

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-11
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

AMB PROPERTY CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS GOVERNING INSTRUMENTS)

505 MONTGOMERY STREET
SAN FRANCISCO, CALIFORNIA 94111
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)
(SUCCESSOR TO AMB INSTITUTIONAL REALTY ADVISORS, INC.)

S. DAVIS CARNIGLIA
MANAGING DIRECTOR,
CHIEF FINANCIAL OFFICER AND GENERAL COUNSEL
AMB PROPERTY CORPORATION
505 MONTGOMERY STREET
SAN FRANCISCO, CALIFORNIA 94111
(NAME AND ADDRESS OF AGENT FOR SERVICE)

COPIES TO:

<TABLE>		
<S>	<C>	
EDWARD SONNENSCHNEIN, JR., ESQ.	KENNETH M. DORAN, ESQ.	
J. SCOTT HODGKINS, ESQ.	GIBSON, DUNN & CRUTCHER LLP	
LATHAM & WATKINS	333 SOUTH GRAND AVENUE	
633 WEST FIFTH STREET	LOS ANGELES, CALIFORNIA 90071	
LOS ANGELES, CALIFORNIA 90071	(213) 229-7000	
(213) 485-1234		
</TABLE>		

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

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

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

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

CALCULATION OF REGISTRATION FEE

<TABLE>		
<S>	<C>	<C>
	PROPOSED MAXIMUM	AMOUNT OF
	AGGREGATE OFFERING	REGISTRATION FEE
TITLE OF SECURITIES BEING REGISTERED	PRICE(1)	
Common Stock, \$.01 par value per share.....	\$287,500,000	\$87,121
</TABLE>		

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) of the Securities Act of 1933.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL

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

EXPLANATORY NOTE

This registration statement contains two forms of prospectus: one to be used in connection with a United States and Canadian offering of the Company's shares of Common Stock (the "U.S. Prospectus") and one to be used in connection with a concurrent international offering of the shares of Common Stock (the "International Prospectus" and, together with the U.S. Prospectus, the "Prospectuses"). The International Prospectus will be identical to the U.S. Prospectus except that it will have a different front cover page. The alternate front cover page for the International Prospectus is included herein and has been labeled "Alternate Cover Page for International Prospectus."

CROSS REFERENCE SHEET

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FORM S-11 ITEM NO. AND HEADING	LOCATION OR HEADING IN PROSPECTUS
<C> <S>	<C>
1. Forepart of Registration Statement and Outside Front Cover Page of Prospectus.....	Outside Front Cover Page
2. Inside Front and Outside Back Cover Pages of Prospectus.....	Inside Front Cover Page; Outside Back Cover Page
3. Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges.....	Prospectus Summary; Risk Factors
4. Determination of Offering Price.....	Underwriting
5. Dilution.....	Dilution
6. Selling Security Holders.....	Not Applicable
7. Plan of Distribution.....	Underwriting
8. Use of Proceeds.....	Use of Proceeds
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10. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	Management's Discussion and Analysis of Financial Condition and Results of Operations
11. General Information as to Registrant.....	Prospectus Summary; Business and Properties; Management; Principal Stockholders; Certain Provisions of Maryland Law and of the Company's Articles of Incorporation and Bylaws
12. Policy with Respect to Certain Activities.....	Policies With Respect to Certain Activities
13. Investment Policies of Registrant.....	Policies With Respect to Certain Activities
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15. Operating Data.....	Business and Properties
16. Tax Treatment of Registrant and Its Security Holders.....	Certain Federal Income Tax Consequences
17. Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters.....	Risk Factors; Distributions; Principal Stockholders; Shares Available for Future Sale
18. Description of Registrant's Securities.....	Description of Capital Stock; Certain Provisions of Maryland Law and of the Company's Articles of Incorporation and Bylaws
19. Legal Proceedings.....	Business and Properties; Legal Proceedings

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<C> <S>	<C>
20. Security Ownership of Certain Beneficial Owners and Management.....	Principal Stockholders
21. Directors and Executive Officers.....	Management
22. Executive Compensation.....	Management
23. Certain Relationships and Related Transactions.....	Risk Factors; Business and Properties; Management; Certain Relationships and Related Transactions; Principal Stockholders

24. Selection, Management and Custody of Registrant's Investments.....	Risk Factors; Business and Properties; Policies With Respect to Certain Activities
25. Policies with Respect to Certain Transactions.....	Risk Factors; Business and Properties; Policies With Respect to Certain Activities; Management; Certain Relationships and Related Transactions; Principal Stockholders
26. Limitations of Liability.....	Management; Certain Provisions of Maryland Law and of the Company's Articles of Incorporation and Bylaws
27. Financial Statements and Information.....	Index to Financial Information
28. Interests of Named Experts and Counsel.....	Not Applicable
29. Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....	Not Applicable
30. Quantitative and Qualitative Disclosures About Market Risk.....	Risk Factors

