5 will be permitted if the Redemption Price does not equal or exceed the original Capital Contribution of such holder plus

the cumulative Priority Return to the redemption date to the extent not previously distributed. If fewer than all of the outstanding Series J Preferred Units are to be redeemed, the Series J Preferred Units to be redeemed shall be selected pro rata (as nearly as practicable without creating fractional units).

B. Limitation on Redemption. (i) The Redemption Price of the Series J Preferred Units (other than the portion thereof consisting of accumulated but unpaid distributions) is payable solely out of the sale proceeds of capital stock of the General Partner, which will be contributed by the General Partner to the Partnership as an additional capital contribution, or out of the sale of limited partner interests in the Partnership and from no other source. For purposes of the preceding sentence, "capital stock" means any equity securities (including Common Stock and Preferred Stock (as such terms are defined in the Charter)), depository shares, interests, participation or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities) or options to purchase any of the foregoing.

(ii) The Partnership may not redeem fewer than all of the outstanding Series J Preferred Units unless all accumulated and unpaid distributions have been paid on all Series J Preferred Units for all quarterly distribution periods terminating on or prior to the date of redemption.

C. Procedures for Redemption. (i) Notice of redemption will be (i) faxed, and (ii) mailed by the Partnership, by certified mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series J Preferred Units at their respective addresses as they appear on the records of the Partnership. No failure to give or defect in such notice shall affect the validity of the proceedings for the redemption of any Series J Preferred Units except as to the holder to whom such notice was defective or not given. In addition to any information required by law, each such notice shall state: (a) the redemption date, (b) the Redemption Price, (c) the aggregate number of Series J Preferred Units to be redeemed and if fewer than all of the outstanding Series J Preferred Units are to be redeemed, the number of Series J Preferred Units to be redeemed held by such holder, which number shall equal such holder's pro rata share (based on the percentage of the aggregate number of outstanding Series J Preferred Units that the total number of Series J Preferred Units held by such holder represents) of the aggregate number of Series J Preferred Units to be redeemed, (d) the place or places where such Series J Preferred Units are to be surrendered for payment of the Redemption Price, (e) that distributions on the Series J Preferred Units to be redeemed will cease to accumulate on such redemption date and (f) that payment of the Redemption Price will be made upon presentation and surrender of such Series J Preferred Units.

(ii) If the Partnership gives a notice of redemption in respect of Series J Preferred Units (which notice will be irrevocable) then, by 12:00 noon, New York City time, on the redemption date, the Partnership will deposit irrevocably in trust for the benefit of the Series J Preferred Units being redeemed funds sufficient to pay the applicable Redemption Price and will give irrevocable instructions and authority to pay such Redemption Price to the holders of the Series J Preferred Units upon surrender of the Series J Preferred Units by such holders at the place designated in the notice of redemption. On and after the date of redemption, distributions will cease to accumulate on the Series J Preferred Units or portions thereof called for

redemption, unless the Partnership defaults in the payment thereof. If any date fixed for redemption of Series J Preferred Units is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the Redemption Price is improperly withheld or refused and not paid by the Partnership, distributions on such Series J Preferred Units will continue to accumulate from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the applicable Redemption Price.

Section 18.6 Voting Rights

A. General. Holders of the Series J Preferred Units will not have any voting rights or right to consent to any matter requiring the consent or approval of the Limited Partners, except as set forth below and in Section 7.3.E.

B. Certain Voting Rights. So long as any Series J Preferred Units remain outstanding, the Partnership shall not, without the affirmative vote of the holders of at least two-thirds of the Series J Preferred Units outstanding at the time (i) authorize or create, or increase the authorized or issued amount of, any class or series of Partnership Interests ranking prior to the Series J Preferred Units with respect to payment of distributions or rights upon

liquidation, dissolution or winding-up or reclassify any Partnership Interests of the Partnership into any such Partnership Interest, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such Partnership Interests, (ii) authorize or create, or increase the authorized or issued amount of any Parity Preferred Units or reclassify any Partnership Interest of the Partnership into any such Partnership Interest or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such Partnership Interests but only to the extent such Parity Preferred Units are issued to an affiliate of the Partnership, other than the General Partner to the extent the issuance of such interests was to allow the General Partner to issue corresponding preferred stock to persons who are not affiliates of the Partnership or (iii) either consolidate, merge into or with, or convey, transfer or lease its assets substantially as an entirety to, any corporation or other entity or amend, alter or repeal the provisions of the Partnership Agreement (including, without limitation, this Article 18), whether by merger, consolidation or otherwise, in each case in a manner that would materially and adversely affect the powers, special rights, preferences, privileges or voting power of the Series J Preferred Units or the holders thereof; provided, however, that with respect to the occurrence of any event set forth in (iii) above, so long as (a) the Partnership is the surviving entity and the Series J Preferred Units remain outstanding with the terms thereof unchanged, or (b) the resulting, surviving or transferee entity (I) is a partnership, limited liability company or other pass-through entity organized under the laws of any state, (II) is not taxable as a corporation for U.S. federal income tax purposes and (III) substitutes the Series J Preferred Units for other interests in such entity having substantially the same terms and rights as the Series J Preferred Units, including with respect to distributions, voting rights and rights upon liquidation, dissolution or winding-up, then the occurrence of any such event shall not be deemed to materially and adversely affect such rights, privileges or voting powers of the holders of the Series J Preferred Units; and provided further, that any increase in the amount of Partnership

Interests or the creation or issuance of any other class or series of Partnership Interests represented by Junior Units or Parity Preferred Units are not issued to an affiliate of the Partnership, other than the General Partner to the extent the issuance of such interests was to allow the General Partner to issue corresponding preferred stock to persons who are not affiliates of the Partnership, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

Section 18.7 Transfer Restrictions

The Series J Preferred Units shall be subject to the provisions of Article 11 hereof; provided, however, that the Series J Preferred Units shall not be subject to the right of first refusal of the General Partner as described in Section 11.3 hereof. No transfer of Series J Preferred Units, or other action by the holder or holders of such Units, is permitted, without the consent of the General Partner which consent may be given or withheld in its sole and absolute discretion, if such transfer or other action would result in more than two partners holding all outstanding Series J Preferred Units within the meaning of Treasury Regulation Section 1.7704-1(h)(1)(ii) (without regard to Treasury Regulation Section 1.7704-1(h)(3)(ii)); provided, however, that the General Partner's consent may not be unreasonably withheld if (a) such transfer or other action would not result in more than five partners holding all outstanding Series J Preferred Units within the meaning of Treasury Regulation Section 1.7704-1(h)(1)(ii) (without regard to Treasury Regulation Section 1.7704-1(h)(3)(ii)) and (b) the General Partner cannot rely on Treasury Regulation Section 1.7704-1(h) to avoid classification of Operating Partnership as a PTP. In addition, no transfer may be made to any person if such transfer would cause the exchange of the Series J Preferred Units for Series J Preferred Shares, as provided herein, to be required to be registered under the Securities Act of 1933, as amended, or any state securities laws. If (i) the holders of 51% of the Series J Preferred Units conclude based on results or projected results that there exists (in the reasonable judgment of such holders) an imminent and substantial risk that such holder's interest in the Partnership represents or will represent more than 19.5% of the total profits or capital interests in the Partnership for a taxable year (the "19.5% Limit"), (ii) such holders deliver to the General Partner an opinion of independent counsel to the effect that there is a substantial risk that such holder's interest in the Partnership represents or will represent more than the 19.5% Limit (determined in accordance with Regulations Section 1.731-2(e)(4)), and (iii) the General Partner agrees with the conclusions referred to in clauses (i) and (ii) of this sentence, such agreement not to be unreasonably withheld, then such holders shall, subject to the above limitations, be permitted to transfer so much of their Series J Preferred Units as may be appropriate to alleviate the risk of not satisfying the 19.5% Limit to the trust described in Exhibit J, with such holders having the rights set forth in such Exhibit.

Section 18.8 Exchange Rights

A. Right to Exchange. (i) Series J Preferred Units will be exchangeable in whole but not in part unless expressly otherwise provided herein

at anytime on or after September 21, 2011, at the option of the holders of 51% of all outstanding Series J Preferred Units, for authorized but previously unissued Series J Preferred Shares at an exchange rate of one Series J Preferred Share from the General Partner for one Series J Preferred Unit, subject to adjustment as described below (the "Exchange Price"), provided that the Series J Preferred Units will become exchangeable at any time, in whole but not in part unless expressly otherwise

provided herein, at the option of the holders of 51% of all outstanding Series J Preferred Units for Series J Preferred Shares (x) if at any time full distributions shall not have been timely made on any Series J Preferred Unit with respect to six (6) prior quarterly distribution periods, whether or not consecutive, provided, however, that a distribution in respect of Series J Preferred Units shall be considered timely made if made within two (2) Business Days after the applicable Preferred Unit Distribution Payment Date if at the time of such late payment there shall not be any prior quarterly distribution periods in respect of which full distributions were not timely made, or (y) at any time (A) the holders of 51% of the Series J Preferred Units conclude (in the reasonable judgment of such holders) that the Partnership, if it otherwise were taxable as a real estate investment trust, either (1) will not or likely will not satisfy the income tests of Section 856 of the Code for the year in which such determination is made or (2) will not or likely will not satisfy the asset tests of Section 856 of the Code as of the end of the calendar quarter in which such determination is made, which failure will not or is unlikely to be (or is subsequently not) cured as permitted under Section 856 of the Code, (B) the holders deliver to the General Partner an opinion of a nationally recognized independent counsel to the effect of the conclusion set forth in clause (A) of this sentence, (C) such failure would create a meaningful risk that a holder of the Series J Preferred Units would fail to maintain its qualification as a real estate investment trust and (D) the General Partner agrees with the conclusions referred to in clauses (A) and (B) of this sentence, such agreement not to be unreasonably withheld. Furthermore, the Series J Preferred Units, if the holders of 51% of all outstanding Series J Preferred Units so determine, may be exchanged in whole but not in part (regardless of whether held by one or more holders) for Series J Preferred Shares if (1) the holders of 51% of all outstanding Series J Preferred Units conclude based on results or projected results that there exists (in the reasonable judgment of such holder) an imminent and substantial risk that the holder's interest in the Partnership represents or will represent more than the 19.5% Limit, (2) such holders deliver to the General Partner an opinion of independent counsel to the effect that there is a substantial risk that its interest in the Partnership does not or will not satisfy the 19.5% Limit and (3) the General Partner agrees with the conclusions referred to in clauses (1) and (2) of this sentence, such agreement not to be unreasonably withheld; provided, however, that if, as a result of such conclusion, such holders' interest in the Partnership is reduced pursuant to the last sentence of Section 18.7 hereof (which procedure shall be available to such holders to the exclusion of the procedure under this sentence for so long as, on a cumulative basis, sales of 10% or fewer of the Series J Preferred Units originally issued by the Partnership would in the opinion of the above-referenced counsel reduce the risk that such holders' interest in the Partnership would not satisfy the 19.5% Limit to less than a substantial risk, and thereafter shall be a permitted alternative to the procedure pursuant to this sentence) or the risk of such holder not satisfying the 19.5% Limit otherwise is reduced below a substantial risk, then an exchange in whole under this sentence shall not be permitted unless and until a change in facts occurs and a further determination by such holders is made under this sentence.

(ii) Notwithstanding anything to the contrary set forth in Section 18.8.A(i), if an Exchange Notice (as defined herein) has been delivered to the General Partner, then the General Partner may, at its option, within ten (10) Business Days after receipt of the Exchange Notice, elect to cause the Partnership to redeem all or a portion of the outstanding Series J Preferred Units for cash in an amount equal to the original Capital Contribution per Series J Preferred Unit and all accrued and unpaid distributions thereon to the date of redemption. If the General Partner elects to redeem fewer than all of the outstanding Series J Preferred Units, the number of Series J Preferred Units held by each holder to be redeemed shall equal such holder's

pro rata share (based on the percentage of the aggregate number of outstanding Series J Preferred Units that the total number of Series J Preferred Units held by such holder represents) of the aggregate number of Series J Preferred Units being redeemed.

(iii) In the event an exchange of all Series J Preferred Units pursuant to Section 18.8.A would violate the provisions on ownership limitation of the General Partner set forth in Section 7 of the Third Article of the Articles Supplementary to the Charter with respect to Series J Preferred Shares (the "Series J Articles Supplementary"), each holder of Series J Preferred Units shall be entitled to exchange, pursuant to the provisions of Section 18.8.B, a number of Series J Preferred Units which would comply with the provisions on the ownership limitation of the General Partner set forth in such Section 7 of the

Series J Articles Supplementary, with respect to such holder, and any Series J Preferred Units not so exchanged (the "Excess Units") shall be redeemed by the Partnership for cash in an amount equal to the original Capital Contribution per Excess Unit, plus any accrued and unpaid distributions thereon to the date of redemption subject to any restriction thereon contained in any debt instrument or agreement of the Partnership. In the event an exchange would result in Excess Units, as a condition to such exchange, each holder of such units agrees to provide representations and covenants reasonably requested by the General Partner relating to (i) the widely held nature of the interests in such holder, sufficient to assure the General Partner that the holder's ownership of stock of the General Partner (without regard to the limits described above) will not cause any individual to own in excess of 9.0% of the stock of the General Partner; and (ii) to the extent such holder can so represent and covenant without obtaining information from its owners, the holder's ownership of tenants of the Partnership and its affiliates. For purposes of determining the number of Excess Units under this Section 18.8.A(iii), the "Beneficial Ownership Limit" and "Constructive Ownership Limit" set forth in the Series J Articles Supplementary shall be deemed to be 9.0%. To the extent the General Partner would not be able to pay the cash set forth above in exchange for the Excess Units, and to the extent consistent with the Charter, the General Partner agrees that it will grant to the holders of the Series J Preferred Units exceptions to the Beneficial Ownership Limit and Constructive Ownership Limit set forth in the Series J Articles Supplementary sufficient to allow such holders to exchange all of their Series J Preferred Units for Series J Preferred Stock, provided such holders furnish to the General Partner representations acceptable to the General Partner in its sole and absolute discretion which assure the General Partner that such exceptions will not jeopardize the General Partner's tax status as a REIT for purposes of federal and applicable state law. Notwithstanding any provision of this Agreement to the contrary, no Series J Limited Partner shall be entitled to effect an exchange of Series J Preferred Units for Series J Preferred Shares to the extent that ownership or right to acquire such shares would cause the Partner or any other Person or, in the opinion of counsel selected by the General Partner, may cause the Partner or any other Person, to violate the restrictions on ownership and transfer of Series J Preferred Shares set forth in the Charter, taking into account any exceptions thereto granted by the Company in accordance with the terms of the Charter. To the extent any such attempted exchange for Series J Preferred Shares would be in violation of the previous sentence, it shall be void ab initio and such Series J Limited Partner shall not acquire any rights or economic interest in the Series J Preferred Shares otherwise issuable upon such exchange.

(iv) The redemption of Series J Preferred Units described in Section 18.8.A(ii) and (iii) shall be subject to the provisions of Section 18.5.B(i) and Section 18.5.C(ii); provided, however, that the term "Redemption Price" in such Sections 18.5.B(i) and 18.5.C(ii) shall be

read to mean the original Capital Contribution per Series J Preferred Unit being redeemed as set forth on Exhibit A plus all accrued and unpaid distributions to the redemption date.

B. Procedure for Exchange and/or Redemption of Series J Preferred Units.

(i) Any exchange shall be exercised pursuant to a notice of exchange (the "Exchange Notice") delivered to the General Partner by the Partners representing at least 51% of the outstanding Series J Preferred Units (or by Contributor in the case of an exchange pursuant to the last sentence of Section 18.8.A.(i) hereof) by (a) fax and (b) by certified mail postage prepaid. The General Partner may effect any exchange of Series J Preferred Units, or exercise its option to cause the Partnership to redeem any portion of the Series J Preferred Units for cash pursuant to Section 18.8.A(ii) or redeem Excess Units pursuant to Section 18.8.A(iii), by delivering to each holder of record of Series J Preferred Units, within ten (10) Business Days following receipt of the Exchange Notice, (a) if the General Partner elects to cause the Partnership to acquire any of the Series J Preferred Units then outstanding, (1) certificates representing the Series J Preferred Shares being issued in exchange for the Series J Preferred Units of such holder being exchanged and (2) a written notice (a "Redemption Notice") stating (A) the redemption date, which may be the date of such Redemption Notice or any other date which is not later than sixty (60) days following the receipt of the Exchange Notice, (B) the redemption price, (C) the place or places where the Series J Preferred Units are to be surrendered and (D) that distributions on the Series J Preferred Units will cease to accrue on such redemption date, or (b) if the General Partner elects to cause the Partnership to redeem all of the Series J Preferred Units then outstanding in exchange for cash, a Redemption Notice. Series J Preferred Units shall be deemed canceled (and any corresponding Partnership Interest represented thereby deemed terminated) simultaneously with the delivery of shares of Series J Preferred Shares (with respect to Series J Preferred Units exchanged) or simultaneously with the redemption date (with respect to Series J Preferred Units redeemed). Holders of Series J Preferred Units shall deliver any canceled certificates representing Series J Preferred Units which have been exchanged or redeemed to the office of General Partner (which currently is located at Pier 1, Bay 1, San Francisco, California 94111) within ten (10) Business Days of the exchange or

redemption with respect thereto. Notwithstanding anything to the contrary contained herein, any and all Series J Preferred Units to be exchanged for Series J Preferred Stock pursuant to this Section 18.8 shall be so exchanged in a single transaction at one time. As a condition to exchange, the General Partner may require the holders of Series J Preferred Units to make such representations as may be reasonably necessary for the General Partner to establish that the issuance of Series J Preferred Shares pursuant to the exchange shall not be required to be registered under the Securities Act or any state securities laws. Any Series J Preferred Shares issued pursuant to this Section 18.8 shall be delivered as shares which are duly authorized, validly issued, fully paid and nonassessable, free of any pledge, lien, encumbrance or restriction other than those provided in the Charter, the Bylaws of the General Partner, the Securities Act and relevant state securities or blue sky laws.

The certificates representing the Series J Preferred Shares issued upon exchange of the Series J Preferred Units shall contain the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT

(A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND STATE SECURITIES LAWS OR (B) IF THE CORPORATION HAS BEEN FURNISHED WITH A SATISFACTORY OPINION OF COUNSEL FOR THE HOLDER OF THE SHARES REPRESENTED HEREBY, OR OTHER EVIDENCE SATISFACTORY TO THE CORPORATION, THAT SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF SECTION 5 OF THE ACT AND STATE SECURITIES LAWS AND THE RULES AND REGULATIONS THEREUNDER.

(ii) In the event of an exchange of Series J Preferred Units for Series J Preferred Shares, an amount equal to the accrued and unpaid distributions to the date of exchange on any Series J Preferred Units tendered for exchange shall (i) accrue on the Series J Preferred Shares into which such Series J Preferred Units are exchanged, and (ii) continue to accrue on such Series J Preferred Units, which shall remain outstanding following such exchange, with the General Partner as the holder of such Series J Preferred Units. Notwithstanding anything to the contrary set forth herein, in no event shall a holder of a Series J Preferred Unit that was validly exchanged for Series J Preferred Shares pursuant to this section (other than the General Partner holding such Series J Preferred Unit following any such exchange), receive a distribution out of Available Cash of the Partnership, if such holder, after exchange, is entitled to receive a distribution out of Available Cash with respect to the Series J Preferred Shares for which such Series J Preferred Unit was exchanged or redeemed. Further for purposes of the foregoing, in the event of an exchange of Series J Preferred Units for Series J Preferred Shares, if the accrued and unpaid distributions per Series J Preferred Unit is not the same for each Series J Preferred Unit, the accrued and unpaid distributions per Series J Preferred Unit for each such Series J Preferred Unit shall be equal to the greatest amount of such accrued and unpaid distributions per Series J Preferred Unit on any such unit.