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

PROSPECTUS (Subject to Completion)
 Issued , 1997

Shares

AMB Property Corporation
 COMMON STOCK

AMB PROPERTY CORPORATION (TOGETHER WITH ITS SUBSIDIARIES, THE "COMPANY") HAS BEEN FORMED TO CONTINUE AND GROW AMB INSTITUTIONAL REALTY ADVISORS, INC.'S NATIONAL INDUSTRIAL AND RETAIL PROPERTY BUSINESS. UPON CONSUMMATION OF THE OFFERING (AS DEFINED BELOW), THE COMPANY WILL BE ONE OF THE LARGEST PUBLICLY-TRADED REAL ESTATE COMPANIES IN THE UNITED STATES, WITH A NATIONWIDE PORTFOLIO OF 103 PROPERTIES COMPRISED OF 70 INDUSTRIAL PROPERTIES, PRINCIPALLY WAREHOUSE DISTRIBUTION PROPERTIES, AGGREGATING APPROXIMATELY 34.4 MILLION RENTABLE SQUARE FEET, AND 33 RETAIL PROPERTIES, PRINCIPALLY GROCER-ANCHORED COMMUNITY SHOPPING CENTERS, AGGREGATING APPROXIMATELY 6.4 MILLION RENTABLE SQUARE FEET. THE COMPANY IS A SELF-ADMINISTERED REAL ESTATE COMPANY AND EXPECTS TO QUALIFY AS A REAL ESTATE INVESTMENT TRUST ("REIT") FOR FEDERAL INCOME TAX PURPOSES.

OF THE SHARES OF COMMON STOCK, \$.01 PAR VALUE PER SHARE (THE "COMMON STOCK"), OF THE COMPANY OFFERED HEREBY (THE "OFFERING"), ARE BEING OFFERED INITIALLY IN THE UNITED STATES AND CANADA BY THE U.S. UNDERWRITERS AND ARE BEING OFFERED INITIALLY OUTSIDE THE UNITED STATES AND CANADA BY THE INTERNATIONAL UNDERWRITERS. ALL OF THE SHARES OF COMMON STOCK OFFERED HEREBY ARE BEING SOLD BY THE COMPANY AND WILL REPRESENT APPROXIMATELY % OF THE COMPANY'S OUTSTANDING COMMON EQUITY. THE REMAINING COMMON EQUITY (OR INTERESTS EXCHANGEABLE FOR COMMON EQUITY) IN THE COMPANY WILL BE BENEFICIALLY OWNED % BY THE COMPANY'S OFFICERS AND DIRECTORS AND % BY THE COMPANY'S OTHER EXISTING STOCKHOLDERS EXCLUDING SHARES TO BE PURCHASED IN THE OFFERING. SEE "UNDERWRITING."

PRIOR TO THE OFFERING, THERE HAS BEEN NO PUBLIC MARKET FOR THE COMMON STOCK. IT IS CURRENTLY ESTIMATED THAT THE INITIAL PUBLIC OFFERING PRICE PER SHARE WILL BE BETWEEN \$ AND \$. SEE "UNDERWRITING" FOR A DISCUSSION OF THE FACTORS CONSIDERED IN DETERMINING THE INITIAL PUBLIC OFFERING PRICE. APPLICATION HAS BEEN MADE TO LIST THE COMMON STOCK ON THE NEW YORK STOCK EXCHANGE UNDER THE SYMBOL "AMB."

SEE "RISK FACTORS" BEGINNING ON PAGE 14 HEREIN FOR CERTAIN FACTORS RELEVANT TO AN INVESTMENT IN THE SHARES OF COMMON STOCK, INCLUDING:

- - The possibility that the consideration paid by the Company for the properties and other assets contributed to the Company in its formation may exceed their fair market value, and the fact there were no arm's-length negotiations or third-party appraisals of such properties in connection with the Company's formation.
- - Conflicts of interest with, and material benefits to, affiliates of the Company, including certain officers and directors, in connection with the Company's formation and the operation of its ongoing businesses.

- - Taxation of the Company as a corporation if it fails to qualify as a REIT for Federal income tax purposes and the resulting decrease in cash available for distribution.
- - REIT distribution requirements may limit the Company's ability to finance future acquisitions, expansions and developments without additional debt or equity financing necessary to achieve the Company's business plan, which in turn may adversely affect the price of the Common Stock.
- - The ability of the Board of Directors to change the Company's growth and investment strategy, financing and certain other policies without a vote of the Company's stockholders.
- - Real estate investment and property management risks, such as the need to renew leases or relet space upon lease expirations, the potential instability of cash flows and changes in the value of the Company's properties due to economic and other conditions.
- - The possible anti-takeover effect of the Company's ability to limit the ownership of shares of Common Stock to 9.8% of the outstanding shares and of certain other provisions in the organizational documents of the Company and the Operating Partnership which could have the effect of delaying, deferring or preventing a transaction or change in control of the Company.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICE \$ A SHARE

<TABLE>
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	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO COMPANY (2)
<S>	<C>	<C>	<C>
Per Share.....	\$	\$	\$
Total(3).....	\$	\$	\$

</TABLE>

- (1) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.
- (2) Before deducting expenses payable by the Company estimated at \$ million.
- (3) The Company has granted to the U.S. Underwriters an option, exercisable within 30 days of the date hereof, to purchase up to an aggregate of additional shares of Common Stock at the price to public less underwriting discounts and commissions for the purpose of covering over-allotments, if any. If the U.S. Underwriters exercise such option in full, the total price to public, underwriting discounts and commissions and proceeds to Company will be \$, \$ and \$, respectively. See "Underwriting."