(iii) Fractional Series J Preferred Shares are not to be issued upon exchange but, in lieu thereof, the General Partner will pay a cash adjustment based upon the fair market value of the Series J Preferred Shares on the day prior to the exchange date as determined in good faith by the Board of Directors of the General Partner.

C. Adjustment of Exchange Price. In case the General Partner shall be a party to any transaction (including, without limitation, a merger, consolidation, statutory share exchange, tender offer for all or substantially all of the General Partner's capital stock or sale of all or substantially all of the General Partner's assets), in each case as a result of which the Series J Preferred Shares will be converted into the right to receive shares of capital stock, other securities or other property (including cash or any combination thereof), each Series J Preferred Unit will thereafter be exchangeable into the kind and amount of shares of capital stock and other securities and property receivable (including cash or any combination thereof) upon the consummation of such transaction by a holder of that number of Series J Preferred Shares or fraction thereof into which one Series J Preferred Unit was exchangeable immediately prior to such transaction. The General Partner may not become a party to any such transaction unless the terms thereof are consistent with the foregoing.

Section 18.9 No Conversion Rights

The Series J Preferred Units shall not be convertible into any other class or series of interest in the Partnership.

Section 18.10 No Sinking Fund

No sinking fund shall be established for the retirement or redemption of Series J Preferred Units.

ARTICLE 19.
SERIES K PREFERRED UNITS

Section 19.1 Designation and Number

A series of Partnership Units in the Partnership designated as the 7.95% Series K Cumulative Redeemable Preferred Units (the "Series K Preferred Units") is hereby established. The number of Series K Preferred Units shall be 800,000.

Section 19.2 Ranking

The Series K Preferred Units shall, with respect to distribution rights and rights upon voluntary or involuntary liquidation, winding up or dissolution of the Partnership, rank (i) senior to the Common Units and to all Partnership Units the terms of which provide that such Partnership Units shall rank junior to the Series K Preferred Units; (ii) on a parity with the Series B Preferred Units, the Series J Preferred Units, the Series L Preferred Units and all other Parity Preferred Units; and (iii) junior to all Partnership Units which rank senior to the Series K Preferred Units.

Section 19.3 Distributions

A. Payment of Distributions. Subject to the rights of holders of Parity Preferred Units (including the Series B Preferred Units, the Series J Preferred Units and the Series L Preferred Units) as to the payment of distributions, pursuant to Section 5.1, Section 17.3.A, Section 18.3.A and Section 20.3.A hereof, holders of Series K Preferred Units will be entitled to receive, when, as and if declared by the Partnership acting through the General Partner, out of Available Cash, cumulative preferential cash distributions in an amount equal to the Series K Priority Return. Such distributions will be payable (A) quarterly in arrears, on the 15th day of January, April, July and October of each year and (B) in the event of (i) an exchange of Series K Preferred Units into Series K Preferred Shares, or (ii) a redemption of Series K Preferred Units, on the exchange date or redemption date, as applicable (each a "Series K Preferred Unit Distribution Payment Date"), commencing on the first of such payment dates to occur following their original date of issuance. If any date on which distributions are to be made on the Series K Preferred Units is not a Business Day, then payment of the distribution to be made on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding

Business Day, in each case with the same force and effect as if made on such date. Distributions on the Series K Preferred Units will be made to the holders of record of the Series K Preferred Units on the relevant record dates, which will be fifteen (15) days prior to the relevant Preferred Unit Distribution Payment Date (the "Series K Preferred Unit Partnership Record Date").

B. Distributions Cumulative. Notwithstanding the foregoing, distributions on the Series K Preferred Units will accrue whether or not the terms and provisions of any agreement of the Partnership at any time prohibit the current payment of distributions, whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized. Accrued but unpaid distributions on the Series K Preferred Units will accumulate as of the Preferred Unit Distribution Payment Date on which they first become payable.

C. Priority as to Distributors.

(i) So long as any Series K Preferred Units are outstanding, no distribution of cash or other property shall be authorized, declared, paid or set apart for payment on or with respect to any class or series of Partnership Interest represented by Junior Units, nor shall any Junior Units or Parity Preferred Units (including the Series B Preferred Units, the Series J Preferred Units and the Series L Preferred Units) be redeemed, purchased or otherwise acquired for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any such Junior Units or Parity Preferred Units) by the Partnership (except by conversion into or exchange for other Junior Units or Parity Preferred Units) unless, in each case, full cumulative distributions have been or contemporaneously are authorized and paid or authorized and a sum sufficient for the payment thereof set apart for such payment on the Series K Preferred Units and all classes and series of outstanding Parity Preferred Units for all distribution periods. The foregoing sentence will not prohibit (a) distributions payable solely in Junior Units, (b) the exchange of Junior Units or Parity Preferred Units (including the Series B Preferred Units, the Series J Preferred Units and the Series L Preferred Units) into Partnership Interests of the Partnership ranking junior to the Series K

Preferred Units as to distributions, or (c) the redemption of Partnership Interests corresponding to Series K Preferred Shares, Parity Preferred Stock (including Series B Preferred Shares, Series J Preferred Shares and Series L Preferred Shares) with respect to distributions or Junior Stock to be purchased by the General Partner pursuant to the Charter to preserve the General Partner's status as a real estate investment trust, provided that such redemption shall be upon the same terms as the corresponding stock purchase pursuant to the Charter.

(ii) So long as distributions have not been paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series K Preferred Units and any other Parity Preferred Units (including the Series B Preferred Units, the Series J Preferred Units and the Series L Preferred Units), all distributions authorized and declared on the Series K Preferred Units and all classes or series of outstanding Parity Preferred Units (including the Series B Preferred Units, the Series J Preferred Units and the Series L Preferred Units) shall be authorized and declared pro rata so that the amount of distributions authorized and declared per Series K Preferred Unit and such other classes or series of Parity Preferred Units shall in all cases bear to each other the same ratio that accrued distributions per Series K Preferred Unit and such other classes or series of Parity Preferred Units (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such class or series of Parity Preferred Units

do not have cumulative distribution rights) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any distributions or payments on Series K Preferred Units which may be in arrears.

(iii) Notwithstanding anything to the contrary set forth herein, distributions on Partnership Interests held by either (a) the General Partner or (b) any other holder of Partnership Interest in the Partnership, in each case ranking junior to or on parity with the Series K Preferred Units may be made, without preserving the priority of distributions described in Sections 19.3.C(i) and (ii), but (i) only to the extent such distributions are required to preserve the real estate investment trust status of the General Partner and (ii) in the case of any holder other than the General Partner only to the extent required by the Partnership Agreement.

D. No Further Rights. Holders of Series K Preferred Units shall not be entitled to any distributions, whether payable in cash, other property or otherwise, in excess of the full cumulative distributions described herein.

Section 19.4 Liquidation Proceeds

A. Distributions. Upon voluntary or involuntary liquidation, dissolution or winding-up of the Partnership, distributions on the Series K Preferred Units shall be made in accordance with Article 13 of this Agreement.

B. Notice. Written notice of any such voluntary or involuntary liquidation, dissolution or winding-up of the Partnership, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by the General Partner pursuant to Section 13.6 hereof.

C. No Further Rights. After payment of the full amount of the liquidating distributions to which they are entitled, Holders of Series K Preferred Units will have no right or claim to any of the remaining assets of the Partnership.

D. Consolidation, Merger or Certain Other Transactions. None of a consolidation or merger of the Partnership with or into another entity, a merger of another entity with or into the Partnership, or a sale, lease, transfer or conveyance of all or substantially all of the Partnership's property or business shall be considered a liquidation, dissolution or winding up of the Partnership.

Section 19.5 Redemption

A. Redemption. The Series K Preferred Units may not be redeemed prior to April 17, 2007. On or after such date, the Partnership shall have the right to redeem the Series K Preferred Units, in whole or in part, at any time or from time to time, upon not less than 30 nor more than 60 days' written notice, at a redemption price, payable in cash, equal to the Capital Account balance of the holder of Series K Preferred Units (the "Redemption Price"); provided, however, that no redemption pursuant to this Section 19.5 will be permitted if the Redemption Price does not equal or exceed the original Capital Contribution of such holder plus the cumulative Priority Return to the redemption date to the extent not previously distributed. If fewer than all of the outstanding Series K Preferred Units are to be redeemed, the Series K

Preferred Units to be redeemed shall be selected pro rata (as nearly as practicable without creating fractional units).

B. Limitation on Redemption. (i) The Redemption Price of the Series K Preferred Units (other than the portion thereof consisting of accumulated but unpaid distributions) is payable solely out of the sale proceeds of capital stock of the General Partner, which will be contributed by the General Partner to the Partnership as an additional capital contribution, or out of the sale of limited partner interests in the Partnership and from no other source. For purposes of the preceding sentence, "capital stock" means any equity securities (including Common Stock and Preferred Stock (as such terms are defined in the Charter)), depository shares, interests, participation or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities) or options to purchase any of the foregoing.

(ii) The Partnership may not redeem fewer than all of the outstanding Series K Preferred Units unless all accumulated and unpaid distributions have been paid on all Series K Preferred Units for all quarterly distribution periods terminating on or prior to the date of redemption.

C. Procedures for Redemption. (i) Notice of redemption will be (i) faxed, and (ii) mailed by the Partnership, by certified mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series K Preferred Units at their respective addresses as they appear on the records of the Partnership. No failure to give or defect in such notice shall affect the validity of the proceedings for the redemption of any Series K Preferred Units except as to the holder to whom such notice was defective or not given. In addition to any information required by law, each such notice shall state: (a) the redemption date, (b) the Redemption Price, (c) the aggregate number of Series K Preferred Units to be redeemed and if fewer than all of the outstanding Series K Preferred Units are to be redeemed, the number of Series K Preferred Units to be redeemed held by such holder, which number shall equal such holder's pro rata share (based on the percentage of the aggregate number of outstanding Series K Preferred Units that the total number of Series K Preferred Units held by such holder represents) of the aggregate number of Series K Preferred Units to be redeemed, (d) the place or places where such Series K Preferred Units are to be surrendered for payment of the Redemption Price, (e) that distributions on the Series K Preferred Units to be redeemed will cease to accumulate on such redemption date and (f) that payment of the Redemption Price will be made upon presentation and surrender of such Series K Preferred Units.

(ii) If the Partnership gives a notice of redemption in respect of Series K Preferred Units (which notice will be irrevocable) then, by 12:00 noon, New York City time, on the redemption date, the Partnership will deposit irrevocably in trust for the benefit of the Series K Preferred Units being redeemed funds sufficient to pay the applicable Redemption Price and will give irrevocable instructions and authority to pay such Redemption Price to the holders of the Series K Preferred Units upon surrender of the Series K Preferred Units by such holders at the place designated in the notice of redemption. On and after the date of redemption, distributions will cease to accumulate on the Series K Preferred Units or portions thereof called for redemption, unless the Partnership defaults in the payment thereof. If any date fixed for redemption of Series K Preferred Units is not a Business Day, then payment of the Redemption

Price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the Redemption Price is improperly withheld or refused and not paid by the Partnership, distributions on such Series K Preferred Units will continue to accumulate from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the applicable Redemption Price.

Section 19.6 Voting Rights

A. General. Holders of the Series K Preferred Units will not have any voting rights or right to consent to any matter requiring the consent or approval of the Limited Partners, except as set forth below and in Section 7.3.E.

B. Certain Voting Rights. So long as any Series K Preferred Units remain outstanding, the Partnership shall not, without the affirmative vote of the holders of at least two-thirds of the Series K Preferred Units outstanding at the time (i) authorize or create, or increase the authorized or issued amount of, any class or series of Partnership Interests ranking prior to the Series K Preferred Units with respect to payment of distributions or rights upon liquidation, dissolution or winding-up or reclassify any Partnership Interests of the Partnership into any such Partnership Interest, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such Partnership Interests, (ii) authorize or create, or increase the authorized or issued amount of any Parity Preferred Units or reclassify any Partnership Interest of the Partnership into any such Partnership Interest or

create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such Partnership Interests but only to the extent such Parity Preferred Units are issued to an affiliate of the Partnership, other than the General Partner to the extent the issuance of such interests was to allow the General Partner to issue corresponding preferred stock to persons who are not affiliates of the Partnership or (iii) either consolidate, merge into or with, or convey, transfer or lease its assets substantially as an entirety to, any corporation or other entity or amend, alter or repeal the provisions of the Partnership Agreement (including, without limitation, this Article 19), whether by merger, consolidation or otherwise, in each case in a manner that would materially and adversely affect the powers, special rights, preferences, privileges or voting power of the Series K Preferred Units or the holders thereof; provided, however, that with respect to the occurrence of any event set forth in (iii) above, so long as (a) the Partnership is the surviving entity and the Series K Preferred Units remain outstanding with the terms thereof unchanged, or (b) the resulting, surviving or transferee entity (I) is a partnership, limited liability company or other pass-through entity organized under the laws of any state, (II) is not taxable as a corporation for U.S. federal income tax purposes and (III) substitutes the Series K Preferred Units for other interests in such entity having substantially the same terms and rights as the Series K Preferred Units, including with respect to distributions, voting rights and rights upon liquidation, dissolution or winding-up, then the occurrence of any such event shall not be deemed to materially and adversely affect such rights, privileges or voting powers of the holders of the Series K Preferred Units; and provided further, that any increase in the amount of Partnership Interests or the creation or issuance of any other class or series of Partnership Interests represented by Junior Units or Parity Preferred Units are not issued to an affiliate of the

Partnership, other than the General Partner to the extent the issuance of such interests was to allow the General Partner to issue corresponding preferred stock to persons who are not affiliates of the Partnership, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

Section 19.7 Transfer Restrictions

The Series K Preferred Units shall be subject to the provisions of Article 11 hereof; provided, however, that the Series K Preferred Units shall not be subject to the right of first refusal of the General Partner as described in Section 11.3 hereof. No transfer of Series K Preferred Units, or other action by the holder or holders of such Units, is permitted, without the consent of the General Partner which consent may be given or withheld in its sole and absolute discretion, if such transfer or other action would result in more than two partners holding all outstanding Series K Preferred Units within the meaning of Treasury Regulation Section 1.7704-1(h)(1)(ii) (without regard to Treasury Regulation Section 1.7704-1(h)(3)(ii)); provided, however, that the General Partner's consent may not be unreasonably withheld if (a) such transfer or other action would not result in more than five partners holding all outstanding Series K Preferred Units within the meaning of Treasury Regulation Section 1.7704-1(h)(1)(ii) (without regard to Treasury Regulation Section 1.7704-1(h)(3)(ii)) and (b) the General Partner cannot rely on Treasury Regulation Section 1.7704-1(h) to avoid classification of Operating Partnership as a PTP. In addition, no transfer may be made to any person if such transfer would cause the exchange of the Series K Preferred Units for Series K Preferred Shares, as provided herein, to be required to be registered under the Securities Act of 1933, as amended, or any state securities laws. If (i) the holders of 51% of the Series K Preferred Units conclude based on results or projected results that there exists (in the reasonable judgment of such holders) an imminent and substantial risk that such holder's interest in the Partnership represents or will represent more than 19.5% of the total profits or capital interests in the Partnership for a taxable year (the "19.5% Limit"), (ii) such holders deliver to the General Partner an opinion of independent counsel to the effect that there is a substantial risk that such holder's interest in the Partnership represents or will represent more than the 19.5% Limit (determined in accordance with Regulations Section 1.731-2(e)(4)), and (iii) the General Partner agrees with the conclusions referred to in clauses (i) and (ii) of this sentence, such agreement not to be unreasonably withheld, then such holders shall, subject to the above limitations, be permitted to transfer so much of their Series K Preferred Units as may be appropriate to alleviate the risk of not satisfying the 19.5% Limit to the trust described in Exhibit J, with such holders having the rights set forth in such Exhibit.

Section 19.8 Exchange Rights

A. Right to Exchange. (i) Series K Preferred Units will be exchangeable in whole but not in part unless expressly otherwise provided herein at anytime on or after October 30, 2012, at the option of the holders of 51% of all outstanding Series K Preferred Units, for authorized but previously unissued Series K Preferred Shares at an exchange rate of one Series K Preferred Share from the General Partner for one Series K Preferred Unit, subject to adjustment as described below (the "Exchange Price"), provided that the Series K Preferred Units will become exchangeable at any time, in whole but not in part unless

expressly otherwise provided herein, at the option of the holders of 51% of all outstanding Series K Preferred Units for Series K Preferred Shares if at any time full distributions shall not have been timely made on any Series

K Preferred Unit with respect to six (6) prior quarterly distribution periods, whether or not consecutive, provided, however, that a distribution in respect of Series K Preferred Units shall be considered timely made if made within two (2) Business Days after the applicable Preferred Unit Distribution Payment Date if at the time of such late payment there shall not be any prior quarterly distribution periods in respect of which full distributions were not timely made. Furthermore, the Series K Preferred Units, if the holders of 51% of all outstanding Series K Preferred Units so determine, may be exchanged in whole but not in part (regardless of whether held by one or more holders) for Series K Preferred Shares if (1) the holders of 51% of all outstanding Series K Preferred Units conclude based on results or projected results that there exists (in the reasonable judgment of such holder) an imminent and substantial risk that the holder's interest in the Partnership represents or will represent more than the 19.5% Limit, (2) such holders deliver to the General Partner an opinion of independent counsel to the effect that there is a substantial risk that its interest in the Partnership does not or will not satisfy the 19.5% Limit and (3) the General Partner agrees with the conclusions referred to in clauses (1) and (2) of this sentence, such agreement not to be unreasonably withheld; provided, however, that if, as a result of such conclusion, such holders' interest in the Partnership is reduced pursuant to the last sentence of Section 19.7 hereof (which procedure shall be available to such holders to the exclusion of the procedure under this sentence for so long as, on a cumulative basis, sales of 10% or fewer of the Series K Preferred Units originally issued by the Partnership would in the opinion of the above-referenced counsel reduce the risk that such holders' interest in the Partnership would not satisfy the 19.5% Limit to less than a substantial risk, and thereafter shall be a permitted alternative to the procedure pursuant to this sentence) or the risk of such holder not satisfying the 19.5% Limit otherwise is reduced below a substantial risk, then an exchange in whole under this sentence shall not be permitted unless and until a change in facts occurs and a further determination by such holders is made under this sentence.

(ii) Notwithstanding anything to the contrary set forth in Section 19.8.A(i), if an Exchange Notice (as defined herein) has been delivered to the General Partner, then the General Partner may, at its option, within ten (10) Business Days after receipt of the Exchange Notice, elect to cause the Partnership to redeem all or a portion of the outstanding Series K Preferred Units for cash in an amount equal to the original Capital Contribution per Series K Preferred Unit and all accrued and unpaid distributions thereon to the date of redemption. If the General Partner elects to redeem fewer than all of the outstanding Series K Preferred Units, the number of Series K Preferred Units held by each holder to be redeemed shall equal such holder's pro rata share (based on the percentage of the aggregate number of outstanding Series K Preferred Units that the total number of Series K Preferred Units held by such holder represents) of the aggregate number of Series K Preferred Units being redeemed.

(iii) In the event an exchange of all Series K Preferred Units pursuant to Section 19.8.A would violate the provisions on ownership limitation of the General Partner set forth in Section 7 of the Third Article of the Articles Supplementary to the Charter with respect to Series K Preferred Shares (the "Series K Articles Supplementary"), each holder of Series K Preferred Units shall be entitled to exchange, pursuant to the provisions of Section 19.8.B, a number of Series K Preferred Units which would comply with the provisions on the ownership limitation of the General Partner set forth in such Section 7 of the Series K Articles Supplementary, with respect to such holder, and any Series K Preferred Units not so exchanged (the "Excess Units") shall be redeemed by the Partnership for cash in an amount equal to the original Capital Contribution per Excess Unit, plus any accrued and unpaid distributions thereon

to the date of redemption subject to any restriction thereon contained in any debt instrument or agreement of the Partnership. In the event an exchange would result in Excess Units, as a condition to such exchange, each holder of such units agrees to provide representations and covenants reasonably requested by the General Partner relating to (i) the widely held nature of the interests in such holder, sufficient to assure the General Partner that the holder's ownership of stock of the General Partner (without regard to the limits described above) will not cause any individual to own in excess of 9.0% of the stock of the General Partner; and (ii) to the extent such holder can so represent and covenant without obtaining information from its owners, the holder's ownership of tenants of the Partnership and its affiliates. For purposes of determining the number of Excess Units under this Section 19.8.A(iii), the "Beneficial Ownership Limit" and "Constructive Ownership Limit" set forth in the Series K Articles Supplementary shall be deemed to be 9.0%. To the extent the General Partner would not be able to pay the cash set forth above in exchange for the Excess Units, and to the extent consistent with the Charter, the General Partner agrees that it will grant to the holders of the Series K

Preferred Units exceptions to the Beneficial Ownership Limit and Constructive Ownership Limit set forth in the Series K Articles Supplementary sufficient to allow such holders to exchange all of their Series K Preferred Units for Series K Preferred Stock, provided such holders furnish to the General Partner representations acceptable to the General Partner in its sole and absolute discretion which assure the General Partner that such exceptions will not jeopardize the General Partner's tax status as a REIT for purposes of federal and applicable state law. Notwithstanding any provision of this Agreement to the contrary, no Series K Limited Partner shall be entitled to effect an exchange of Series K Preferred Units for Series K Preferred Shares to the extent that ownership or right to acquire such shares would cause the Partner or any other Person or, in the opinion of counsel selected by the General Partner, may cause the Partner or any other Person, to violate the restrictions on ownership and transfer of Series K Preferred Shares set forth in the Charter, taking into account any exceptions thereto granted by the Company in accordance with the terms of the Charter. To the extent any such attempted exchange for Series K Preferred Shares would be in violation of the previous sentence, it shall be void ab initio and such Series K Limited Partner shall not acquire any rights or economic interest in the Series K Preferred Shares otherwise issuable upon such exchange.

(iv) The redemption of Series K Preferred Units described in Section 19.8.A(ii) and (iii) shall be subject to the provisions of Section 19.5.B(i) and Section 19.5.C(ii); provided, however, that the term "Redemption Price" in such Sections 19.5.B(i) and 19.5.C(ii) shall be read to mean the original Capital Contribution per Series K Preferred Unit being redeemed as set forth on Exhibit A plus all accrued and unpaid distributions to the redemption date.

B. Procedure for Exchange and/or Redemption of Series K Preferred Units.

(i) Any exchange shall be exercised pursuant to a notice of exchange (the "Exchange Notice") delivered to the General Partner by the Partners representing at least 51% of the outstanding Series K Preferred Units (or by Contributor in the case of an exchange pursuant to the last sentence of Section 19.8.A.(i) hereof) by (a) fax and (b) by certified mail postage prepaid. The General Partner may effect any exchange of Series K Preferred Units, or exercise its option to cause the Partnership to redeem any portion of the Series K Preferred Units for cash pursuant to Section 19.8.A(ii) or redeem Excess Units pursuant to Section 19.8.A(iii), by delivering to each holder of record of Series K Preferred Units, within ten (10) Business Days

following receipt of the Exchange Notice, (a) if the General Partner elects to cause the Partnership to acquire any of the Series K Preferred Units then outstanding, (1) certificates representing the Series K Preferred Shares being issued in exchange for the Series K Preferred Units of such holder being exchanged and (2) a written notice (a "Redemption Notice") stating (A) the redemption date, which may be the date of such Redemption Notice or any other date which is not later than sixty (60) days following the receipt of the Exchange Notice, (B) the redemption price, (C) the place or places where the Series K Preferred Units are to be surrendered and (D) that distributions on the Series K Preferred Units will cease to accrue on such redemption date, or (b) if the General Partner elects to cause the Partnership to redeem all of the Series K Preferred Units then outstanding in exchange for cash, a Redemption Notice. Series K Preferred Units shall be deemed canceled (and any corresponding Partnership Interest represented thereby deemed terminated) simultaneously with the delivery of shares of Series K Preferred Shares (with respect to Series K Preferred Units exchanged) or simultaneously with the redemption date (with respect to Series K Preferred Units redeemed). Holders of Series K Preferred Units shall deliver any canceled certificates representing Series K Preferred Units which have been exchanged or redeemed to the office of General Partner (which currently is located at Pier 1, Bay 1, San Francisco, California 94111) within ten (10) Business Days of the exchange or redemption with respect thereto. Notwithstanding anything to the contrary contained herein, any and all Series K Preferred Units to be exchanged for Series K Preferred Stock pursuant to this Section 19.8 shall be so exchanged in a single transaction at one time. As a condition to exchange, the General Partner may require the holders of Series K Preferred Units to make such representations as may be reasonably necessary for the General Partner to establish that the issuance of Series K Preferred Shares pursuant to the exchange shall not be required to be registered under the Securities Act or any state securities laws. Any Series K Preferred Shares issued pursuant to this Section 19.8 shall be delivered as shares which are duly authorized, validly issued, fully paid and nonassessable, free of any pledge, lien, encumbrance or restriction other than those provided in the Charter, the Bylaws of the General Partner, the Securities Act and relevant state securities or blue sky laws.

The certificates representing the Series K Preferred Shares issued upon exchange of the Series K Preferred Units shall contain the following legend:

> THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT

OF 1933, AS AMENDED (THE "ACT"), AND STATE SECURITIES LAWS OR (B) IF THE CORPORATION HAS BEEN FURNISHED WITH A SATISFACTORY OPINION OF COUNSEL FOR THE HOLDER OF THE SHARES REPRESENTED HEREBY, OR OTHER EVIDENCE SATISFACTORY TO THE CORPORATION, THAT SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF SECTION 5 OF THE ACT AND STATE SECURITIES LAWS AND THE RULES AND REGULATIONS THEREUNDER.

(ii) In the event of an exchange of Series K Preferred Units for Series K Preferred Shares, an amount equal to the accrued and unpaid distributions to the date of exchange on any Series K Preferred Units tendered for exchange shall (i) accrue on the Series K Preferred Shares into which such Series K Preferred Units are exchanged, and (ii) continue to accrue on such Series K Preferred Units, which shall remain outstanding following such exchange, with the General Partner as the holder of such Series K Preferred Units. Notwithstanding anything to the contrary set forth herein, in no event shall a holder of a Series K Preferred Unit that was validly exchanged for Series K Preferred Shares pursuant to this section (other than the General Partner holding such Series K Preferred Unit following any such exchange), receive a distribution out of Available Cash of the Partnership, if such holder, after exchange, is entitled to receive a distribution out of Available Cash with respect to the Series K Preferred Shares for which such Series K Preferred Unit was exchanged or redeemed. Further for purposes of the foregoing, in the event of an exchange of Series K Preferred Units for Series K Preferred Shares, if the accrued and unpaid distributions per Series K Preferred Unit is not the same for each Series K Preferred Unit, the accrued and unpaid distributions per Series K Preferred Unit for each such Series K Preferred Unit shall be equal to the greatest amount of such accrued and unpaid distributions per Series K Preferred Unit on any such unit.

(iii) Fractional Series K Preferred Shares are not to be issued upon exchange but, in lieu thereof, the General Partner will pay a cash adjustment based upon the fair market value of the Series K Preferred Shares on the day prior to the exchange date as determined in good faith by the Board of Directors of the General Partner.

C. Adjustment of Exchange Price. In case the General Partner shall be a party to any transaction (including, without limitation, a merger, consolidation, statutory share exchange, tender offer for all or substantially all of the General Partner's capital stock or sale of all or substantially all of the General Partner's assets), in each case as a result of which the Series K Preferred Shares will be converted into the right to receive shares of capital stock, other securities or other property (including cash or any combination thereof), each Series K Preferred Unit will thereafter be exchangeable into the kind and amount of shares of capital stock and other securities and property receivable (including cash or any combination thereof) upon the consummation of such transaction by a holder of that number of Series K Preferred Shares or fraction thereof into which one Series K Preferred Unit was exchangeable immediately prior to such transaction. The General Partner may not become a party to any such transaction unless the terms thereof are consistent with the foregoing.

Section 19.9 No Conversion Rights

The Series K Preferred Units shall not be convertible into any other class or series of interest in the Partnership.

Section 19.10 No Sinking Fund

No sinking fund shall be established for the retirement or redemption of Series K Preferred Units.

ARTICLE 20.
SERIES L PREFERRED UNITS

Section 20.1 Designation and Number

A series of Partnership Units in the Partnership designated as the 6 1/2% Series L Cumulative Redeemable Preferred Units (the "Series L Preferred Units") is hereby established. The number of Series L Preferred Units shall be 2,300,000.

Section 20.2 Ranking

The Series L Preferred Units shall, with respect to distribution rights and rights upon voluntary or involuntary liquidation, winding up or dissolution of the Partnership, rank (i) senior to the Common Units and to all Partnership Units the terms of which provide that such Partnership Units shall rank junior to the Series L Preferred Units; (ii) on a parity with the Series B Preferred Units, the Series J Preferred Units, the Series K Preferred Units and all other Parity Preferred Units; and (iii) junior to all Partnership Units which rank senior to the Series L Preferred Units.

Section 20.3 Distributions

A. Payments of Distribution. Subject to the rights of holders of Parity Preferred Units (including Series B Preferred Units, Series J Preferred Units and Series K Preferred Units) as to the payment of distributions, pursuant to Section 5.1, Section 17.3.A, Section 18.3.A and Section 19.3.A hereof, the General Partner, as holder of the Series L Preferred Units, will be entitled to receive, when, as and if declared by the Partnership acting through the General Partner, out of Available Cash, cumulative preferential cash distributions in an amount equal to the Series L Priority Return. Such distributions will be payable (A) quarterly in arrears, on the 15th day of January, April, July and October of each year and (B) in the event of a redemption of Series L Preferred Units, on the redemption date (each a "Series L Preferred Unit Distribution Payment Date"), commencing on the first of such payment dates to occur following their original date of issuance. If any date on which distributions are to be made on the Series L Preferred Units is not a Business Day, then payment of the distribution to be made on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

B. No Distributions in Contravention of Agreements. No distribution on the Series L Preferred Units shall be authorized by the General Partner or made or set apart for payment by the Partnership at such time as the terms and provisions of any agreement of the Partnership or the General Partner, including any agreement relating to indebtedness, prohibits such declaration, payment or setting apart for payment or provides that such declaration, payment or setting apart for payment would constitute a breach thereof, or a default thereunder, or if such declaration or payment shall be restricted or prohibited by law.

C. Priority as to Distributions. (i) Except to the extent set forth in Section 20.3.C(ii), so long as any Series L Preferred Units are outstanding, no distribution of cash or other property shall be authorized, declared, paid or set apart for payment on or with respect to

any class or series of Partnership Interest represented by Junior Units, nor shall any Junior Units or Parity Preferred Units (including the Series B Preferred Units, the Series J Preferred Units and the Series K Preferred Units) be redeemed, purchased or otherwise acquired for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any such Junior Units or Parity Preferred Units) by the Partnership (except by conversion into or exchange for other Junior Units or Parity Preferred Units) unless, in each case, full cumulative distributions have been or contemporaneously are authorized and paid or authorized and a sum sufficient for the payment thereof set apart for such payment on the Series L Preferred Units for all past distribution periods and the current distribution period. The foregoing sentence will not prohibit (a) distributions payable solely in Junior Units, (b) the exchange of Junior Units or Parity Preferred Units (including the Series B Preferred Units, Series J Preferred Units and Series K Preferred Units) into Partnership Interests of the Partnership ranking junior to the Series L Preferred Units as to distributions, or (c) the redemption of Partnership Interests corresponding to Series L Preferred Shares, Parity Preferred Stock (including Series B Preferred Shares, Series J Preferred Shares and Series K Preferred Shares) with respect to distributions or Junior Stock to be purchased by the General Partner pursuant to the Charter to preserve the General Partner's status as a real estate investment trust, provided that such redemption shall be upon the same terms as the corresponding stock purchase pursuant to the Charter.

(ii) So long as distributions have not been paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series L Preferred Units and any other Parity Preferred Units (including the Series B Preferred Units, Series J Preferred Units and Series K Preferred Units), all distributions authorized and declared on the Series L Preferred Units and all classes or series of outstanding Parity Preferred Units (including the Series B Preferred Units, Series J Preferred Units and Series K Preferred Units) shall be authorized and declared pro rata so that the amount of distributions authorized and declared per Series L Preferred Unit and such other classes or series of Parity Preferred Units shall in all cases bear to each other the same ratio that accrued distributions per Series L Preferred Unit and such other classes or series of Parity Preferred Units (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such class or series of Parity Preferred Units do not have cumulative distribution rights) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any distributions or payments on Series L Preferred Units which may be in arrears.

D. No Further Rights. The General Partner, as holder of the Series L Preferred Units, shall not be entitled to any distributions, whether payable in cash, other property or otherwise, in excess of the full cumulative distributions described herein. Any distribution payment made on the Series L Preferred Units shall first be credited against the earliest accrued but unpaid

distribution due with respect to such Series L Preferred Units which remain payable.

Section 20.4 Liquidation Proceeds

A. Upon voluntary or involuntary liquidation, dissolution or winding-up of the Partnership, distributions on the Series L Preferred Units shall be made in accordance with Article 13 of this Agreement.

B. Notice. Written notice of any such voluntary or involuntary liquidation, dissolution or winding-up of the Partnership, stating the payment date or dates when, and the

place or places where, the amounts distributable in such circumstances shall be payable, shall be given by the General Partner pursuant to Section 13.6 hereof.

C. No Further Rights. After payment of the full amount of the liquidating distributions to which they are entitled, the General Partner, as holder of the Series L Preferred Units, will have no right or claim to any of the remaining assets of the Partnership.

D. Consolidation, Merger or Certain Other Transactions. None of a consolidation or merger of the Partnership with or into another entity, a merger of another entity with or into the Partnership, or a sale, lease, transfer or conveyance of all or substantially all of the Partnership's property or business shall be considered a liquidation, dissolution or winding up of the Partnership.

Section 20.5 Redemption

A. Redemption. The Series L Preferred Units may not be redeemed prior to June 23, 2008. If, on or after such date, the General Partner elects to redeem any of the Series L Preferred Shares, the Partnership shall, on the date set for redemption of such Series L Preferred Shares, redeem the number of Series L Preferred Units equal to the number of Series L Preferred Shares for which the General Partner has given notice of redemption pursuant to Section 5 of Article Third of the Series L Articles Supplementary, at a redemption price, payable in cash, equal to the product of (i) the number of Series L Preferred Units being redeemed, and (ii) the sum of $25 and the Preferred Distribution Shortfall per Series L Preferred Unit, if any.

B. Payment of Accumulated Distributions. Immediately prior to any redemption of Series L Preferred Units, the Partnership shall pay, in cash, any accumulated and unpaid distributions on the Series L Preferred Units to be redeemed through the redemption date. Except as provided above, the Partnership will make no payment or allowance for unpaid distributions, whether or not in arrears, on Series L Preferred Units for which a notice of redemption has been given.

C. Procedures for Redemption. The following provisions set forth the procedures for Redemption:

(i) Notice of redemption will be given by the General Partner to the Partnership concurrently with the notice of the General Partner sent to the holders of its Series L Preferred Shares in connection with such redemption. Such notice shall state: (A) the redemption date; (B) the redemption price; (C) the number of Series L Preferred Units to be redeemed; (D) the place or places where the Series L Preferred Units are to be surrendered for payment of the redemption price; and (E) that distributions on the Series L Preferred Units to be redeemed will cease to accumulate on such redemption date. If less than all of the Series L Preferred Units are to be redeemed, the notice shall also specify the number of Series L Preferred Units to be redeemed.

(ii) On or after the redemption date, the General Partner shall present and surrender the certificates, if any, representing the Series L Preferred Units to the Partnership at the place designated in the notice of redemption and

thereupon the redemption price of such Units (including all accumulated and unpaid distributions up to the redemption date) shall be paid to the General Partner and each surrendered Unit certificate, if any, shall be canceled. If fewer than all the Units represented by any such certificate representing Series L Preferred Units are to be redeemed, a new certificate shall be issued representing the unredeemed shares.

(iii) From and after the redemption date (unless the Partnership defaults in payment of the redemption price), all distributions on the Series L Preferred Units designated for redemption in such notice shall cease to accumulate and all rights of the General Partner, except

the right to receive the redemption price thereof (including all accumulated and unpaid distributions up to the redemption date), shall cease and terminate, and such Units shall not be deemed to be outstanding for any purpose whatsoever. At its election, the Partnership, prior to a redemption date, may irrevocably deposit the redemption price (including accumulated and unpaid distributions to the redemption date) of the Series L Preferred Units so called for redemption in trust for the General Partner with a bank or trust company, in which case the redemption notice to General Partner shall (A) state the date of such deposit, (B) specify the office of such bank or trust company as the place of payment of the redemption price and (C) require the General Partner to surrender the certificates, if any, representing such Series L Preferred Units at such place on or about the date fixed in such redemption notice (which may not be later than the redemption date) against payment of the redemption price (including all accumulated and unpaid distributions to the redemption date). Any monies so deposited which remain unclaimed by the General Partner at the end of two years after the redemption date shall be returned by such bank or trust company to the Partnership.

E. No Further Rights. Any Series L Preferred Units that shall at any time have been redeemed shall, after such redemption, have the status of authorized but unissued Preferred Units, without designation as to series until such shares are once more designated as part of a particular series by the General Partner.

Section 20.6 Voting Rights

The General Partner shall not have any voting or consent rights in respect of its partnership interest represented by the Series L Preferred Units.

Section 20.7 Transfer Restrictions

The Series L Preferred Units shall not be transferable.

Section 20.8 No Conversion Rights

The Series L Preferred Units shall not be convertible into any other class or series of interest in the Partnership.