The shares of Common Stock are offered, subject to prior sale, when, as, and if accepted by the Underwriters named herein, and subject to approval of certain legal matters by Gibson, Dunn & Crutcher LLP, counsel for the Underwriters. It is expected that delivery of the shares of Common Stock will be made on or about , 1997, at the offices of Morgan Stanley & Co. Incorporated, New York, N.Y., against payment therefor in immediately available funds.
Morgan Stanley Dean Witter
BT Alex. Brown

Lehman Brothers

Montgomery Securities

Smith Barney Inc.

, 1997

[INSERT MAPS, PHOTOS, ETC.]

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE SHARES OF COMMON STOCK. SPECIFICALLY, THE UNDERWRITERS MAY OVER-ALLOT IN CONNECTION WITH THE OFFERING, AND MAY BID FOR, AND PURCHASE SHARES OF COMMON STOCK IN THE OPEN MARKET. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

No dealer, salesperson or other person has been authorized to give any

information or to make any representations other than those contained or incorporated herein by reference in this Prospectus in connection with the offer made by this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or the Underwriters. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the shares of Common Stock offered hereby, nor does it constitute an offer to sell or a solicitation of any offer to buy the shares of Common Stock by anyone in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof.

Until _____, 1997 (25 days after the commencement of the Offering), all dealers effecting transactions in the Common Stock, whether or not participating in this distribution, may be required to deliver a Prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a Prospectus when acting as Underwriters and with respect to unsold allotments or subscriptions.

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AMB and its logo are registered service marks of the Company. All other trademarks and service marks appearing in this Prospectus are the property of their respective holders.

Certain statements contained under "Prospectus Summary," "Risk Factors," "The Company," "Focus on Industrial Properties and Community Shopping Centers,"

"Business and Operating Strategies," "Strategies for Growth," "Distributions," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business and Properties" including, without limitation, those concerning the Company's strategy and its growth plans, contain certain forward-looking statements concerning the Company's operations, economic performance and financial condition. Because such statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause such differences include, but are not limited to, those discussed under "Risk Factors."

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial data, including the financial statements and notes thereto, set forth elsewhere in this Prospectus. Unless otherwise indicated, all calculations and information contained in this Prospectus assume (i) an initial public offering price of \$ _____ per share (representing the midpoint of the range set forth on the cover page of this Prospectus), (ii) the Underwriters' over-allotment option will not be exercised and (iii) the consummation of the Formation Transactions described under the heading "Formation and Structure of the Company." Unless the context otherwise requires, (i) the "Company" shall include AMB Property Corporation, a to-be-formed Maryland corporation and successor to AMB and its subsidiaries, including AMB Property, L.P., a Delaware limited partnership (the "Operating Partnership"), AMB Institutional Realty Advisors, Inc., a Maryland corporation (the "Investment Management Subsidiary"), and with respect to the period prior to the Offering, the AMB Predecessors, (ii) the "AMB Predecessors" shall mean, collectively, AMB Institutional Realty Advisors, Inc., a California corporation (including its predecessor entities, "AMB"), certain real estate investment funds, trusts, corporations and partnerships that prior to the Formation Transactions owned the Properties, as identified in "Note 1. Organization and Basis of Presentation" to the historical combined financial statements of the AMB Contributed Properties, including AMB Current Income Fund, Inc. ("CIF"), AMB Value Added Fund, Inc. ("VAF"), AMB Western Properties Fund-I ("WPF") and certain individual account investors of AMB (the "Individual Account Investors") and (iii) the "Continuing Investors" shall mean the persons and entities which beneficially own interests in the AMB Predecessors or in the Properties which will receive shares of Common Stock, or limited partnership interests ("Units") in the Operating Partnership, in exchange for those interests in connection with the Formation Transactions, including three institutional accredited investors which have irrevocably committed to acquire the interests of such persons or entities in the Formation Transactions. See "Formation and Structure of the Company." Additional capitalized terms shall have the meanings set forth herein and in the Glossary beginning on page _____.

THE COMPANY

Upon consummation of the Offering, AMB Property Corporation will be one of the largest publicly-traded real estate companies in the United States. The Company has been formed to continue and grow AMB's business of acquiring and operating industrial properties and community shopping centers in target markets nationwide. AMB was founded in 1983 by Douglas D. Abbey, Hamid R. Moghadam and T. Robert Burke, and in 14 years has grown to become a leading real estate investment manager with \$2.6 billion under management for over 70 well-recognized institutional investors. Since its inception, AMB has acquired on behalf of its clients over 160 properties representing an aggregate investment of approximately \$3 billion and encompassing over 57 million rentable square feet.