Section 20.9 No Sinking Fund

No sinking fund shall be established for the retirement or redemption of Series L Preferred Units.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

GENERAL PARTNER:

AMB PROPERTY CORPORATION,
a Maryland corporation

By: /s/ Michael A. Coke

Michael A. Coke
Chief Financial Officer and Executive Vice President

LIMITED PARTNERS:

AMB PROPERTY CORPORATION,
as attorney-in-fact for each of the Limited Partners

By: /s/ Michael A. Coke

Michael A. Coke
Chief Financial Officer and Executive Vice President

EXHIBIT A

PARTNERS, CONTRIBUTIONS, AND PARTNERSHIP INTERESTS

I. COMMON UNITS

<TABLE>
<CAPTION>

NAME OF PARTNER	CONTRIBUTION DATE	CASH CONTRIBUTIONS	AGREED VALUE OF CONTRIBUTED PROPERTY	TOTAL CONTRIBUTIONS	COMMON PARTNERSHIP UNITS	PERCENTAGE INTEREST
<S>	<C>	<C>	<C>	<C>	<C>	<C>
GENERAL PARTNER:						
AMB Property Corporation (a)	11/26/97	$73,798,710	$1,693,339,826	$1,767,138,536	85,645,102	99.47033%
AMB Property Corporation	12/15/98	$0	$0	$0	43,008	0.04995%
AMB Property Corporation	01/20/99	$100,000	$0	$100,000	100,000	0.11614%
AMB Property Corporation	01/25/99	$26,250	$0	$26,250	1,250	0.00145%
AMB Property Corporation	02/11/99	$131,250	$0	$131,250	6,250	0.00726%
AMB Property Corporation	03/05/99	$26,250	$0	$26,250	1,250	0.00145%
AMB Property Corporation	04/20/99	$26,250	$0	$26,250	1,250	0.00145%
AMB Property Corporation	04/23/99	$0	$88,290	$88,290	3,600	0.00418%
AMB Property Corporation	05/07/99	$0	$0	$0	(932)	-0.00108%
AMB Property Corporation	05/12/99	$0	$10,125,213	$10,125,213	482,153	0.55998%
AMB Property Corporation	05/13/99	$78,750	$0	$78,750	3,750	0.00436%
AMB Property Corporation	06/04/99	$26,250	$0	$26,250	1,250	0.00145%
AMB Property Corporation	06/11/99	$13,125	$0	$13,125	625	0.00073%
AMB Property Corporation	06/30/99	$13,125	$0	$13,125	625	0.00073%
AMB Property Corporation	07/02/99	$52,500	$0	$52,500	2,500	0.00290%
AMB Property Corporation	08/03/99	$0	$244,000	$244,000	10,000	0.01161%
AMB Property Corporation	08/06/99	$131,250	$0	$131,250	6,250	0.00726%
AMB Property Corporation	09/15/99	$0	$840,000	$840,000	40,000	0.04646%
AMB Property Corporation	09/15/99	$0	$0	$0	(701)	-0.00081%
AMB Property Corporation	12/10/99	($198,750)	$0	($198,750)	(10,000)	-0.01161%
AMB Property Corporation	12/10/99	($197,500)	$0	($197,500)	(10,000)	-0.01161%
AMB Property Corporation	12/10/99	($1,657,500)	$0	($1,657,500)	(85,000)	-0.09872%
AMB Property Corporation	12/13/99	($1,950,000)	$0	($1,950,000)	(100,000)	-0.11614%
AMB Property Corporation	12/14/99	($9,500,000)	$0	($9,500,000)	(500,000)	-0.58071%

AMB Property Corporation -0.05807%	12/16/99	($950,000)	$0	($950,000)	(50,000)
AMB Property Corporation -0.11161%	12/16/99	($1,813,888)	$0	($1,813,888)	(96,100)
AMB Property Corporation -0.05807%	12/17/99	($937,500)	$0	($937,500)	(50,000)
AMB Property Corporation -0.54808%	12/17/99	($8,730,150)	$0	($8,730,150)	(471,900)
AMB Property Corporation -0.05807%	12/20/99	($918,750)	$0	($918,750)	(50,000)
AMB Property Corporation -0.02393%	12/20/99	($375,950)	$0	($375,950)	(20,600)
AMB Property Corporation -1.70256%	01/07/00	($28,777,960)	$0	($28,777,960)	(1,465,926)
AMB Property Corporation 0.18080%	02/29/00	$0	$0	$0	155,675
AMB Property Corporation 0.01452%	03/31/00	$262,500	$0	$262,500	12,500
AMB Property Corporations 0.00581%	05/01/00	$105,000	$0	$105,000	5,000
AMB Property Corporation 0.00581%	05/02/00	$105,000	$0	$105,000	5,000
AMB Property Corporation 0.00145%	05/03/00	$26,250	$0	$26,250	1,250
AMB Property Corporation 0.00290%	05/05/00	$52,500	$0	$52,500	2,500
AMB Property Corporation 0.00116%	05/05/00	$0	$0	$0	1,000
AMB Property Corporation 0.00073%	05/10/00	$13,125	$0	$13,125	625
AMB Property Corporation 0.00145%	05/31/00	$26,250	$0	$26,250	1,250
AMB Property Corporation 0.00581%	06/09/00	$105,000	$0	$105,000	5,000
AMB Property Corporation 0.01369%	06/13/00	$254,334	$0	$254,334	11,790
AMB Property Corporation 0.23975%	07/06/00	$0	$4,774,010	$4,774,010	206,425
AMB Property Corporation 0.00705%	07/14/00	$128,747	$0	$128,747	6,072
AMB Property Corporation 0.00290%	07/19/00	$52,500	$0	$52,500	2,500
AMB Property Corporation 0.00581%	07/21/00	$105,000	$0	$105,000	5,000
AMB Property Corporation 0.00581%	07/26/00	$105,000	$0	$105,000	5,000
AMB Property Corporation 0.00145%	08/10/00	$26,250	$0	$26,250	1,250
AMB Property Corporation 0.00145%	08/11/00	$26,250	$0	$26,250	1,250
AMB Property Corporation 0.00871%	08/25/00	$157,500	$0	$157,500	7,500
AMB Property Corporation 0.00174%	09/06/00	$31,594	$0	$31,594	1,500
AMB Property Corporation 0.00523%	09/11/00	$94,500	$0	$94,500	4,500
AMB Property Corporation	09/12/00	$5,250	$0	$5,250	250

0.00029%						
AMB Property Corporation	09/15/00	$52,500	$0	$52,500	2,500	0.00290%
AMB Property Corporation	10/01/00	$0	$0	$0	(298)	-0.00035%
AMB Property Corporation	11/27/00	$12,600	$0	$12,600	600	0.00070%
AMB Property Corporation	11/28/00	$0	$0	$0	5,000	0.00581%
AMB Property Corporation	11/29/00	$78,750	$0	$78,750	3,750	0.00436%
AMB Property Corporation	12/01/00	$0	$0	$0	622	0.00072%
AMB Property Corporation	12/05/00	$250,250	$0	$250,250	11,789	0.01369%
AMB Property Corporation	12/06/00	$78,750	$0	$78,750	3,750	0.00436%
AMB Property Corporation	12/13/00	$12,600	$0	$12,600	600	0.00070%
AMB Property Corporation	12/15/00	$10,500	$0	$10,500	500	0.00058%
AMB Property Corporation	01/30/01	$12,446	$0	$12,446	584	0.00068%

EXHIBIT A

PARTNERS, CONTRIBUTIONS, AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

NAME OF PARTNER	CONTRIBUTION DATE	CASH CONTRIBUTIONS	AGREED VALUE OF CONTRIBUTED PROPERTY	TOTAL CONTRIBUTIONS	COMMON PARTNERSHIP UNITS	PERCENTAGE INTEREST
<S>	<C>	<C>	<C>	<C>	<C>	<C>
AMB Property Corporation	02/27/01	$46,193	$0	$46,193	2,053	0.00238%
AMB Property Corporation	02/27/01	$0	$0	$0	196,517	0.22824%
AMB Property Corporation	02/28/01	$107,952	$0	$107,952	4,992	0.00580%
AMB Property Corporation	02/28/01	$0	$36,750	$36,750	1,554	0.00180%
AMB Property Corporation	03/07/01	$0	$872,202	$872,202	37,115	0.04311%
AMB Property Corporation	03/07/01	$13,125	$0	$13,125	625	0.00073%
AMB Property Corporation	03/08/01	$774,736	$0	$774,736	36,667	0.04259%
AMB Property Corporation	03/23/01	$0	$11,752,188	$11,752,188	559,268	0.64955%
AMB Property Corporation	04/18/01	($568,750)	$0	($568,750)	(25,000)	-0.02904%
AMB Property Corporation	05/17/01	$0	$0	$0	1,000	0.00116%
AMB Property Corporation	05/21/01	$16,800	$0	$16,800	800	0.00093%
AMB Property Corporation	05/22/01	$0	$0	$0	41,204	

0.04786%					
AMB Property Corporation	06/14/01	$95,586	$0	$95,586	4,584
0.00532%					
AMB Property Corporation	07/01/01	$0	$0	$0	(461)
-0.00054%					
AMB Property Corporation	07/12/01	$23,520	$0	$23,520	1,120
0.00130%					
AMB Property Corporation	07/13/01	$5,094	$0	$5,094	250
0.00029%					
AMB Property Corporation	07/16/01	$286,424	$0	$286,424	13,459
0.01563%					
AMB Property Corporation	07/26/01	$21,000	$0	$21,000	1,000
0.00116%					
AMB Property Corporation	07/27/01	$14,700	$0	$14,700	700
0.00081%					
AMB Property Corporation	08/02/01	$90,300	$0	$90,300	4,300
0.00499%					
AMB Property Corporation	08/03/01	$11,500	$0	$11,500	500
0.00058%					
AMB Property Corporation	08/08/01	$5,000	$0	$5,000	250
0.00029%					
AMB Property Corporation	08/09/01	$5,775	$0	$5,775	275
0.00032%					
AMB Property Corporation	08/10/01	$78,750	$0	$78,750	3,750
0.00436%					
AMB Property Corporation	08/14/01	$11,406	$0	$11,406	500
0.00058%					
AMB Property Corporation	08/15/01	$31,500	$0	$31,500	1,500
0.00174%					
AMB Property Corporation	08/17/01	$14,063	$0	$14,063	625
0.00073%					
AMB Property Corporation	08/22/01	$420,000	$0	$420,000	20,000
0.02323%					
AMB Property Corporation	09/18/01	$0	$557,838	$557,838	23,700
0.02753%					
AMB Property Corporation	09/20/01	($597,500)	$0	($597,500)	(25,000)
-0.02904%					
AMB Property Corporation	09/24/01	($7,087,000)	$0	($7,087,000)	(298,400)
-0.34657%					
AMB Property Corporation	09/25/01	($550,780)	$0	($550,780)	(23,100)
-0.02683%					
AMB Property Corporation	09/26/01	($7,108,893)	$0	($7,108,893)	(301,200)
-0.34982%					
AMB Property Corporation	09/27/01	($5,857,250)	$0	($5,857,250)	(250,000)
-0.29036%					
AMB Property Corporation	09/28/01	($236,000)	$0	($236,000)	(10,000)
-0.01161%					
AMB Property Corporation	10/01/01	($1,069,350)	$0	($1,069,350)	(45,000)
-0.05226%					
AMB Property Corporation	10/02/01	($2,192,275)	$0	($2,192,275)	(91,900)
-0.10673%					
AMB Property Corporation	10/19/01	$11,406	$0	$11,406	500
0.00058%					
AMB Property Corporation	10/25/01	($3,515,636)	$0	($3,515,636)	(150,000)
-0.17421%					
AMB Property Corporation	10/26/01	($32,550)	$0	($32,550)	(1,400)
-0.00163%					

AMB Property Corporation -0.19930%	10/29/01	($4,002,822)	$0	($4,002,822)	(171,600)
AMB Property Corporation -0.00039%	10/31/01	$0	$0	$0	(340)
AMB Property Corporation 0.00073%	11/02/01	$14,258	$0	$14,258	625
AMB Property Corporation 0.01603%	11/09/01	$0	$337,710	$337,710	13,801
AMB Property Corporation 0.00058%	11/12/01	$10,500	$0	$10,500	500
AMB Property Corporation 0.00484%	11/16/01	$84,121	$0	$84,121	4,167
AMB Property Corporation 0.00581%	11/19/01	$105,000	$0	$105,000	5,000
AMB Property Corporation 0.00218%	11/20/01	$39,375	$0	$39,375	1,875
AMB Property Corporation 0.00029%	11/23/01	$5,344	$0	$5,344	250
AMB Property Corporation 0.00073%	11/26/01	$13,125	$0	$13,125	625
AMB Property Corporation 0.00581%	11/27/01	$105,000	$0	$105,000	5,000
AMB Property Corporation 0.00290%	11/28/01	$52,500	$0	$52,500	2,500
AMB Property Corporation 0.00581%	12/05/01	$105,000	$0	$105,000	5,000
AMB Property Corporation 0.00363%	12/07/01	$77,344	$0	$77,344	3,125
AMB Property Corporation 0.01161%	12/11/01	$210,000	$0	$210,000	10,000
AMB Property Corporation 0.00029%	12/17/01	$6,063	$0	$6,063	250
AMB Property Corporation 0.07434%	12/26/01	$1,346,486	$0	$1,346,486	64,009
AMB Property Corporation -0.03478%	01/01/02	($780,067)	$0	($780,067)	(29,945)
AMB Property Corporation 0.00484%	01/02/02	$88,863	$0	$88,863	4,168
AMB Property Corporation 0.01188%	01/11/02	$0	$266,413	$266,413	10,227
AMB Property Corporation 0.00029%	01/11/02	$5,219	$0	$5,219	250
AMB Property Corporation 0.00987%	01/29/02	$182,128	$0	$182,128	8,500
AMB Property Corporation 0.00290%	01/31/02	$53,976	$0	$53,976	2,496
AMB Property Corporation 0.03006%	02/01/02	$0	$634,825	$634,825	25,884
AMB Property Corporation 0.00290%	02/06/02	$53,275	$0	$53,275	2,501
AMB Property Corporation 0.00223%	02/12/02	$38,746	$0	$38,746	1,917

</TABLE>

EXHIBIT A

PARTNERS, CONTRIBUTIONS, AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

NAME OF PARTNER	CONTRIBUTION DATE	CASH CONTRIBUTIONS	AGREED VALUE OF CONTRIBUTED PROPERTY	TOTAL CONTRIBUTIONS	COMMON PARTNERSHIP UNITS	PERCENTAGE INTEREST
<S>	<C>	<C>	<C>	<C>	<C>	<C>
AMB Property Corporation	02/26/02	$0	$0	$0	194,585	0.22600%
AMB Property Corporation	02/27/02	$28,750	$0	$28,750	1,250	0.00145%
AMB Property Corporation	02/27/02	$0	$0	$0	1,500	0.00174%
AMB Property Corporation	03/06/02	$13,125	$0	$13,125	625	0.00073%
AMB Property Corporation	03/13/02	$70,000	$0	$70,000	3,000	0.00348%
AMB Property Corporation	03/14/02	$210,000	$0	$210,000	10,000	0.01161%
AMB Property Corporation	03/15/02	$98,805	$0	$98,805	4,834	0.00561%
AMB Property Corporation	03/18/02	$25,547	$0	$25,547	1,250	0.00145%
AMB Property Corporation	04/11/02	$10,313	$0	$10,313	500	0.00058%
AMB Property Corporation	04/12/02	$2,045,067	$0	$2,045,067	96,084	0.11159%
AMB Property Corporation	04/15/02	$439,101	$0	$439,101	20,522	0.02383%
AMB Property Corporation	04/17/02	$358,965	$0	$358,965	16,667	0.01936%
AMB Property Corporation	04/22/02	$102,508	$0	$102,508	4,167	0.00484%
AMB Property Corporation	04/30/02	$5,844	$0	$5,844	250	0.00029%
AMB Property Corporation	05/01/02	$24,451	$0	$24,451	1,084	0.00126%
AMB Property Corporation	05/02/02	$115,375	$0	$115,375	5,500	0.00639%
AMB Property Corporation	05/28/02	$237,098	$0	$237,098	10,834	0.01258%
AMB Property Corporation	05/30/02	$0	$0	$0	7,987	0.00928%
AMB Property Corporation	06/01/02	$0	$0	$0	(1,445)	-0.00168%
AMB Property Corporation	06/03/02	$119,063	$0	$119,063	5,625	0.00653%
AMB Property Corporation	06/04/02	$346,298	$0	$346,298	15,000	0.01742%
AMB Property Corporation	06/05/02	$2,100	$0	$2,100	100	0.00012%
AMB Property Corporation	06/06/02	$50,400	$0	$50,400	2,400	0.00279%
AMB Property Corporation	06/07/02	$36,750	$0	$36,750	1,750	0.00203%
AMB Property Corporation	06/11/02	$28,672	$0	$28,672	1,250	0.00145%

AMB Property Corporation 0.00581%	06/12/02	$123,000	$0	$123,000	5,000
AMB Property Corporation -0.00081%	06/15/02	$0	$0	$0	(700)
AMB Property Corporation 0.10050%	07/05/02	$0	$1,844,967	$1,844,967	86,529
AMB Property Corporation 0.00184%	07/11/02	$37,626	$0	$37,626	1,584
AMB Property Corporation 0.00221%	07/24/02	$39,900	$0	$39,900	1,900
AMB Property Corporation -0.07549%	07/25/02	($1,752,651)	$0	($1,752,651)	(65,000)
AMB Property Corporation -0.28676%	07/26/02	($6,565,737)	$0	($6,565,737)	(246,900)
AMB Property Corporation -0.11614%	07/29/02	($2,574,390)	$0	($2,574,390)	(100,000)
AMB Property Corporation 0.00184%	07/30/02	$37,126	$0	$37,126	1,584
AMB Property Corporation -0.02474%	07/30/02	($559,643)	$0	($559,643)	(21,300)
AMB Property Corporation 0.15099%	08/01/02	$2,730,000	$0	$2,730,000	130,000
AMB Property Corporation -0.00035%	08/01/02	$0	$0	$0	(300)
AMB Property Corporation 0.00058%	08/07/02	$10,250	$0	$10,250	500
AMB Property Corporation 0.01161%	08/08/02	$210,000	$0	$210,000	10,000
AMB Property Corporation 0.00058%	08/09/02	$9,906	$0	$9,906	500
AMB Property Corporation 0.00029%	08/20/02	$5,453	$0	$5,453	250
AMB Property Corporation 0.03484%	08/26/02	$630,000	$0	$630,000	30,000
AMB Property Corporation 0.00264%	08/27/02	$59,757	$0	$59,757	2,273
AMB Property Corporation 0.05923%	08/29/02	$1,071,000	$0	$1,071,000	51,000
AMB Property Corporation 0.05875%	08/30/02	$1,066,141	$0	$1,066,141	50,584
AMB Property Corporation 0.00029%	09/06/02	$5,344	$0	$5,344	250
AMB Property Corporation 0.00242%	09/09/02	$43,066	$0	$43,066	2,083
AMB Property Corporation 0.05743%	09/13/02	$1,093,980	$0	$1,093,980	49,444
AMB Property Corporation -0.00085%	09/30/02	$0	$0	$0	(734)
AMB Property Corporation 0.00081%	10/04/02	$17,248	$0	$17,248	700
AMB Property Corporation -0.71393%	10/16/02	($15,385,933)	$0	($15,385,933)	(614,700)
AMB Property Corporation -0.31207%	10/17/02	($7,103,024)	$0	($7,103,024)	(268,700)
AMB Property Corporation -0.09082%	10/18/02	($2,073,576)	$0	($2,073,576)	(78,200)
AMB Property Corporation	10/21/02	$36,960	$0	$36,960	1,500