The Company is led by Mr. Moghadam, its Chief Executive Officer. Messrs. Abbey and Burke also play active roles in the Company's operations as the Chairman of its Investment Committee and the Chairman of its Board of Directors, respectively. The Company's 10 Executive Officers have an average of 22 years of experience in the real estate industry and have worked together for an average of nine years building the AMB real estate business. The Company employs 104 individuals, 88 of whom are located at its San Francisco headquarters and 16 of whom are located in its Boston office. Upon consummation of the Offering, the Company's employees will own approximately _____ % of the Common Stock, including interests exchangeable into shares of Common Stock. See "Management" and "Principal Stockholders."

In August 1997, AMB presented a proposal to each of its over 70 institutional clients and fund investors offering them, in connection with the Formation Transactions, an opportunity to either (i) contribute or exchange their assets or interests in certain private funds managed and sponsored by AMB in exchange for equity interests in the Company or the Operating Partnership, (ii) retain their existing direct real estate format and have the Company continue to manage their investments through the Company's Investment Management Subsidiary or (iii) terminate their relationships with AMB. In response to this proposal, substantially all of such institutional investors chose to become stockholders in the Company (or unitholders in the Company's Operating Partnership), or to continue their real estate investment through the Investment

PROPERTIES

Upon consummation of the Offering, the Company will own 103 properties, including the "Pending Acquisitions," comprised of 70 Industrial Properties and 33 Retail Properties located in 24 markets throughout the United States. As of June 30, 1997, the Industrial Properties (representing 306 buildings), excluding the Pending Acquisitions, principally warehouse distribution properties, encompassed approximately 30.4 million rentable square feet and were 94.2% leased to over 700 tenants. The Retail Properties, principally grocer-anchored community shopping centers, encompassed approximately 5.5 million rentable square feet and, as of the same date, were 93.0% leased to over 600 tenants. See "Business and Properties." The following table sets forth certain summary information with respect to the Properties, excluding the Pending Acquisitions, as of June 30, 1997. See "-- Pending Acquisitions."

INDUSTRIAL AND RETAIL PROPERTIES BY REGION

<TABLE>
<CAPTION>

		INDUSTRIAL PROPERTIES				RETAIL PROPERTIES			TOTAL	
		RENTABLE				NUMBER	RENTABLE		TOTAL	
RENTABLE	% OF	NUMBER OF	NUMBER OF	SQUARE	% OF	OF	SQUARE	% OF	NUMBER OF	SQUARE
FEET	REGION	PROPERTIES	BUILDINGS	FEET	TOTAL	CENTERS	FEET	TOTAL	PROPERTIES	FEET
	TOTAL									
<S>		<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>										
Western.....		24	128	10,690,015	35.1%	15	2,192,446	39.9%	39	
12,882,461	35.9%									
Southern.....		15	78	7,610,919	25.0	9	1,400,718	25.5	24	
9,011,637	25.1									
Midwestern.....		16	80	9,790,994	32.2	4	710,523	13.0	20	
10,501,517	29.2									
Eastern.....		6	20	2,327,351	7.7	3	1,184,462	21.6	9	
3,511,813	9.8									
		--	---	-----	-----	--	-----	-----	--	----
Total.....		61	306	30,419,279	100.0%	31	5,488,149	100.0%	92	
35,907,428	100.0%									
		==	===	=====	=====	==	=====	=====	==	

</TABLE>

BUSINESS AND OPERATING STRATEGIES

The Company focuses its investment activities in hub distribution markets and retail trade areas throughout the U.S. where opportunities exist to acquire and develop additional properties on an advantageous basis. The Company believes that the industrial property sector is well-positioned to benefit from strong market fundamentals and growth in international trade and that the retail property sector will benefit from limited new construction in in-fill locations and from projected growth in personal income and retail sales levels. The Company seeks to capitalize on these current conditions in the industrial and retail property sectors by implementing the following business and operating strategies:

- National Property Company. The Company believes that its national strategy enables it to increase or decrease investments in certain regions to take advantage of the relative strengths and attractive investment opportunities in different real estate markets. Through its presence in markets throughout the U.S., the Company has developed expertise in leasing, expense management, tenant retention strategies and property design and configuration.
- Two Complementary Property Types. Management believes that its dual property strategy provides significant opportunities to allocate capital and organizational resources, and offers the Company an optimal combination of growth, strong current income and stability through market cycles.
- Select Market Focus. The Company focuses on acquiring, redeveloping and operating properties in "in-fill" locations which are characterized by limited new construction opportunities. As the strength of these markets continues to grow and the demand for well-located properties increases, the Company believes that it will benefit from an upward pressure on rents resulting from the increased demand combined with the relative lack of new available space.

- Research-Driven Market Selection. The Company's decisions regarding the deployment of capital are experience- and research-driven, with investments based on thorough qualitative and quantitative research and analysis of local markets. The Company employs a dedicated research department using proprietary methodology and systems.
- Property Management. The Company actively manages its Properties through its experienced staff of regional managers, each of whom makes all major business decisions regarding the Properties. The Company typically outsources property management to a select group of third-party local managers

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with whom the Company has established strong relationships. Management believes that by utilizing third-party property managers, the Company is better able to service its customers and more efficiently manage its costs.

- Disciplined Investment Process. The Company has established a disciplined approach to the investment process through operating divisions that are subject to the overall policy direction of its Investment Committee. AMB has also established efficient and effective proprietary systems and procedures to manage and track a high volume of acquisition proposals and transactions.
- Renovation, Expansion and Development. Management believes that renovation and expansion of value added properties and development of well-located, high-quality industrial properties and community shopping centers will continue to provide the Company with attractive opportunities for increased cash flow and a higher risk-adjusted rate of return than may be obtained from the purchase of stabilized properties.
- Financing Strategy. The Company intends to operate with a Debt-to-Total Market Capitalization Ratio generally of less than 45% and plans to structure its balance sheet in order to obtain an investment grade rating on its senior unsecured debt. Upon consummation of the Offering, the Company's Debt-to-Total Market Capitalization Ratio will be approximately %. The Company expects to obtain a \$300 million unsecured credit facility which the Company expects to use for acquisitions and for general corporate purposes.

STRATEGIES FOR GROWTH

The Company intends to achieve its growth objectives of long-term sustainable growth in Funds from Operations ("FFO") per share and maximization of long-term stockholder value, principally through the following:

Growth Through Operations. The Company intends to improve operating margins by taking advantage of the economies of owning, operating and growing a large-scale national portfolio. In the first six months of 1997, the Company increased average contractual or base rental rates by 11.0% on 172 new and renewing leases totaling 3.1 million rentable square feet (representing 8.6% of the Properties' aggregate square footage). During 1998, leases encompassing an aggregate of 7.1 million rentable square feet (19.8% of the Company's aggregate rentable square footage) are subject to contractual rent increases resulting in an average rent increase per rentable square foot of \$0.74, or 5.8%. Management believes that it will have an opportunity to increase the average rental rate on expiring leases during 1998 covering an aggregate of 5.3 million rentable square feet.

Growth Through Acquisitions. Management believes its significant acquisition experience and its extensive network of property acquisition sources will continue to provide opportunities for external growth. Since 1983, AMB's management team has invested over \$3 billion on behalf of its clients in over 160 properties, 75 of which (totaling over \$1.4 billion) were acquired during the three years ended June 30, 1997. In 1996, AMB acquired on behalf of its clients 28 properties totaling \$585 million in aggregate investment encompassing over 10 million rentable square feet, and in the nine-month period ended September 30, 1997, it acquired properties encompassing million rentable square feet, totaling \$ million in aggregate investment. The Company believes this pace of acquisitions makes it one of the most active buyers of industrial properties and community shopping centers in the country.

Management believes that there is a growing trend among large private institutional holders of real estate assets to shift a portion of their direct investments in real estate assets to more liquid securities such as common stock and units in publicly-traded REITs. The Company believes its relationships with leading pension funds and other institutional investors will provide an important source of acquisition opportunities.

Growth Through Renovation, Expansion and Development. Management believes it has market expertise and access to identify and acquire value added properties and, on a selective basis, develop new properties. The Company has developed the in-house expertise to create value through acquiring and managing

value added properties and believes its national market presence and experience will enable it to generate and capitalize on such opportunities.

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INVESTMENT MANAGEMENT SUBSIDIARY

In connection with the Formation Transactions, the Company intends to form the Investment Management Subsidiary to enable the Company to continue providing real estate investment management services on a fee basis to certain of AMB's existing clients who are not participating in the Formation Transactions and to facilitate takeover opportunities and the Company's co-investment program. Upon completion of the Offering, the Investment Management Subsidiary expects to manage approximately \$ million of real estate investments for existing institutional clients of AMB, including industrial properties encompassing million rentable square feet, retail properties encompassing million rentable square feet and other property types (managed as part of "takeover" portfolios, where AMB assumed the management and disposition responsibilities of properties previously managed by others) encompassing million rentable square feet.

The Company intends to grow the operations of the Investment Management Subsidiary exclusively through its co-investment program and by taking over the management of portfolios owned by others. The purposes of the co-investment program will be to generate incremental revenues for the Company by leveraging AMB's successful track record and established relationships with institutional investors who currently prefer a private market format. See "Business and Operating Strategies -- Investment Management Subsidiary." The continuation of the investment management business will provide certain other benefits such as:

- Enhanced returns on equity investments acquired on a co-investment basis as a result of earning acquisition, asset management and incentive fees.
- Economies of scale and operational synergies resulting from the expansion of the Company's portfolio.
- An additional source of private equity financing.
- The ability to share the risks associated with development and value added projects with co-investment partners.
- A potential source of acquisition opportunities from co-investment partners who wish to contribute their property interests to the Company.