0.00174%

AMB Property Corporation 10/21/02 ($3,837,636) $0 ($3,837,636) (145,200)
-0.16864%

AMB Property Corporation 10/25/02 ($5,296) $0 ($5,296) (200)
-0.00023%

AMB Property Corporation 10/28/02 $18,480 $0 $18,480 750
0.00087%

AMB Property Corporation 10/28/02 ($2,269,640) $0 ($2,269,640) (86,100)
-0.10000%

AMB Property Corporation 11/14/02 $34,219 $0 $34,219 1,500
0.00174%

AMB Property Corporation 11/20/02 $11,000 $0 $11,000 500
0.00058%

AMB Property Corporation 11/25/02 $16,635,272) $0 ($16,635,292) (625,900)
-0.72694%

AMB Property Corporation 11/26/02 ($4,031,790) $0 ($4,031,790) (151,700)
-0.17619%

AMB Property Corporation 11/27/02 ($1,081,806) $0 ($1,081,806) (40,700)
-0.04727%

AMB Property Corporation 11/29/02 $19,712 $0 $19,712 800
0.00093%

AMB Property Corporation 11/29/02 ($5,497,184) $0 ($5,497,184) (207,000)
-0.24041%

AMB Property Corporation 12/02/02 $6,073 $0 $6,073 250
0.00029%
</TABLE>

EXHIBIT A

PARTNERS, CONTRIBUTIONS, AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

NAME OF PARTNER	CONTRIBUTION DATE	CASH CONTRIBUTIONS	AGREED VALUE OF CONTRIBUTED PROPERTY	TOTAL CONTRIBUTIONS	COMMON PARTNERSHIP UNITS	PERCENTAGE INTEREST
<S>	<C>	<C>	<C>	<C>	<C>	<C>
AMB Property Corporation	12/03/02	$12,183	$0	$12,183	500	0.00058%
AMB Property Corporation	01/08/03	$24,600	$0	$24,600	1,000	0.00116%
AMB Property Corporation	01/16/03	$11,688	$0	$11,688	500	0.00058%
AMB Property Corporation	01/23/03	$33,632	$0	$33,632	1,666	0.00193%
AMB Property Corporation	01/23/03	($9,114,230)	$0	($9,114,230)		
(350,000)	-0.40650%					
AMB Property Corporation	01/24/03	($3,914,564)	$0	($3,914,564)		
(150,000)	-0.17421%					
AMB Property Corporation	01/27/03	($5,236,412)	$0	($5,236,412)		
(200,400)	-0.23275%					
AMB Property Corporation	01/28/03	($2,296,872)	$0	($2,296,872)		
(87,400)	-0.10151%					
AMB Property Corporation	01/30/03	$312,508	$0	$312,508	14,167	0.01645%
AMB Property Corporation	01/31/03	$5,703	$0	$5,703	250	0.00029%
AMB Property Corporation	02/03/03	$18,218	$0	$18,218	750	0.00087%

AMB Property Corporation 0.29461%	02/13/03	$0	$0	$0	253,662
AMB Property Corporation 0.01161%	02/19/03	$210,000	$0	$210,000	10,000
AMB Property Corporation 0.00058%	02/24/03	$11,250	$0	$11,250	500
AMB Property Corporation 0.00029%	02/26/03	$5,703	$0	$5,703	250
AMB Property Corporation 0.00465%	02/28/03	$86,235	$0	$86,235	4,000
AMB Property Corporation 0.02391%	03/14/03	$434,625	$0	$434,625	20,584
AMB Property Corporation 0.00116%	03/31/03	$23,875	$0	$23,875	1,000
AMB Property Corporation 0.00058%	04/03/03	$12,156	$0	$12,156	500
AMB Property Corporation 0.00029%	04/16/03	$5,156	$0	$5,156	250
AMB Property Corporation 0.00029%	05/09/03	$6,028	$0	$6,028	250
AMB Property Corporation 0.00116%	05/12/03	$23,000	$0	$23,000	1,000
AMB Property Corporation 0.05732%	05/15/03	$1,173,889	$0	$1,173,889	49,351
AMB Property Corporation 0.00581%	05/20/03	$105,000	$0	$105,000	5,000
AMB Property Corporation 0.01742%	05/22/03	$315,000	$0	$315,000	15,000
AMB Property Corporation 0.01040%	05/22/03	$0	$0	$0	8,958
AMB Property Corporation 0.00348%	05/28/03	$63,000	$0	$63,000	3,000
AMB Property Corporation 0.04894%	06/02/03	$894,708	$0	$894,708	42,139
AMB Property Corporation 0.00029%	06/03/03	$4,953	$0	$4,953	250
AMB Property Corporation 0.00290%	06/05/03	$52,500	$0	$52,500	2,500
AMB Property Corporation 0.00194%	06/09/03	$43,825	$0	$43,825	1,667
AMB Property Corporation 0.00494%	06/11/03	$102,837	$0	$102,837	4,251
AMB Property Corporation 0.00209%	06/13/03	$41,063	$0	$41,063	1,800
AMB Property Corporation 0.00399%	06/27/03	$73,881	$0	$73,881	3,434
AMB Property Corporation 0.01742%	07/02/03	$329,063	$0	$329,063	15,000
AMB Property Corporation 0.00116%	07/15/03	$23,156	$0	$23,156	1,000
AMB Property Corporation 0.00581%	07/25/03	$105,000	$0	$105,000	5,000
TOTAL GENERAL PARTNER 94.60955%		(81,997,760)	1,725,714,232	1,643,716,452	81,480,915

</TABLE>

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PARTNERS, CONTRIBUTIONS, AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

NAME OF PARTNER	CONTRIBUTION DATE	CASH CONTRIBUTIONS	AGREED VALUE OF CONTRIBUTED PROPERTY	TOTAL CONTRIBUTIONS	COMMON PARTNERSHIP UNITS	PERCENTAGE INTEREST
<S>	<C>	<C>	<C>	<C>	<C>	<C>
LIMITED PARTNERS:						
David Brown	11/26/97	$0	$1,150,359	$1,150,359	54,779	0.06362%
Daniel Sarhad	11/26/97	$0	$6,174	$6,174	294	0.00034%
Craig Duncan	11/26/97	$0	$216,447	$216,447	10,307	0.01197%
GP Met Phase I	11/26/97	$0	$1,774,164	$1,774,164	84,484	0.09812%
GP Met 4 & 12	11/26/97	$0	$1,486,212	$1,486,212	70,772	0.08220%
Holbrook W. Goodale 54 Trust	11/26/97	$0	$1,118,754	$1,118,754	53,274	0.06187%
Charles R. Wichman 54 Trust	11/26/97	$0	$1,118,754	$1,118,754	53,274	0.06187%
Frederick B. Wichman 54 Trust	11/26/97	$0	$1,118,754	$1,118,754	53,274	0.06187%
Holbrook W. Goodale 57 Trust	11/26/97	$0	$3,919,734	$3,919,734	186,654	0.21678%
Charles R. Wichman 57 Trust	11/26/97	$0	$3,919,734	$3,919,734	186,654	0.21678%
Frederick B. Wichman 57 Trust	11/26/97	$0	$3,919,734	$3,919,734	186,654	0.21678%
Holbrook W. Goodale 58 Trust	11/26/97	$0	$3,919,734	$3,919,734	186,654	0.21678%
Charles R. Wichman 58 Trust	11/26/97	$0	$3,919,734	$3,919,734	186,654	0.21678%
Frederick B. Wichman 58 Trust	11/26/97	$0	$3,919,734	$3,919,734	186,654	0.21678%
Allmerica	11/26/97	$0	$11,752,188	$11,752,188	559,628	0.64997%
Gamble	11/26/97	$0	$10,125,213	$10,125,213	482,153	0.55998%
Campanelli Investment Properties (b)	03/30/98	$0	$12,435,871	$12,435,871	517,547	0.60109%
Campanelli Enterprises (c)	03/30/98	$0	$10,334,678	$10,334,678	438,110	0.50883%
Steve Liefschultz	03/31/98	$0	$1,990,798	$1,990,798	81,174	0.09428%
Stephen M. Vincent	03/31/98	$0	$634,825	$634,825	25,884	0.03006%
Alan Wilensky	03/31/98	$0	$266,073	$266,073	10,849	0.01260%
Craig Gagnon	03/31/98	$0	$806,404	$806,404	32,880	0.03819%
Seefried Properties, Inc.	06/04/98	$0	$61,250	$61,250	2,590	0.00301%

Monique Brouillet Seefried 0.03242%	06/04/98	$0	$660,275	$660,275	27,916
Robert S. Rakusin 0.01570%	06/04/98	$0	$319,725	$319,725	13,518
Gerald L. Daws 0.00722%	06/04/98	$0	$147,000	$147,000	6,215
Thomas Ellis 0.00180%	06/04/98	$0	$36,750	$36,750	1,554
James E. Hayes as trustee of the James E. Hayes Living Trust under Agreement dated August 22, 1995 0.02764%	06/30/98	$0	$580,747	$580,747	23,801
Lawrence J. Hayes 0.02764%	06/30/98	$0	$580,747	$580,747	23,801
Lincoln Property Company No. 238 Ltd. 0.41059%	09/24/98	$0	$8,320,955	$8,320,955	353,520
Lincoln Property Company No. 287, LTD 0.13624%	09/24/98	$0	$2,760,957	$2,760,957	117,300
Lincoln Property Company No. 355, LTD 0.03649%	09/24/98	$0	$739,600	$739,600	31,422
Lincoln Property Company No. 440, LTD 0.03788%	09/24/98	$0	$767,640	$767,640	32,614
Lincoln Property Company No. 1179 0.19161%	09/24/98	$0	$3,883,230	$3,883,230	164,981
Alan Wilensky (1,800) -0.00209%	12/31/98	$0	($44,145)	($44,145)	
Julie H. Wilensky 0.00105%	12/31/98	$0	$22,073	$22,073	900
Constance J. Wilensky 0.00105%	12/31/98	$0	$22,073	$22,073	900
Alan Wilensky (1,800) -0.00209%	01/31/99	$0	($44,145)	($44,145)	
Julie H. Wilensky 0.00105%	01/31/99	$0	$22,073	$22,073	900
Constance J. Wilensky 0.00105%	01/31/99	$0	$22,073	$22,073	900
William H. Winstead III 0.00011%	02/09/99	$0	$2,376	$2,376	99
Donald A. Manekin 0.00020%	02/09/99	$0	$4,056	$4,056	169
Bernard Manekin 0.00014%	02/09/99	$0	$2,808	$2,808	117
Harold Manekin 0.00013%	02/09/99	$0	$2,592	$2,592	108
Vivian Manekin 6 0.00001%	02/09/99	$0	$144	$144	
Francine U. Manekin 0.00001%	02/09/99	$0	$144	$144	6
RA & DM, Inc. 4 0.00000%	02/09/99	$0	$96	$96	
RA & FM, Inc. 37 0.00004%	02/09/99	$0	$888	$888	
Richard M. Alter 0.00034%	02/09/99	$0	$7,080	$7,080	295
Robert Manekin 0.00005%	02/09/99	$0	$1,080	$1,080	45
Richard P. Manekin 0.00007%	02/09/99	$0	$1,536	$1,536	64

Charles H. Manekin 0.00003%	02/09/99	$0	$672	$672	28	
Louis C. LaPenna 0.00002%	02/09/99	$0	$432	$432	18	
Sandye Manekin Sirota 0.00004%	02/09/99	$0	$912	$912	38	
Julie H. Wilensky (1,800) -0.00209%	04/23/99	$0	($44,145)	($44,145)		
Constance J. Wilensky (1,800) -0.00209%	04/23/99	$0	($44,145)	($44,145)		
William H. Winstead III 0.04299%	04/30/99	$0	$888,379	$888,379	37,016	
Donald A. Manekin 0.07161%	04/30/99	$0	$1,479,701	$1,479,701	61,654	
Bernard Manekin 0.05065%	04/30/99	$0	$1,046,686	$1,046,686	43,612	
Harold Manekin 0.04678%	04/30/99	$0	$966,601	$966,601	40,275	
Vivian Manekin 0.00270%	04/30/99	$0	$55,873	$55,873	2,328	
Francine U. Manekin 0.00270%	04/30/99	$0	$55,873	$55,873	2,328	
RA & DM, Inc. 0.00451%	04/30/99	$0	$93,122	$93,122	3,880	

</TABLE>

EXHIBIT A
PARTNERS, CONTRIBUTORS, AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

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<S>	<C>	<C>	<C>	<C>	<C>	<C>
RA & FM, Inc.	04/30/99	$0	$121,732	$121,732	5,072	0.00589%
Richard M. Alter	04/30/99	$0	$2,777,815	$2,777,815	115,742	0.13443%
Robert Manekin	04/30/99	$0	$569,904	$569,904	23,746	0.02758%
Richard P. Manekin	04/30/99	$0	$569,904	$569,904	23,746	0.02758%
Charles H. Manekin	04/30/99	$0	$246,772	$246,772	10,282	0.01194%
Louis C. LaPenna	04/30/99	$0	$159,238	$159,238	6,635	0.00771%
Sandye Manekin Sirota	04/30/99	$0	$343,618	$343,618	14,317	0.01663%
Gamble	05/12/99	$0	($10,125,213)	($10,125,213)	(482,153)	-0.55998%
Campanelli Investment Properties, LLC	05/21/99	$0	$450,811	$450,811	18,638	0.02165%
CBDV Investors, L.L.C.	05/26/99	$0	$5,000,000	$5,000,000	212,766	0.24711%
Gerald L. Daws	06/04/99	$0	($147,000)	($147,000)	(6,215)	-0.00722%

CBDV Investors, L.L.C. (212,766)	-0.24711%	07/30/99	$0	($5,000,000)	($5,000,000)
Tiger Lafayette, L.L.C. 138,536	0.16090%	07/30/99	$0	$3,255,596	$3,255,596
Divco Western Commercial, L.L.C. 37,115	0.04311%	07/30/99	$0	$872,202	$872,202
ICCL East, L.L.C. 37,115	0.04311%	07/30/99	$0	$872,202	$872,202
Lawrence J. Hayes (10,000)	-0.01161%	08/03/99	$0	($244,000)	($244,000)
GP Met 4 & 12 (40,000)	-0.04646%	09/15/99	$0	($840,000)	($840,000)
Lincoln Property Company No. 238 Ltd. 12	0.00001%	09/30/99	$0	$282	$282
Lincoln Property Company No. 287, Ltd 1,133	0.00132%	09/30/99	$0	$26,668	$26,668
Lincoln Property Company No. 355, Ltd. 1,945	0.00226%	09/30/99	$0	$45,780	$45,780
Lincoln Property Company No. 440, Ltd. 452	0.00052%	09/30/99	$0	$10,639	$10,639
Lincoln Property Company No. 1179 100	0.00012%	09/30/99	$0	$2,354	$2,354
Lincoln Property Company No. 238 Ltd. (353,532)	-0.41060%	09/30/99	$0	($8,321,259)	($8,321,259)
Lincoln Property Company No. 287, Ltd (106,590)	-0.12380%	09/30/99	$0	($2,508,862)	($2,508,862)
Lincoln Property Company No. 355, Ltd. (32,532)	-0.03778%	09/30/99	$0	($765,722)	($765,722)
Lincoln Property Company No. 440, Ltd. (32,405)	-0.03764%	09/30/99	$0	($762,733)	($762,733)
Lincoln Property Company No. 1179 (153,525)	-0.17831%	09/30/99	$0	($3,613,595)	($3,613,595)
Mack Pogue 4,199	0.00488%	09/30/99	$0	$98,834	$98,834
Edgar M. Thrift, Jr. 85,261	0.09902%	09/30/99	$0	$2,006,831	$2,006,831
Preston Butcher 277,830	0.32268%	09/30/99	$0	$6,539,424	$6,539,424
Gary J. Rossi 4,798	0.00557%	09/30/99	$0	$112,933	$112,933
Stuart L. Leeder 1,984	0.00230%	09/30/99	$0	$46,698	$46,698
Mack Pogue Inc. 215,547	0.25034%	09/30/99	$0	$5,073,438	$5,073,438
Edward D. O'Brien 31,599	0.03670%	09/30/99	$0	$743,761	$743,761
David Brent Pogue 57,366	0.06663%	09/30/99	$0	$1,350,252	$1,350,252
Lincoln Property Company No. 287, Ltd. (11,843)	-0.01375%	11/30/99	$0	($278,763)	($278,763)
Lincoln Property Company No. 355, Ltd. (835)	-0.00097%	11/30/99	$0	($19,658)	($19,658)
Lincoln Property Company No. 440, Ltd. (661)	-0.00077%	11/30/99	$0	($15,546)	($15,546)
Lincoln Property Company No. 1179 (11,556)	-0.01342%	11/30/99	$0	($271,989)	($271,989)

Douglas D. Abbey 312,071 0.36245%	01/07/00	$0	$0	$0
Luis A. Belmonte (Trust) 37,013 0.04299%	01/07/00	$0	$0	$0
T. Robert Burke 235,506 0.27352%	01/07/00	$0	$0	$0
S. Davis Carniglia 62,366 0.07243%	01/07/00	$0	$0	$0
John H. Diserens 78,988 0.09174%	01/07/00	$0	$0	$0
Bruce H. Freedman 25,868 0.03004%	01/07/00	$0	$0	$0
Jean C. Hurley 32,206 0.03740%	01/07/00	$0	$0	$0
Barbara J. Linn (Trust) 56,028 0.06507%	01/07/00	$0	$0	$0
Hamid R. Moghadam 388,126 0.45078%	01/07/00	$0	$0	$0
Craig A. Severance 91,158 0.10587%	01/07/00	$0	$0	$0
W. Blake Baird 25,569 0.02970%	01/07/00	$0	$0	$0
Steven J. Callaway 5,114 0.00594%	01/07/00	$0	$0	$0
Steve E. Campbell 3,409 0.00396%	01/07/00	$0	$0	$0
Michael A. Coke 8,439 0.00980%	01/07/00	$0	$0	$0
Martin J. Coyne 3,409 0.00396%	01/07/00	$0	$0	$0
David G. Doyno 3,409 0.00396%	01/07/00	$0	$0	$0
David S. Fries 15,257 0.01772%	01/07/00	$0	$0	$0
Kent D. Greenawalt 5,114 0.00594%	01/07/00	$0	$0	$0
Jane L. Harris 6,818 0.00792%	01/07/00	$0	$0	$0
Carlie P. Headapohl 3,409 0.00396%	01/07/00	$0	$0	$0
Tyler W. Higgins (Trust) 6,818 0.00792%	01/07/00	$0	$0	$0
Steven T. Kimball 3,409 0.00396%	01/07/00	$0	$0	$0
John T. Meyer 5,114 0.00594%	01/07/00	$0	$0	$0
John T. Roberts, Jr 8,439 0.00980%	01/07/00	$0	$0	$0
John L. Rossi 3,409 0.00396%	01/07/00	$0	$0	$0
Cynthia J. Sarver 3,409 0.00396%	01/07/00	$0	$0	$0
Christine G. Schadlich 6,733 0.00782%	01/07/00	$0	$0	$0

</TABLE>

EXHIBIT A
PARTNERS, CONTRIBUTORS, AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

NAME OF PARTNER	CONTRIBUTION DATE	CASH CONTRIBUTIONS	AGREED VALUE OF CONTRIBUTED PROPERTY	TOTAL CONTRIBUTIONS	COMMON PARTNERSHIP UNITS	PERCENTAGE INTEREST
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Andrew N. Singer	01/07/00	$0	$0	$0	5,114	0.00594%
Gayle P. Starr	01/07/00	$0	$0	$0	5,114	0.00594%
William Steinberg	01/07/00	$0	$0	$0	6,818	0.00792%
K.C. Swartzel	01/07/00	$0	$0	$0	6,818	0.00792%
Celia M. Tanaka	01/07/00	$0	$0	$0	3,409	0.00396%
Janice G. Thacher	01/07/00	$0	$0	$0	2,045	0.00238%
GP Met 4 +12	07/06/00	$0	($646,212)	($646,212)	(30,772)	-0.03574%
ICCL East, L.L.C.	07/06/00	$0	($872,202)	($872,202)	(37,115)	-0.04311%
Tiger Lafayette, L.L.C.	07/06/00	$0	($3,255,596)	($3,255,596)	(138,536)	-0.16090%
AFCO Cargo DFW Limited Partnership	11/07/00	$0	$1,046,849	$1,046,849	44,523	0.05171%
WEST*PAC Limited Partnership	11/07/00	$0	$134,609	$134,609	5,725	0.00665%
AFCO Cargo SEA Limited Partnership	11/07/00	$0	$1,046,848	$1,046,848	44,523	0.05171%
Campanelli Investment Properties, LLC	11/09/00	$0	($798,804)	($798,804)	(34,046)	-0.03954%
Thomas Ellis	02/28/01	$0	($36,750)	($36,750)	(1,554)	-0.00180%
Divco Western Commercial, L.L.C.	03/07/01	$0	($872,202)	($872,202)	(37,115)	-0.04311%
Allmerica	03/23/01	$0	($11,752,188)	($11,752,188)	(559,628)	-0.64997%
Campanelli Investment Properties, LLC	08/17/01	$0	($1,597,608)	($1,597,608)	(68,092)	-0.07908%
Joseph Campanelli	08/17/01	$0	$798,804	$798,804	34,046	0.03954%
Nicholas Campanelli	08/17/01	$0	$798,804	$798,804	34,046	0.03954%
Joseph Campanelli	08/17/01	$0	($798,804)	($798,804)	(34,046)	-0.03954%
Nicholas Campanelli	08/17/01	$0	($798,804)	($798,804)	(34,046)	-0.03954%
Campanelli Investment Properties, LLC	09/07/01	$0	($8,494,501)	($8,494,501)	(362,046)	-0.42049%
Joseph Campanelli	09/07/01	$0	$1,923,924	$1,923,924	82,000	0.09524%
Nicholas Campanelli	09/07/01	$0	$1,923,924	$1,923,924	82,000	0.09524%

Alfred Campanelli Revocable Holding Trust 0.13478%	09/07/01	$0	$2,722,729	$2,722,729	116,046	
Trust B u/w Michael Campanelli 82,000 0.09524%	09/07/01	$0	$1,923,924	$1,923,924		
Joseph Campanelli (75,000) -0.08711%	09/07/01	$0	($1,818,750)	($1,818,750)		
Nicholas Campanelli (75,000) -0.08711%	09/07/01	$0	($1,818,750)	($1,818,750)		
Edward D. O'Brien (23,700) -0.02753%	09/18/01	$0	($557,838)	($557,838)		
Lawrence J. Hayes (13,801) -0.01603%	11/09/01	$0	($337,710)	($337,710)		
Trust B u/w Michael Campanelli (5,000) -0.00581%	11/16/01	$0	($121,900)	($121,900)		
William Steinberg (6,818) -0.00792%	01/11/02	$0	($177,609)	($177,609)		
Celia M. Tanaka (3,409) -0.00396%	01/11/02	$0	($88,804)	($88,804)		
Stephen M. Vincent (25,884) -0.03006%	02/01/02	$0	($634,825)	($634,825)		
Campanelli Enterprises (438,110) -0.50883%	03/29/02	$0	($10,334,678)	($10,334,678)		
Joseph Campanelli 98,575 0.11449%	03/29/02	$0	$2,325,302	$2,325,302		
Nicholas Campanelli 98,575 0.11449%	03/29/02	$0	$2,325,302	$2,325,302		
Alfred Campanelli Revocable Holding Trust 98,575 0.11449%	03/29/02	$0	$2,325,302	$2,325,302		
Robert DeMarco 98,575 0.11449%	03/29/02	$0	$2,325,302	$2,325,302		
Ronald Campanelli 43,810 0.05088%	03/29/02	$0	$1,033,468	$1,033,468		
Janice G. Thacher (2,045) -0.00238%	07/05/02	$0	($70,803)	($70,803)		
GP Met Phase I-95, Ltd. (84,484) -0.09812%	07/05/02	$0	($1,774,164)	($1,774,164)		
AFCO Cargo DFW Limited Partnership (11,524) -0.01338%	04/16/03	$0	($320,644)	($320,644)		
Alfred Campanelli Revocable Holding Trust (214,621) -0.24927%	07/25/03	$0	($5,816,229)	($5,816,229)		
TOTAL LIMITED PARTNERS 4,620,242 5.36606%		$0	$70,477,773	$70,477,773		
TOTAL GENERAL PARTNER AND LIMITED PARTNERS 100.0%		(81,997,760)	1,796,192,005	1,714,194,225	86,101,157	

(a) Excludes 229,411 of Sub OP and Long Gate LLC shares/units and preferred partnership units.

(b) Includes 934 units reserved.

(c) Includes 8,268 units reserved.

RECONCILIATION:

Total Units per above	<C>

86,101,157

Plus Sub OP & Long Gate LLC shares/units excluded (a)
229,411

Total Shares & Units as of 07/25/03
86,330,568
</TABLE>

(d) Excludes 204,067 common limited partnership units of IMD Holding Corporation.

EXHIBIT A

PARTNERS, CONTRIBUTIONS, AND PARTNERSHIP INTERESTS

II. SERIES B PREFERRED UNITS

<TABLE>
<CAPTION>

Name of Partner	Contribution Date	Cash Contributions	Agreed Value of Contributed Property	Total Contributions	Partnership Units	Percentage Interest
<S>	<C>	<C>	<C>	<C>	<C>	<C>
LIMITED PARTNER:						
Greene Street 1998 Exchange Fund, L.P.	11/12/98	$65,000,000	$ 0	$65,000,000	1,300,000	100.00000%
Goldman Sachs 1998 Exchange Place Fund, L.P. (f/k/a Greene Street 1998 Exchange Fund, L.P.)	1/1/02	--	--	--	(1,300,000)	(100.00000%)
GSEP 1998 Realty Corp.	1/1/02	--	--	--	1,300,000	100.00000%
TOTAL SERIES B PREFERRED UNITS		$65,000,000	$ 0	$65,000,000	1,300,000	100.00000%

</TABLE>

III. SERIES J PREFERRED UNITS

<TABLE>
<CAPTION>

Name of Partner	Contribution Date	Cash Contributions	Agreed Value of Contributed Property	Total Contributions	Partnership Units	Percentage Interest
<S>	<C>	<C>	<C>	<C>	<C>	<C>
LIMITED PARTNER:						
GSEP 2001 Realty Corp.	8/21/01	$40,000,000	$ 0	$40,000,000	800,000	100.00000%
TOTAL SERIES J PREFERRED UNITS		$40,000,000	$ 0	$40,000,000	800,000	100.00000%

</TABLE>

IV. SERIES K PREFERRED UNITS

<TABLE>
<CAPTION>

	Contribution	Cash	Agreed Value of Contributed	Total	Partnership

Name of Partner	Date	Contributions	Property	Contributions	Units	Percentage Interest
<S>	<C>	<C>	<C>	<C>	<C>	<C>
LIMITED PARTNER:						
GSEP 2002 Realty Corp.	4/17/02	$40,000,000	$ 0	$40,000,000	800,000	100%
TOTAL SERIES K PREFERRED UNITS		$40,000,000	$ 0	$40,000,000	800,000	100%

V. SERIES L PREFERRED UNITS

Name of Partner	Contribution Date	Cash Contributions	Agreed Value of Contributed Property	Total Contributions	Partnership Units	Percentage Interest
<S>	<C>	<C>	<C>	<C>	<C>	<C>
GENERAL PARTNER:						
AMB Property Corporation	6/23/03	$48,425,000	$ 0	$48,425,000	2,000,000	100.00000%
TOTAL SERIES L PREFERRED UNITS		$48,425,000	$ 0	$48,425,000	2,000,000	100.00000%

EXHIBIT B

NOTICE OF REDEMPTION

The undersigned hereby [irrevocably] (i) exchanges ---------- Limited Partnership Units in AMB Property, L.P. in accordance with the terms of the Limited Partnership Agreement of AMB Property, L.P. dated as of - ----------, as amended, and the rights of Redemption referred to therein, (ii) surrenders such Limited Partnership Units and all right, title and interest therein and (iii) directs that the cash (or, if applicable, REIT Shares) deliverable upon Redemption or exchange be delivered to the address specified below, and if applicable, that such REIT Shares be registered or placed in the name(s) and at the address(es) specified below.

Dated:

Name of Limited Partner:

(Signature of Limited Partner)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

Issue REIT Shares in the name of:

Please insert social security or identifying number:

Address (if different than above):

EXHIBIT C

CONSTRUCTIVE OWNERSHIP DEFINITION

The term "Constructively Owns" means ownership determined through the application of the constructive ownership rules of Section 318 of the Code, as modified by Section 856(d)(5) of the Code. Generally, these rules provide the following:

a. an individual is considered as owning the Ownership Interest that is owned, actually or constructively, by or for his spouse, his children, his grandchildren, and his parents;

b. an Ownership Interest that is owned, actually or constructively, by or for a partnership, limited liability company or estate is considered as owned proportionately by its partners, members or beneficiaries;

c. an Ownership Interest that is owned, actually or constructively, by or for a trust is considered as owned by its beneficiaries in proportion to the actuarial interest of such beneficiaries (provided, however, that in the case of a "grantor trust" the Ownership Interest will be considered as owned by the grantors);

d. if ten percent (10%) or more in value of the stock in a corporation is owned, actually or constructively, by or for any person, such person shall be considered as owning the Ownership Interest that is owned, actually or constructively, by or for such corporation in that proportion which the value of the stock which such person so owns bears to the value of all the stock in such corporation;

e. an Ownership Interest that is owned, actually or constructively, by or for a partner or member which actually or constructively owns a 25% or greater capital interest or profits interest in a partnership or limited liability company, or by or for a beneficiary of an estate or trust, shall be considered as owned by the partnership, limited liability company, estate, or trust (or, in the case of a grantor trust, the grantors);

f. if ten percent (10%) or more in value of the stock in a corporation is owned, actually or constructively, by or for any person, such corporation shall be considered as owning the Ownership Interest that is owned, actually or constructively, by or for such person;

g. if any person has an option to acquire an Ownership Interest (including an option to acquire an option or any one of a series of such options), such Ownership Interest shall be considered as owned by such person;

h. an Ownership Interest that is constructively owned by a person by reason of the application of the rules described in paragraphs (a) through (g) above shall, for purposes of applying paragraphs (a) through (g), be considered as actually owned by such person provided, however, that (i) an Ownership Interest constructively owned by an individual by reason of paragraph (a) shall not be considered as owned by him for purposes of again applying paragraph (a) in order to make another the constructive owner of such Ownership Interest, (ii) an Ownership Interest constructively owned by a partnership, estate, trust, or corporation by reason of the application of paragraphs (e) or (f) shall not be considered as owned by it for purposes of applying paragraphs (b), (c), or (d) in order to make another the constructive owner of such Ownership Interest, (iii) if an Ownership Interest may be considered as owned by an individual under paragraphs (a) or (g), it shall be considered as owned by him under paragraph (g) and (iv) for purposes of the above described rules, an S corporation shall be treated as a partnership and any stockholder of the S corporation shall be treated as a partner of such partnership except that this rule shall not apply for purposes of determining whether stock in the S corporation is constructively owned by any person.

i. For purposes of the above summary of the constructive ownership rules, the term "Ownership Interest" means the ownership of stock with respect to a corporation and, with respect to any other type of entity, the ownership of an interest in either its assets or net profits.

EXHIBIT D-1

FORM OF PARTNERSHIP UNIT CERTIFICATE

CERTIFICATE FOR PARTNERSHIP UNITS OF

AMB PROPERTY, L.P.

No. UNITS
---------- ----------

AMB Property Corporation as the General Partner of AMB Property, L.P., a Delaware limited partnership (the "Operating Partnership"), hereby certifies that ---------- is a Limited Partner of the Operating Partnership whose Partnership Interests therein, as set forth in the Agreement of Limited Partnership of AMB Property, L.P., dated as of - ----------, 200- (as it may be amended, modified or supplemented from time to time in accordance with its terms, (the "Partnership Agreement"), under which the Operating Partnership is existing and as filed in the office of the Delaware [State Department of Assessments and Taxation] (copies of which are on file at the Operating Partnership's principal offices at Pier 1, Bay 1, San Francisco, California, 94111, represent ---------- units of limited partnership interest in the Operating Partnership (the "Partnership Units").

THE PARTNERSHIP UNITS REPRESENTED BY THIS CERTIFICATE OR INSTRUMENT MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION COMPLIES WITH THE PROVISIONS OF THE PARTNERSHIP AGREEMENT (A COPY OF WHICH IS ON FILE WITH THE OPERATING PARTNERSHIP). EXCEPT AS OTHERWISE PROVIDED IN THE PARTNERSHIP AGREEMENT, NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE PARTNERSHIP UNITS REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR (B) IF THE OPERATING PARTNERSHIP HAS BEEN FURNISHED WITH A SATISFACTORY OPINION OF COUNSEL FOR THE HOLDER OF THE PARTNERSHIP UNITS REPRESENTED BY THIS CERTIFICATE THAT SUCH TRANSFER, SALE ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF SECTION 5 OF THE ACT AND THE RULES AND REGULATIONS IN EFFECT THEREUNDER.

DATED: , 200 .
---------- -

AMB PROPERTY CORPORATION

General Partner of AMB
Property, L.P.

ATTEST:
By: By:
---------- ----------

EXHIBIT D-2

FORM OF PARTNERSHIP UNIT CERTIFICATE

CERTIFICATE FOR PERFORMANCE UNITS OF

AMB PROPERTY, L.P.

No. UNITS
---------- ----------

AMB Property Corporation as the General Partner of AMB Property, L.P., a Delaware limited partnership (the "Operating Partnership"), hereby certifies that ---------- is a Limited Partner of the Operating Partnership whose Partnership Interests therein, as set forth in the Agreement of Limited Partnership of AMB Property, L.P., dated as of ----------, 200- (as it may be amended, modified or supplemented from time to time in accordance with its terms, (the "Partnership Agreement"), under which the Operating Partnership is existing and as filed in the office of the Delaware [State Department of Assessments and Taxation] (copies of which are on file at the Operating Partnership's principal offices at Pier 1, Bay 1, San Francisco, California 9411, represent ---------- performance units (as defined in the Partnership Agreement) of limited partnership interest in the Operating Partnership (the "Performance Units").

THE PERFORMANCE UNITS REPRESENTED BY THIS CERTIFICATE OR INSTRUMENT MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION COMPLIES WITH THE PROVISIONS OF THE PARTNERSHIP AGREEMENT (A COPY OF WHICH IS ON FILE WITH THE OPERATING PARTNERSHIP). EXCEPT AS OTHERWISE PROVIDED IN THE PARTNERSHIP AGREEMENT, NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE PERFORMANCE UNITS REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR (B) IF THE OPERATING PARTNERSHIP HAS BEEN FURNISHED WITH A SATISFACTORY OPINION OF COUNSEL FOR THE HOLDER OF THE PERFORMANCE UNITS REPRESENTED BY THIS CERTIFICATE THAT SUCH TRANSFER, SALE ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF SECTION 5 OF THE ACT AND THE RULES AND REGULATIONS IN EFFECT THEREUNDER.

DATED: , 200 .

AMB PROPERTY CORPORATION

General Partner of AMB Property, L.P.

ATTEST:
By: ---

By: ---

EXHIBIT E

SCHEDULE OF PARTNERS' OWNERSHIP

WITH RESPECT TO TENANTS

None.

EXHIBIT F

SCHEDULE OF REIT SHARES

ACTUALLY OR CONSTRUCTIVELY OWNED BY 25% LIMITED PARTNERS

OTHER THAN THOSE ACQUIRED PURSUANT TO AN EXCHANGE

None.

EXHIBIT G

PERFORMANCE UNITS

The Performance Units issued by the Partnership pursuant to Section 4.3.F. were issued to the following Persons in the following amounts on January 7, 2000:

1. The first 3,000,000 Performance Units were issued 90% to the "Old PLPs" (as defined below) and 10% to the "New PLPs" (as defined below).

2. Any Performance Units issued in excess of those set forth in paragraph 1 above were issued 80% to the Old PLPs and 20% to the New PLPs.

3. The Performance Units allocable to each group of PLPs pursuant to paragraphs 1 and 2 above were allocated among the PLPs within such group in accordance with each PLP's percentage interest as set forth in the definitions below.

4. The receipt of Performance Units by a PLP was not subject to any vesting requirements.

Definitions

"Old PLPs" means the Persons set forth on Schedule G-1 attached hereto, with the percentage interest so indicated.

"New PLPs" means the Persons set forth on Schedule G-2 attached hereto, with the percentage interest so indicated.

SCHEDULE G-1

OLD PLPS

<TABLE>
<CAPTION>

Name of Old PLP	Percentage
<S>	<C>
Douglas D. Abbey	23.6537%
Luis A. Belmonte	2.8055%
T. Robert Burke	17.8504%
S. Davis Carniglia	4.7271%
John H. Diserens	5.9870%
Bruce H. Freedman	1.9607%
Jean Collier Hurley	2.4411%
Barbara J. Linn	4.2467%
Hamid R. Moghadam	29.4184%

Craig A. Severance	6.9094%

</TABLE>

SCHEDULE G-2

NEW PLPS

<TABLE>
<CAPTION>

Name of New PLP	Percentage
<S>	<C>
W. Blake Baird	17.4419%
Steven J. Callaway	3.4884%
Steve E. Campbell	2.3256%
Michael A. Coke	5.7558%
Martin J. Coyne	2.3256%
David G. Doyno	2.3256%
David S. Fries	10.4070%
Kent D. Greenawalt	3.4884%
Jane L. Harris	4.6512%
Carlie P. Headapohl	2.3256%
Tyler W. Higgins	4.6512%
Steven T. Kimball	2.3256%
John T. Meyer	3.4884%
John T. Roberts, Jr.	5.7558%
John L. Rossi	2.3256%
Cynthia J. Sarver	2.3256%
Christine G. Schadlich	4.5930%
Andrew N. Singer	3.4884%
Gayle P. Starr	3.4884%
William Steinberg	4.6512%
K.C. Swartzel	4.6512%
Celia M. Tanaka	2.3256%
Janice G. Thacher	1.3953%

</TABLE>

EXHIBIT H

SCHEDULE OF CERTAIN AGREEMENTS RELATING TO

PROPERTIES WITH RESTRICTIONS ON DISPOSITION

PURSUANT TO SECTION 7.3.F

1. Joint Venture Interest Exchange /Contribution Agreement, dated November 26, 1997, by and among AMB Property, L.P., David Brown, Daniel Sarhad and Craig Duncan.