In order to comply with Federal tax requirements for REIT status, the Company will own 100% of the non-voting preferred stock of the Investment Management Subsidiary (representing 95% of its economic interest). All of the outstanding voting common stock of the Investment Management Subsidiary (representing 5% of its economic interest) will be owned by the Executive Officers. The co-investment program will also be subject to the requirements of ERISA with respect to pension plan investors which are subject to ERISA.

The Company is self-administered and expects to qualify as a REIT for Federal income tax purposes beginning with the year ending December 31, 1997. The principal executive offices of the Company and the Operating Partnership are located at 505 Montgomery Street, San Francisco, California 94111, and their telephone number is (415) 394-9000.

ADVANTAGES OF CONVERSION TO A PUBLIC REIT

The Company believes that it can maximize long-term value in a public REIT operating structure by continuing the successful investment strategies developed and refined by the AMB management team during the past 14 years. Given the successful history of its predecessor as an institutional investment manager, the Company believes that as a public REIT, it will be well-positioned to capitalize on opportunities presented by the continuing consolidation in the real estate market and the shift from private to public ownership. The following is an overview of certain advantages the Company expects to achieve in a public REIT operating structure:

- Broader Access to Growth Capital. The Company expects its borrowing costs of public debt to be lower than rates generally available to it in the private market and on more flexible terms. Access to public debt and equity capital is also expected to provide the Company greater flexibility in responding to time-sensitive or unique investment opportunities.

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- Benefits of a National Presence. With a large portfolio under single ownership, the Company will have greater flexibility to respond to space planning needs of national tenants and develop a stronger franchise and brand image.
- Operational Efficiencies. The Company believes that it will enjoy

economies of scale and operational synergies by spreading overhead costs over a single large portfolio.

- Established Institutional Relationships. Management believes that as the shift from private to public ownership of real estate continues, the Company will benefit from its long-standing relationships with large institutional owners of real estate and that it will benefit from acquisition opportunities as many of these institutions exchange their holdings for shares in publicly-traded companies. The Company will actively maintain its strong contacts in the private institutional investor market in order to attract these opportunities.
- Tax-Efficient Acquisition Vehicle. The Company's ability to purchase properties in exchange for Units in the Operating Partnership provides greater access to attractive portfolio investment opportunities by allowing developers and owners to contribute their properties to the Company (through the Operating Partnership) on a tax-deferred basis.

RISK FACTORS

An investment in the Common Stock involves various material risks. Prospective investors should carefully consider the following risk factors, in addition to the other information set forth in this Prospectus, before making an investment decision regarding the shares of Common Stock offered hereby. Each of these matters could have adverse consequences to the Company. Such risks include, among others:

- the absence of arm's-length negotiations and third-party appraisals with respect to the Properties and other assets, including AMB, contributed to the Company in its formation, such that the consideration paid by the Company for such assets may exceed their fair market value and that the market value of the shares of Common Stock may exceed the stockholders' proportionate share of the aggregate fair market value of such assets;
- conflicts of interest in connection with the Company's formation and operation including (i) the influence of certain directors, officers and significant stockholders on the management and operation of the Company, and as stockholders, on the outcome of matters submitted to a vote of the stockholders, (ii) the potential failure to enforce the terms of agreements relating to the Formation Transactions and (iii) the continued involvement in other real estate activities and investments by the directors or Executive Officers of the Company;
- possible conflicts of interest imposed by the fiduciary obligations of the Company to the limited partners of the Operating Partnership, in its capacity as the general partner of the Operating Partnership, the requirement for the limited partners to approve certain amendments affecting their rights and the ability of the limited partners to approve certain transactions that affect all stockholders of the Company;
- taxation of the Company as a corporation if it fails to qualify as a REIT for Federal income tax purposes, the Company's liability for certain Federal, state and local income taxes in such event, and the resulting decrease in cash available for distribution;
- the distribution requirements of REITs which may limit the Company's ability to finance future acquisitions, expansions and development without additional debt or equity financing necessary to achieve the Company's business plan, which in turn may adversely affect the price of the Common Stock, and risks associated with the Company's reliance on external sources of capital;
- the ability of the Board of Directors to change the Company's growth and investment strategy and its financing, distribution and operating policies without a vote of the Company's stockholders;
- the need to renew leases or re-lease space upon lease expirations and to pay renovation and re-leasing costs in connection therewith, the effect of economic and other conditions on property cash flows and

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values, the ability of tenants to make lease payments, the ability of a property to generate revenue sufficient to meet operating expenses (including future debt service), and the illiquidity of real estate investments;

- the possible anti-takeover effect of the Company's ability to limit the actual or constructive ownership of shares of Common Stock to 9.8% of the outstanding shares of Common Stock, and of certain other provisions contained in the organizational documents of the Company and the Operating Partnership, which could have the effect of delaying, deferring or preventing a transaction or change in control of the Company that might involve a premium price for the shares of Common Stock or otherwise would be in the best interests of the Company's stockholders;

- risks associated with the Company's acquisition activities, including the risk that the investments will fail to perform in accordance with the Company's expectations, inaccurate estimates of costs of improvements to bring an acquired property up to standards, competition for attractive investment opportunities and other general risks associated with any real estate investment;
- risks associated with the Company's acquisition and development activities, including the risk that financing may not be available on favorable terms, delays due to the inability to obtain necessary permits or authorizations and the need for a substantial portion of management's time and attention;
- risks of uninsured loss or a loss in excess of insured limits relating to certain activities, including fire, rental loss and seismic activity;
- risks involved in the Company's property ownership through partnerships and joint ventures, including the risk that a co-venturer of the Company or another partner in a partnership may (i) become bankrupt while the Company and any other remaining partners or joint venturers remain liable for the liabilities of such partnerships or joint ventures, (ii) have economic interests inconsistent with those of the Company or (iii) sell its interest at a disadvantageous time or on disadvantageous terms;
- the inability to refinance outstanding indebtedness upon maturity or refinance such indebtedness on favorable terms, the risks of rising interest rates in connection with its unsecured line of credit and other variable-rate borrowings and the ability of the Company to incur more debt without stockholder approval, thereby increasing its debt service obligations, which could adversely affect the Company's cash flow;
- dependence on key personnel;
- potential liability of the Company for contingent or unknown liabilities assumed by the Company as the surviving entity in the Formation Transactions;
- fees earned by the Investment Management Subsidiary will be dependent upon various factors including the ability to attract and retain investment management clients and the overall returns achieved on managed assets;
- potential liability of the Company for environmental matters and the costs of compliance with certain government regulations;
- potential increase in real estate taxes resulting from possible reassessment of certain Properties by local real property tax assessors as a result of the Formation Transactions and the transfer of interests in connection therewith; and
- absence of a prior public market for the shares of Common Stock and no assurance that a public market will develop or be sustained, and potential adverse effects on the value of the shares of Common Stock from fluctuations in equity markets or rising market interest rates, which may negatively impact the price at which shares of Common Stock may be resold and which may limit the Company's ability to raise additional equity to finance future development.

FINANCING POLICIES

The Company's financing policies and objectives are determined by the Board of Directors and may be altered without the consent of the Company's stockholders. The Company's organizational documents do not limit the amount of indebtedness that it may incur. The Company presently intends to limit its Debt-to-Total Market Capitalization Ratio to approximately 45%. As of June 30, 1997, on a pro forma basis after giving effect to the Formation Transactions and Offering and the application of the net proceeds therefrom as described in "Use of Proceeds," the Company's Debt-to-Total Market Capitalization Ratio was approximately % (approximately % if the Underwriters' over-allotment option is exercised in full). The Company believes that the Debt-to-Total Market Capitalization Ratio is a useful indicator of a company's ability to incur indebtedness and has gained acceptance as an indicator of leverage for real estate companies. The Company intends to utilize one or more sources of capital for future acquisitions, development and capital improvements, which may include undistributed cash flow, borrowings under the Credit Facility (as defined below), issuance of debt or equity securities, funds from its co-investment partners and other bank and/or institutional borrowings. There can be no assurance, however, that the Company will be able to obtain capital for any such acquisitions, developments or improvements on terms favorable to the Company. See "Strategies For Growth," "Risk Factors -- Debt Financing" and "Business and Properties -- Debt Financing."

The Company expects to obtain a \$300 million credit facility, which is expected to be used principally for acquisitions and for working capital purposes. See "Business and Properties -- Debt Financing -- Unsecured Debt." Certain of the Properties secure indebtedness with an aggregate principal amount outstanding at June 30, 1997 on a historical combined basis of \$502 million. See "Business and Properties -- Debt Financing -- Secured Debt" and "-- Mortgage Debt."

FORMATION AND STRUCTURE OF THE COMPANY

The Company and the Operating Partnership will be formed shortly before consummation of the Offering. The Investment Management Subsidiary will be formed to succeed to AMB's investment management business. Concurrently with the consummation of the Offering, the Company, the Operating Partnership and the Investment Management Subsidiary will engage in certain transactions (the "Formation Transactions") designed to enable the Company to continue and grow the real estate operations of the AMB Predecessors, to facilitate the Offering, to enable the Company to qualify as a REIT for Federal income tax purposes commencing with its taxable year ending December 31, 1997 and to preserve certain tax advantages for the existing owners of the Properties.