2. Joint Venture Interest Exchange/Contribution Agreement, dated November 26, 1997, by and among AMB Property, L.P., GP Met Phase One 95, Ltd. and GP Met 4/12, Ltd.

3. Agreement for Transfer of Realty and Assets, dated November 26, 1997, by and among AMB Property, L.P. and Holbrook W. Goodale, Charles R. Wichman and Frederick B. Wichman as Trustees for the Wichman Family Trusts.

4. Contribution Agreement, dated November 26, 1997, between AMB Property, L.P. and Linder Skokie Real Estate Corporation. (Allmerica Portfolio)

5. Agreement for Transfer of Realty and Assets, dated November 26, 1997, by and among AMB Property, L.P., Launce E. Gamble and George F. Gamble.

6. Contribution Agreement, dated March 30, 1998, by and among AMB Property, L.P. and the other parties named therein. (Campanelli Portfolio)

7. Contribution Agreement, dated March 31, 1998, by and among AMB Property, L.P., Steve Liefschultz, Stephen M. Vincent, Alan Wilensky and Craig Gagnon.

8. Contribution Agreement, dated June 4, 1998 by and among AMB Property, L.P. and the other parties named therein. (Southfield Portfolio)

9. Amended and Restated Contribution Agreement, dated as of August 6, 1998, by and among AMB Property, L.P., AMB Property Corporation and the other parties named therein. (Willow Park Portfolio)

10. Portfolio Contribution Agreement, dated as of November 17, 1998, by and among AMB Property, L.P., AMB Property Corporation and the individuals named therein, as amended by the First Amendment, dated as of February 1, 1999, and the Second Amendment, dated as of April 30, 1999. (Manekin

Portfolio)

11. Purchase and Sale Agreement, dated as of December 4, 1998, by and between AMB Property, L.P. and CBDV Investors, L.L.C. (WOCAC Portfolio)

EXHIBIT I

SCHEDULE OF CERTAIN AGREEMENTS CONTAINING

LIMITATIONS ON GENERAL PARTNERS GENERAL AUTHORITY

1. Contribution Agreements, dated March 30, 1998, by and among AMB Property, L.P. and the other parties named therein. (Campanelli Portfolio)

2. AMB Property, L.P., First Amendment to Amended and Restated Agreement of Limited Partnership, dated as of March 30, 1998.

3. Contribution Agreement, dated March 31, 1998, by and among AMB Property, L.P. and Steve Liefschultz, Stephen M. Vincent, Alan Wilensky and Craig Gagnon.

4. AMB Property, L.P., Second Amendment to Amended and Restated Agreement of Limited Partnership, dated as of March 31, 1998.

5. Contribution Agreement, dated June 4, 1998 by and among AMB Property, L.P. and the other parties named therein. (Southfield Portfolio)

6. AMB Property, L.P. Third Amendment to Amended and Restated Agreement of Limited Partnership, dated as of June 4, 1998.

7. Contribution Agreement, dated May 21, 1998, by and among AMB Property, L.P. and the other parties named therein. (Alsip Industrial Portfolio)

8. AMB Property, L.P. Fourth Amendment to Amended and Restated Agreement of Limited Partnership, dated as of June 30, 1998.

9. Amended and Restated Contribution Agreement dated as of August 6, 1998, by and among AMB Property, L.P., AMB Property Corporation and the other parties named therein. (Willow Park Portfolio)

10. AMB Property, L.P. First Amendment to Second Amended and Restated Agreement of Limited Partnership, dated as of September 24, 1998.

11. Portfolio Contribution Agreement, dated as of November 17, 1998, by and among AMB Property, L.P., AMB Property Corporation and the individuals named therein, as amended by the First Amendment, dated as of February 1, 1999, and the Second Amendment, dated as of April 30, 1999. (Manekin Portfolio)

12. Purchase and Sale Agreement, dated as of December 4, 1998, by and between AMB Property, L.P. and CBDV Investors, L.L.C. (WOCAC Portfolio)

13. AMB Property, L.P. Fourth Amendment to Third Amended and Restated Agreement of Limited Partnership, dated as of February 1, 1999.

14. AMB Property, L.P. Fifth Amendment to Third Amended and Restated Agreement of Limited Partnership, dated as of April 30, 1999.

15. AMB Property, L.P. Sixth Amendment to Third Amended and Restated Agreement of Limited Partnership, dated as of May 21, 1999.

16. AMB Property, L.P. Ninth Amendment to Third Amended and Restated Agreement of Limited Partnership, dated as of September 30, 1999.

17. AMB Property, L.P. Fourth Amended and Restated Agreement of Limited Partnership, dated as of August 10, 2000.

18. AMB Property, L.P. First Amendment to Fourth Amended and Restated Agreement of Limited Partnership dated as of November 7, 2000.

19. Assignment and Assumption Agreement dated as of December 31, 2000 by and between the AMB Property Corporation and AMB Property, L.P.

20. AMB Property, L.P. Fifth Amended and Restated Agreement of Limited Partnership, dated as of September 21, 2001.

21. Assignment and Assumption Agreement dated as of September 21, 2001 by and between the AMB Property Corporation and AMB Property, L.P.

22. AMB Property, L.P. First Amendment to Fifth Amended and Restated Agreement of Limited Partnership dated as of January 1, 2002.

23. AMB Property, L.P. Sixth Amended and Restated Agreement of Limited Partnership, dated as of April 17, 2002.

24. Assignment and Assumption Agreement dated as of April 17, 2002 by and between AMB Property Corporation and AMB Property, L.P.

25. AMB Property, L.P. First Amendment to Sixth Amended and Restated Agreement of Limited Partnership dated as of October 30, 2002.

26. AMB Property, L.P. Seventh Amended and Restated Agreement of Limited Partnership, dated as of June 23, 2003.

27. Assignment and Assumption Agreement dated as of June 23, 2003 by and between AMB Property Corporation and AMB Property, L.P.

EXHIBIT J

RESTRICTIONS ON OWNERSHIP AND TRANSFER TO PRESERVE TAX BENEFIT

(a) Definitions. for the purposes of this Exhibit J, the following terms shall have the following meanings:

"Charitable Beneficiary" shall mean one or more beneficiaries of a Trust, as determined pursuant to subsection (c)(vi), each of which shall be an organization described in Sections 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Constructive Ownership" shall mean ownership of Partnership Units by a Person who is or would be treated as an owner of such Partnership Units either actually or constructively through the application of Section 318 of the Code, as modified by Section 856(d)(5) of the Code. The terms "Constructive Owner," "Constructively Owns" and "Constructively Owned" shall have the correlative meanings.

"Exempted Person" shall mean any Person exempted from time to time by the General Partner in its sole and absolute discretion.

"Market Price" shall mean the market price of the Partnership Units on the relevant date as determined in good faith by the General Partner; provided, however, if the General Partner has outstanding shares of capital stock which correspond to such Partnership Units, the Market Price of each such Partnership Unit shall be equal to the Value of a share of such capital stock, subject to adjustment if the right to exchange such Partnership Units for such stock is other than one-to-one.

"Ownership Limit" shall mean 24.9% of the capital or profits interests of the Partnership.

"Person" shall mean an individual, corporation, partnership, limited liability company, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity.

"Purported Beneficial Transferee" shall mean, with respect to any purported Transfer (or other event) which results in a transfer to a Trust, as provided in subsection (b)(ii), the Purported Record Transferee, unless the Purported Record Transferee would have acquired or owned Partnership Units for another Person who is the beneficial transferee or owner of such Partnership Units, in which case the Purported Beneficial Transferee shall be such Person.

"Purported Record Transferee" shall mean, with respect to any purported Transfer (or other event) which results in a transfer to a Trust, as provided in subsection (b)(ii), the holder of the Partnership Units as set forth or to be set forth in Exhibit A to the Partnership Agreement, and any Assignee of such Partnership Units, if such Transfer or ownership had been valid under subsection (b)(i).

"Restriction Termination Date" shall mean the first day after the date hereof on which the General Partner determines, in its sole and absolute discretion, that compliance with subsection (b)(i) is

no longer necessary or advisable.

"Transfer" shall mean any sale, transfer, gift, assignment, devise or other disposition of Partnership Units, (including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Partnership Units or (ii) the sale, transfer, assignment or other disposition of any securities (or rights convertible into or exchangeable for Partnership Units), whether voluntary or involuntary, whether such transfer has occurred of record or beneficially or Constructively (including but not limited to transfers of interests in other entities which results in changes in Constructive Ownership of Partnership Units), and whether such transfer has occurred by operation of law or otherwise.

"Trust" shall mean each of the trusts provided for in subsection (c).

"Trustee" shall mean any Person unaffiliated with the Partnership, or a Purported Beneficial Transferee, or a Purported Record Transferee, that is appointed by the Partnership to serve as trustee of a Trust.

Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Fourth Amended and Restated Agreement of Limited Partnership of AMB Property, L.P. (the "Partnership Agreement), as such agreement may be amended from time to time. All references to "Section" refer to the Partnership Agreement.

(b) Restriction on Ownership and Transfers.

(i) Prior to the Restriction Termination Date, no Person, other than an Exempted Person, shall at any time Constructively Own Partnership Units in excess of the Ownership Limit if the representations contained in Section 3.4.D are not at such time true and correct.

(ii) If, prior to the Restriction Termination Date, any Transfer or other event occurs that, if effective, would result in any Person Constructively Owning Partnership Units in violation of subsection (b)(i), (1) then that number of Partnership Units that otherwise would cause such Person to violate subsection (b)(i) (rounded up to the nearest whole Partnership Unit) shall be automatically transferred (provided such Transfer is not in violation of the restrictions on transfer set forth in the Partnership Agreement, except to the extent the General Partner waives such restrictions) to a Trust for the benefit of a Charitable Beneficiary, as described in subsection (c), effective as of the close of business on the business day prior to the date of such Transfer or other event, and such Purported Beneficial Transferee shall thereafter have no rights in such Partnership Units or (2) if, for any reason, the transfer to the Trust described in clause (1) of this sentence is not

automatically effective as provided therein to prevent any Person from Constructively Owning Partnership Units in violation of subsection (b)(i), then the Transfer of that number of Partnership Units that otherwise would cause any Person to violate subsection (b)(i) shall be void ab initio, and the Purported Beneficial Transferee shall have no rights in such Partnership Units.

(c) Transfers of Partnership Units in Trust.

(i) Upon any purported Transfer or other event described in subsection (b)(ii), such Partnership Units shall be deemed to have been transferred to the Trustee in his capacity as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the business day prior to the purported Transfer or other event that results in a transfer to the Trust pursuant to subsection (b)(ii). The Trustee shall be appointed by the Partnership and shall be a Person unaffiliated with the Partnership, any Purported Beneficial Transferee, or any Purported Record Transferee. Each Charitable Beneficiary shall be designated by the Partnership as provided in subsection (c)(vi).

(ii) Partnership Units held by the Trustee shall be issued and outstanding Partnership Units of the Partnership. The Purported Beneficial Transferee or Purported Record Transferee shall have no rights in the Partnership Units held by the Trustee. The Purported Beneficial Transferee or Purported Record Transferee shall not benefit economically from ownership of any Partnership Units held in trust by the Trustee, shall have no rights to distributions or allocations with respect to Partnership Units held in the Trust and shall not possess any rights to vote or other rights attributable to the Partnership Units held in the Trust.

(iii) The Trustee shall have all voting rights and rights to distributions and allocations with respect to Partnership Units held in the Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any distribution paid prior to the discovery by the

Partnership that Partnership Units have been transferred to the Trustee shall be paid to the Trustee upon demand, and any distribution with respect to such Partnership Units shall be paid when due to the Trustee. Any distributions so paid over to the Trustee shall be held in trust for the Charitable Beneficiary.

The Purported Record Transferee and Purported Beneficial Transferee shall have no voting rights with respect to the Partnership Units held in the Trust and, subject to Delaware law, effective as of the date the Partnership Units has been transferred to the Trustee, the Trustee shall have the authority (at the Trustee's sole discretion) (i) to rescind as void any vote cast by a Purported Record Transferee with respect to such Partnership Units prior to the discovery by the Partnership that the Partnership Units has been transferred to the Trustee and (ii) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Partnership has already taken irreversible action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding any other provision of this Exhibit J to the contrary, until the Partnership has received notification that the Partnership Units have been transferred into a Trust, the Partnership shall be entitled to rely on its Partnership Unit transfer and other unitholder records for purposes of preparing Exhibit A to the Partnership Agreement, lists of unitholders entitled to vote at meetings, and otherwise conducting votes of Partners.

(iv) Within 20 days of receiving notice from the Partnership that Partnership Units have been transferred to the Trust, the Trustee of the Trust shall, in accordance with the terms of (and subject to the limitations contained in) the Partnership Agreement, sell the Partnership Units held in the Trust to a Person, designated by the Trustee, whose ownership of the Partnership Units will not violate the ownership limitations set forth in subsection (b)(i). Upon such sale, the interest of the Charitable Beneficiary in the Partnership Units sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Purported Record Transferee and to the Charitable Beneficiary as provided in this subsection (c)(iv). The Purported Record Transferee shall receive the lesser of (1) the price paid by the Purported Record Transferee for the Partnership Units in the transaction that resulted in such transfer to the Trust (or, if the event which resulted in the transfer to the Trust did not involve a purchase of such Partnership Units at Market Price, the Market Price of such Partnership Units on the day of the event which resulted in the transfer of such Partnership Units to the Trust) and (2) the price per Partnership Unit received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the Partnership Units held in the Trust. Any net sales proceeds in excess of the amount payable to the Purported Record Transferee shall be immediately paid to the Charitable Beneficiary together with any distributions thereon. If, prior to the discovery by the Partnership that Partnership Units have been transferred to the Trustee, such Partnership Units are sold by a Purported Record Transferee then (i) such Partnership Units shall be deemed to have been sold on behalf of the Trust and (ii) to the extent that the Purported Record Transferee received an amount for such Partnership Units that exceeds the amount that such Purported Record Transferee was entitled to receive pursuant to this subsection (c)(iv), such excess shall be paid to the Trustee upon demand. The expenses described in item (2) above shall include any expenses of administering the Trust, any transfer of Partnership Units thereto or disposition of Partnership Units thereby, which shall be allocated equitably among the Partnership Units which are transferred to the Trust.

(v) Partnership Units transferred to the Trustee shall be deemed to have been offered for sale to the Partnership, or its designee, at a price per Partnership Unit equal to the lesser of (i) the price paid by the Purported Record Transferee for the Partnership Units in the transaction that resulted in such transfer to the Trust (or, if the event which resulted in the transfer to the Trust did not involve a purchase of such Partnership Units at Market Price, the Market Price of such Partnership Units on the day of the event which resulted in the transfer of such Partnership Units to the Trust) and (ii) the Market Price on the date the Partnership, or its designee, accepts such offer. The Partnership shall have the right to accept such offer until the Trustee has sold the Partnership Units held in the Trust pursuant to subsection (c)(iv). Upon such a sale to the Partnership, the interest of the Charitable Beneficiary in the Partnership Units sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Purported Record Transferee and any distributions held by the Trustee with respect to such Partnership Units shall thereupon be paid to the Charitable Beneficiary.

(vi) By written notice to the Trustee, the Partnership shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust such that the Partnership Units held in the Trust would not violate the restrictions set forth in subsection (b)(i) in the hands of such Charitable Beneficiary.

(d) Remedies For Breach. If the General Partner shall at any time determine in good faith that a Transfer or other event has taken place in violation of subsection (b) or that a Person intends to acquire, has attempted to acquire or may acquire beneficial ownership (determined

without reference to any rules of attribution) or Constructive Ownership of any Partnership Units of the Partnership in violation of subsection (b), the General Partner shall take such action as it deems advisable to refuse to give effect or to prevent such Transfer, including, but not limited to, causing the Partnership to redeem Partnership Units, refusing to give effect to such Transfer on the books of the Partnership or instituting proceedings to enjoin such Transfer; provided, however, that any Transfers (or, in the case of events other than a Transfer, ownership or Constructive Ownership) in violation of subsection (b)(i), shall automatically result in the transfer to a Trust as described in subsection (b)(ii).

(e) Notice of Restricted Transfer. Any Person who acquires or attempts to acquire or own Partnership Units in violation of subsection (b), or any Person who is a Purported Beneficial Transferee such that an automatic transfer to a Trust results under subsection (b)(ii), shall immediately give written notice to the Partnership of such event and shall provide to the Partnership such other information as the Partnership may request in order to determine the effect, if any, of such Transfer or attempted Transfer on such Person's compliance with subsection (b)(i).

(f) Owners Required To Provide Information. Prior to the Restriction Termination Date each Person who is a beneficial owner or Constructive Owner of Partnership Units and each Person who is holding Partnership Units for a beneficial owner or Constructive Owner shall provide to the Partnership such information that the Partnership may request, in good faith, in order to determine the Partnership's status as a partnership (as opposed to a corporation) or the General Partner's status as a REIT for federal income tax purposes.

(g) Remedies Not Limited. Nothing contained in this Exhibit J shall limit the authority of the General Partner to take such other action as it deems necessary or advisable to protect the Partnership and the interests of its Partners by preservation of the Partnership's status as a partnership (as opposed to a corporation) or the General Partner's status as a REIT for federal income tax purposes.

(h) Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Exhibit J, including any definition contained in subsection (a), the General Partner shall have the power to determine the application of the provisions of this Exhibit J with respect to any situation based on the facts known to it. In the event that a provision of this Exhibit J requires an action by the General Partner and Exhibit J fails to provide specific guidance with respect to such action, the General Partner shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Exhibit J. Absent a decision to the contrary by the General Partner (which the General Partner may make in its sole and absolute discretion), if a Person would have (but for the remedies set forth in subsection (b)) acquired Constructive Ownership of Partnership Units in violation of subsection (b)(i), such remedies (as applicable) shall apply first to the Partnership Units which, but for such remedies, would have been actually owned by such Person, and second to Partnership Units which, but for such remedies, would have been Constructively Owned (but not actually owned) by such Person, pro rata among the Persons who actually own such Partnership Units based upon the relative number of the Partnership Units held by each such Person.

AMB PROPERTY II, L.P.
FIRST AMENDMENT TO
ELEVENTH AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP

This First Amendment (this "Amendment") is made as of July 14, 2003 by AMB PROPERTY HOLDING CORPORATION, a Maryland corporation, as general partner (the "General Partner") of AMB PROPERTY II, L.P., a Delaware limited partnership (the "Partnership"), and as attorney-in fact for each of the limited partners of the Partnership (collectively, the "Limited Partners") for the purpose of amending the Eleventh Amended and Restated Agreement of Limited Partnership of the Partnership dated as of July 31, 2002 (the "Partnership Agreement"). All defined terms used herein but not defined herein have the meanings assigned to them in the Partnership Agreement.

WHEREAS, pursuant to Section 7.3D(ii) of the Partnership Agreement, the Partnership Agreement may be amended by the General Partner to reflect a reduction in Partnership Units in accordance with the Partnership Agreement; and

WHEREAS, on the date hereof, the Partnership has repurchased and redeemed 66,300 of the Partnership's 7.95% Series F Cumulative Redeemable Preferred Units (the "Series F Preferred Units") from Bailard, Biehl & Kaiser Technology Exchange Fund, LLC, a Delaware limited liability company (the "Series F Limited Partner") pursuant to the terms of a Preferred Unit Repurchase Agreement, entered into by and among the Partnership, the General Partner and the Series F Limited Partner; and

WHEREAS, pursuant to the authority granted to the General Partner under the Partnership Agreement, the General Partner desires to amend Exhibit A of this Agreement to reflect the reduction of outstanding Series F Preferred Units reflected on Exhibit A hereto; and

NOW THEREFORE, pursuant to Sections 2.4 and 7.3D of the Partnership Agreement, the General Partner, on its own behalf and as attorney-in-fact for the Limited Partners, hereby amends the Partnership Agreement as follows:

SECTION 1. Amendment of Exhibit A to the Partnership Agreement.

Exhibit A to the Partnership Agreement is deleted in its entirety and replaced with Exhibit A attached hereto.

SECTION 2. Miscellaneous.

2.1 Governing Law. This Amendment shall be construed under and governed by the internal laws of the State of Delaware without regard to its conflict of laws provisions.

SECTION 3. Partnership Agreement. The Partnership Agreement and this Amendment shall be read together and shall have the same effect as if the provisions of the Partnership Agreement and this Amendment were contained in one document. Any provisions of the

Partnership Agreement not amended by this Amendment shall remain in full force and effect as provided in the Partnership Agreement immediately prior to the date hereof.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be executed as of the date set forth above by their duly authorized representatives.

GENERAL PARTNER:

AMB PROPERTY HOLDING CORPORATION,
a Maryland corporation

By: /s/ Michael A. Coke

Michael A. Coke
Executive Vice President and
Chief Financial Officer

COMMON LIMITED PARTNER:

AMB PROPERTY, L.P., a Delaware
limited partnership

By: AMB Property Corporation,
its general partner

By: /s/ Michael A. Coke

Michael A. Coke
Executive Vice President and
Chief Financial Officer

GENERAL PARTNER OF COMMON LIMITED PARTNER:

AMB PROPERTY CORPORATION,
a Maryland corporation

By: /s/ Michael A. Coke

Michael A. Coke
Executive Vice President and
Chief Financial Officer

LIMITED PARTNERS:

By: AMB PROPERTY HOLDING CORPORATION,
a Maryland corporation, as
attorney-in-fact for each of the
Limited Partners

By: /s/ Michael A. Coke

Michael A. Coke
Executive Vice President and
Chief Financial Officer

EXHIBIT A

PARTNERS, CONTRIBUTIONS, AND PARTNERSHIP INTERESTS

I. COMMON UNITS

<TABLE>
<CAPTION>

Name of Partner	Contribution Date	Cash Contributions	Agreed Value of Contributed Property	Total Contributions	Partnership Units	Percentage Interest
<S>	<C>	<C>	<C>	<C>	<C>	<C>
GENERAL PARTNER:						
AMB Property Holding Corporation	11/26/97	--	$ 3,626,023	$ 3,626,023	172,668	.99725%
LIMITED PARTNERS:						
AMB Property, L.P.	11/26/97	--	$358,976,301	$358,976,301	17,094,110	98.72782%
	06/30/98	--	$ 1,161,489	$ 1,161,489	47,602	.27493%
		----------	----------	----------	----------	---
TOTAL COMMON UNITS		--	$363,763,813	$363,763,813	17,314,380	100.0000%
		----------	----------	----------	----------	---

</TABLE>

EXHIBIT A

PARTNERS, CONTRIBUTIONS, AND PARTNERSHIP INTERESTS

II. SERIES C PREFERRED UNITS

<TABLE>
<CAPTION>

Name of Partner	Contribution Date	Cash Contributions	Agreed Value of Contributed Property	Total Contributions	Series C Partnership Units	Percentage Interest
<S>	<C>	<C>	<C>	<C>	<C>	<C>
LIMITED PARTNER:						
Belcrest Realty Corporation	11/24/98	$ 24,000,000	--	$ 24,000,000	480,000	21.81818%
Belair Real Estate Corporation	11/24/98	$ 86,000,000	--	$ 86,000,000	1,720,000	78.18182%
Belcrest Realty Corporation	2/23/99	--	--	--	381,000	17.31818%
Belair Real Estate Corporation	2/23/99	--	--	--	(381,000)	(17.31818%)
Belcrest Realty Corporation	4/29/99	--	--	--	239,000	10.86364%
Belair Real Estate Corporation	4/29/99	--	--	--	(239,000)	(10.86364%)
Argosy Realty Corporation	7/9/99	--	--	--	32,506	1.47755%
Belmar Realty Corporation	7/9/99	--	--	--	32,506	1.47755%
Belport Realty Corporation	7/9/99	--	--	--	32,506	1.47755%
Belrieve Realty Corporation	7/9/99	--	--	--	32,506	1.47755%
Belair Real Estate Corporation	7/9/99	--	--	--	(130,024)	(5.91018%)
Belcrest Realty Corporation	7/28/99	--	--	--	300,000	13.63636%
Belair Real Estate Corporation	7/28/99	--	--	--	(300,000)	(13.63636%)
Belmar Realty Corporation	3/17/00	--	--	--	(32,506)	(1.47755%)
Belcrest Realty Corporation	3/17/00	--	--	--	(250,000)	(11.36364%)
Belair Real Estate Corporation	3/17/00	--	--	--	282,506	12.84118%
Belair Real Estate Corporation	12/19/00	--	--	--	32,506	1.47755%
Altavera Realty Corporation, formerly known as Belrieve Realty Corporation	12/19/00	--	--	--	(32,506)	(1.47755%)
Belport Realty Corporation	3/14/01	--	--	--	(32,506)	(1.47755%)
Belair Real Estate Corporation	3/14/01	--	--	--	32,506	1.47755%
Argosy Realty Corporation	12/5/01	--	--	--	(32,506)	(1.47755%)
Belair Real Estate Corporation	12/5/01	--	--	--	(1,017,494)	(46.24972%)
Belcrest Realty Corporation	12/5/01	--	--	--	(1,150,000)	(52.27272%)
TOTAL SERIES C PREFERRED UNITS		$110,000,000	--	$110,000,000	0	000.0000%

</TABLE>

III. SERIES D PREFERRED UNITS

<TABLE>
<CAPTION>

Name of Partner	Contribution Date	Cash Contributions	Agreed Value of Contributed Property	Total Contributions	Series D Partnership Units	Percentage Interest
<S>	<C>	<C>	<C>	<C>	<C>	<C>
LIMITED PARTNER:						
J.P. Morgan Mosaic Fund, LLC	5/5/99	$79,766,850	--	$ 79,766,850	1,595,337	100.0000%
J.P. Morgan Mosaic Fund, LLC	12/31/01	--	--	--	(1,595,337)	(100.0000%)
JPM Mosaic I REIT, Inc.	12/31/01	--	--	--	1,595,337	100.0000%
TOTAL SERIES D PREFERRED UNITS		$79,766,850	--	$ 79,766,850	1,595,337	100.0000%

</TABLE>

IV. SERIES E PREFERRED UNITS

<TABLE>
<CAPTION>

Name of Partner	Contribution Date	Cash Contributions	Agreed Value of Contributed Property	Total Contributions	Series E Partnership Units	Percentage Interest
<S>	<C>	<C>	<C>	<C>	<C>	<C>
LIMITED PARTNER:						
Fifth Third Equity Exchange Fund 1999, LLC	8/31/99	$11,022,000	--	$11,022,000	220,440	100.0000%
TOTAL SERIES E PREFERRED UNITS		$11,022,000	--	$11,022,000	220,440	100.0000%

</TABLE>

V. SERIES F PREFERRED UNITS

<TABLE>
<CAPTION>

Name of Partner	Contribution Date	Cash Contributions	Agreed Value of Contributed Property	Total Contributions	Series F Partnership Units	Percentage Interest
<S>	<C>	<C>	<C>	<C>	<C>	<C>
LIMITED PARTNER:						
Bailard, Biehl & Kaiser Technology Exchange Fund, LLC	3/22/00	$19,871,950	--	$19,871,950	397,439	100.0000%
Bailard, Biehl & Kaiser Technology Exchange Fund, LLC	7/31/02	($6,142,500)	--	($6,142,500)	(130,000)	(32.70942%)
Bailard, Biehl & Kaiser Technology Exchange Fund, LLC	7/14/03	($3,198,975)	--	($3,198,975)	(66,300)	(16.68181%)

TOTAL SERIES F PREFERRED UNITS		$10,530,475	--	$10,530,475	201,139
100.0000%					

VI. SERIES G PREFERRED UNITS

Partnership Name of Partner	Contribution Date	Cash Contributions	Agreed Value of Contributed Property	Total Contributions	Series G Units	Percentage Interest
LIMITED PARTNER:						
Bailard, Biehl & Kaiser Technology Exchange Fund, LLC	8/29/00	$1,000,000	--	$1,000,000	20,000	100.0000%
Bailard, Biehl & Kaiser Technology Exchange Fund, LLC	7/31/02	--	--	--	(20,000)	(100.0000%)
TOTAL SERIES G PREFERRED UNITS		$1,000,000	--	$1,000,000	0	000.0000%

VII. SERIES H PREFERRED UNITS

Name of Partner	Contribution Date	Cash Contributions	Agreed Value of Contributed Property	Total Contributions	Series H Partnership Units	Percentage Interest
LIMITED PARTNER:						
J.P. Morgan Mosaic Fund IV, LLC	9/1/00	$42,000,000	--	$42,000,000	840,000	100.0000%
J.P. Morgan Mosaic Fund IV, LLC	12/31/01	--	--	--	(840,000)	(100.0000%)
JPM Mosaic IV REIT, Inc.	12/31/01	--	--	--	840,000	100.0000%
TOTAL SERIES H PREFERRED UNITS		$42,000,000	--	$42,000,000	840,000	100.0000%

VIII. SERIES I PREFERRED UNITS

Name of Partner	Contribution Date	Cash Contributions	Agreed Value of Contributed Property	Total Contributions	Series I Partnership Units	Percentage Interest
LIMITED PARTNER:						
J.P. Morgan Chase Mosaic Fund V, LLC	3/21/01	$ 25,500,000	--	$ 25,500,000	510,000	100.0000%

J.P. Morgan Chase Mosaic Fund V, LLC (100.0000%)	12/31/01	--	--	--	(510,000)
JPM Mosaic V REIT, Inc. 100.0000%	12/31/01	--	--	--	510,000
TOTAL SERIES I PREFERRED UNITS 100.0000%		$ 25,500,000	--	$ 25,500,000	510,000
TOTAL ALL SERIES OF PREFERRED UNITS 100.0000%		$269,288,850	--	$269,288,850	3,055,777

</TABLE>

Exhibit 10.3

AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is made as of July 10, 2003, by and among AMB PROPERTY, L.P., a Delaware limited partnership (the "Borrower"), the BANKS listed on the signature pages hereof, JPMORGAN CHASE BANK, as Administrative Agent, BANK OF AMERICA, N.A., as Syndication Agent, and BANK ONE, N.A., COMMERZBANK, A.G., NEW YORK AND GRAND CAYMAN BRANCHES, and WACHOVIA BANK, as Documentation Agent

W I T N E S S E T H:

WHEREAS, the Borrower and the Banks have entered into the ended and Restated Credit Agreement, as of December 11, 2002 (the "Credit Agreement"); and

WHEREAS, the parties desire to modify the Credit Agreement upon the terms and conditions set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged the parties do hereby agree as follows:

1. Definitions. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

2. Alternate Currency Commitment. The reference in the definitions of "Alternate Currency Commitment" and "Alternate Currency Sublimit" to "$150,000,000" is hereby deleted and "$250,000,000" substituted therefore. In addition, each Bank's Alternate Currency Commitment shall be as set forth under the

name of such Bank on the signature pages hereof, rather than on the signature pages to the Credit Agreement.

3. Dollar Currency Commitment. The reference in the definitions of "Dollar Commitment" and "Dollar Sublimit" to "$350,000,000" is hereby deleted and "$250,000,000" substituted therefore. In addition, each Bank's Dollar Commitment shall be as set forth under the name of such Bank on the signature pages hereof, rather than on the signature pages to the Credit Agreement.

4. Effective Date. This Amendment shall become effective upon receipt by the Administrative Agent of counterparts hereof signed by the Borrower and the Banks (the date of such receipt being deemed the "Effective Date").

5. Representations and Warranties. Borrower hereby represents and warrants that as of the Effective Date, all the representations and warranties set forth in the Credit Agreement, as amended hereby (other than representations and warranties that expressly speak as of a different date), are true and complete in all material respects.

6. Entire Agreement. This Amendment constitutes the entire and final agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, understandings, undertakings, representations or warranties among the parties hereto with respect to the subject matter hereof except as set forth herein.

7. Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

8. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any of the parties hereto may execute this Amendment by signing any such counterpart.

9. Headings, Etc. Section or other headings contained in this Amendment are for reference purposes only and shall not in any way affect the meaning or interpretation of this Amendment.

10. No Further Modifications. Except as modified herein, all of the terms and conditions of the Credit Agreement, as modified hereby shall remain in full force and effect and, as modified hereby, the Borrower confirms and ratifies all of the terms, covenants and conditions of the Credit Agreement in all respects.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the

day and year first above written.

AMB PROPERTY, L.P., a Delaware limited partnership

By: AMB PROPERTY CORPORATION, a Maryland corporation and its sole general partner

By: /s/ Gayle P. Starr
Name: Gayle P. Starr
Title: SVP

4

JPMORGAN CHASE BANK, as Administrative Agent and a Bank

By: /s/ Susan M. Tate
Name: SUSAN M. TATE
Title: VICE PRESIDENT

Dollar Commitment: $6,700,000
Alternate Currency Commitment: $33,300,000

5

J.P. MORGAN EUROPE LIMITED, as Administrative Agent

By: /s/ N. Hall /s/ S. Gillies
Name: N. Hall S. Gillies
Title Associate Associate

By:
Name:
Title:

6

BANK OF AMERICA, N.A., as Syndication Agent and as a Bank

By: /s/ Frank H. Stumpf
Name: Frank H. Stumpf
Title: Principal

Dollar Commitment: $6,700,000
Alternate Currency Commitment: $33,300,000

7

J.P. MORGAN SECURITIES, INC. as Joint Lead Arranger and Joint Bookrunner

By: /s/ James M. Reilly
Name: James M. Reilly
Title: Vice President

8

BANC OF AMERICA SECURITIES LLC, as Joint Lead Arranger and Joint Bookrunner

By: /s/ Robert N. Allen
Name: Robert N. Allen
Title: Principal

9

BANK ONE, NA,

as Documentation Agent and as a Bank

By: /s/ Timothy J. Carew

Name: Timothy J. Carew
Title: Director, Capital Markets

Dollar Commitment: $9,000,000
Alternate Currency Commitment: $31,000,000

10

COMMERZBANK AG, NEW YORK AND GRAND
CAYMAN BRANCHES,
as Documentation Agent and as a Bank

By: /s/ E. Marcus Perry /s/ David Buettner

Name: E. Marcus Perry David Buettner
Title: Assistant Vice President Assistant Vice President

Dollar Commitment: $9,000,000
Alternate Currency Commitment: $31,000,000

11

WACHOVIA BANK, N.A.
as Documentation Agent and as a Bank

By: /s/ Cynthia A. Bean

Name: Cynthia A. Bean
Title: Vice President
Dollar Commitment: $9,000,000
Alternate Currency Commitment: $31,000,000

12

PNC BANK, NATIONAL ASSOCIATION,
as Managing Agent and as a Bank

By: /s/ Paul Jamiolkowski

Name: Paul Jamiolkowski
Title: Vice President

Dollar Commitment: $18,000,000
Alternate Currency Commitment: $18,000,000

13

THE BANK OF NOVA SCOTIA, ACTING THROUGH
ITS SAN FRANCISCO AGENCY,
as Managing Agent and as a Bank

By: /s/ Kate Pigott

Name: Kate Pigott
Title: Director

Dollar Commitment: $18,000,000
Alternate Currency Commitment: $18,000,000

14

WELLS FARGO BANK, N.A.,
as Managing Agent and as a Bank

By: /s/ Diana Giacomini

Name: Diana Giacomini
Title: Vice President

Dollar Commitment: $36,000,000
Alternate Currency Commitment: $0

15

KEYBANK NATIONAL ASSOCIATION,
as Co-Agent and as a Bank

By: /s/ Lowell Dwyer

Name: Lowell Dwyer
Title: VP

Dollar Commitment: $32,000,000
Alternate Currency Commitment: $0

16

SOUTHTRUST BANK,
as a Bank

By: /s/ Ann Peck

Name: Ann Peck
Title: Assistant Vice President

Dollar Commitment: $30,000,000
Alternate Currency Commitment: $0

17

UNION BANK OF CALIFORNIA, N.A.,
as a Bank

By: /s/ David B. Murphy

Name: David B. Murphy
Title: Senior Vice President

Dollar Commitment: $25,000,000
Alternate Currency Commitment: $0

18

ING CAPITAL LLC,
as a Bank

By: /s/ David A. Mazujian

Name: David A. Mazujian
Title: Managing Director and Group Head

Dollar Commitment: $10,000,000
Alternate Currency Commitment: $10,000,000

19

THE NORTHERN TRUST COMPANY,
as a Bank

By: /s/ Anne Hafer

Name: Anne Hafer
Title: SVP

Dollar Commitment: $10,000,000
Alternate Currency Commitment: $10,000,000

20

SOCIETE GENERALE,
as a Bank

By: /s/ Scott Gosslee

Name: Scott Gosslee
Title: Director

Dollar Commitment: $0
Alternate Currency Commitment: $20,000,000

ALLIED IRISH BANKS PLC,
as a Bank

By: /s/ Anthony O'Reilly

Name: Anthony O'Reilly
Title: Vice President

By: /s/ Hilary Patterson

Name: Hilary Patterson
Title: Vice President

Dollar Commitment: $10,600,000
Alternate Currency Commitment: $4,400,000

SUMITOMO MITSUI BANKING CORPORATION,
as a Bank

By: /s/ David A. Buck

Name: David A. Buck
Title: Senior Vice President

Dollar Commitment: $10,000,000
Alternate Currency Commitment: $10,000,000

CHANG HWA COMMERCIAL BANK, LTD.,
LOS ANGELES BRANCH
as a Bank

By: /s/ Jim Chen

Name: Jim Chen
Title: VP & General Manager

Dollar Commitment: $10,000,000
Alternate Currency Commitment: $0

CERTIFICATIONS

I, Hamid R. Moghadam, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of AMB Property Corporation;

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

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

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

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2003

By: /s/ HAMID R. MOGHADAM

Hamid R. Moghadam
Chairman of the Board and
Chief Executive Officer

I, W. Blake Baird, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of AMB Property Corporation;

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

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

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

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2003

By: /s/ W. BLAKE BAIRD

W. Blake Baird
President and Director

I, Michael A. Coke, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of AMB Property Corporation;

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

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

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

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2003

By: /s/ MICHAEL A. COKE

Michael A. Coke
Chief Financial Officer and
Executive Vice President

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER, PRESIDENT AND CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of AMB Property Corporation (the "Company"), hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2003 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: August 12, 2003

/s/ Hamid R. Moghadam

Hamid R. Moghadam
Chairman of the Board and
Chief Executive Officer

/s/ W. Blake Baird

W. Blake Baird
President and Director

/s/ Michael A. Coke

Michael A. Coke
Chief Financial Officer and
Executive Vice President

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.