The Formation Transactions include the following:

- (i) CIF, VAF and the Company's predecessor, AMB, will effect a series of mergers pursuant to which such entities will merge into the Company, with the institutional stockholders of CIF and VAF and the current stockholders of AMB receiving shares of Common Stock or, in the case of CIF stockholders and VAF stockholders, to a limited extent, cash; (ii) the limited partnership interests in WPF (the "WPF Interests") will be contributed to the Company in exchange for shares of Common Stock, or, to a limited extent, cash; (iii) the real property interests of the Individual Account Investors will be contributed to either the Company in exchange for shares of Common Stock or to the Operating Partnership in exchange for Units, or, to a limited extent, cash; (iv) the interests of certain current owners of joint venture interests in the Properties will be contributed to the Operating Partnership in exchange for Units; (v) the Company will contribute substantially all of its assets, subject to its liabilities, to the Operating Partnership, in exchange for the general partnership interest therein; and (vi) the Operating Partnership and the Executive Officers will contribute certain assets and cash to the Investment Management Subsidiary in exchange for its stock.
- The Company will sell shares of Common Stock in the Offering.
- The Company will contribute the Properties and the net proceeds of the Offering to the Operating Partnership in exchange for a % interest therein represented by a number of units of general partnership interest ("GP Units") equal to the total number of shares of Common Stock to be outstanding after the Offering.

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- The Executive Officers, during the second year following the Offering, may receive a profits interest in the Operating Partnership in the form of units ("Performance Units"), depending on the trading price of and dividends on the shares of Common Stock. The issuance of any Performance Units is subject to a share escrow arrangement with certain Continuing Investors and will not dilute the interests of purchasers of Common Stock in the Offering. The maximum number of Performance Units which may be issued is expected to be .
- Cash in an amount equal to the net working capital balances of the AMB Predecessors as of the consummation of the Formation Transactions will be distributed to the investors in the AMB Predecessors approximately 60 days thereafter.

All persons and entities receiving shares of Common Stock or Units in the Formation Transactions (i.e., the Continuing Investors), and all persons who may receive Performance Units are "accredited investors" as defined in Regulation D under the Securities Act. The irrevocable consent of each of the Continuing Investors to the Formation Transactions was received before September 18, 1997 pursuant to a private solicitation thereof in compliance with Regulation D.

Following the consummation of the Offering, (i) the Operating Partnership will directly or indirectly own interests in all of the Properties and (ii) all of the outstanding shares of Common Stock will be owned by the purchasers of the Common Stock in the Offering and the Continuing Investors. As a consequence of the Formation Transactions, the Company will be the general partner of, and will own % of the ownership interests in, the Operating Partnership. The remaining % ownership interest in the Operating Partnership will be owned by Individual Account Investors that elected to receive Units in lieu of shares of Common Stock and certain owners of joint venture interests in the Properties which have agreed to contribute their interests in the joint ventures to the Operating Partnership in the Formation Transactions.

BENEFITS OF THE FORMATION TRANSACTIONS AND THE OFFERING TO THE EXECUTIVE OFFICERS AND AFFILIATES OF THE COMPANY

Certain Executive Officers and affiliates of the Company will realize certain material benefits in connection with the Formation Transactions,

including the following:

- The current stockholders of AMB, who are comprised entirely of the Executive Officers and certain of their affiliated trusts, will be the beneficial owners of an aggregate of _____ shares of Common Stock, with a total value of \$ _____ million (based on the assumed initial public offering price of \$ _____ per share). Such shares will be issued in exchange for the shares of AMB in the Formation Transactions. The aggregate net book value of such shares of AMB common stock as of June 30, 1997, was approximately \$3.7 million. The Company does not believe that the net book value of such shares of AMB common stock (which reflects the historical cost of such interests and assets of AMB and does not reflect the value of its client base, management portfolio business systems or employees) is equivalent to the fair market value of such shares, but the fair market value of such shares may vary from the value of the shares of Common Stock issued in exchange therefor.
- The Executive Officers, in their capacity as limited partners of the Operating Partnership, may become the beneficial owners of up to _____ Performance Units during the second year following the Offering. Such Performance Units will be issued depending on the trading price of and dividends on the shares of Common Stock as of each Measurement Date and will be similar to Units in many respects. Any issuance of these Performance Units will not dilute the interests of the purchasers of Common Stock in the Offering. See "Formation and Structure of the Company -- Escrows of Shares; Performance Units and Performance Shares."
- The Continuing Investors will realize an immediate accretion in the net tangible book value of their investment in the Company of \$ _____ per share, representing an aggregate accretion amount of \$ _____.
- The former AMB stockholders will serve as the Executive Officers of the Company, will enter into employment agreements with the Company and will participate in the Stock Incentive Plan, including

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receiving grants of options to purchase an aggregate of _____ shares of Common Stock at the initial offering price, all as set forth under "Management -- Executive Compensation."

- Commencing on the first anniversary of the Offering, Continuing Investors who received Units in the Formation Transactions, and Executive Officers, in their capacity as limited partners of the Operating Partnership, who receive Performance Units, will have certain registration rights with respect to shares of Common Stock that may be issued in exchange for such Units and Performance Units.
- The Company will assume a line of credit balance of AMB of not more than \$1.1 million incurred in connection with AMB's purchase of furniture, fixtures and equipment, leasehold interests, and other assets historically used in connection with the Company's business from AMBI, a corporation owned entirely by certain Executive Officers. The total purchase price of the assets (equal to their approximate net book value) will be paid partly with the proceeds of the above indebtedness and partly through the reduction of an intercompany debt owed by AMBI to AMB. The Company will also assume a note payable of AMBI to WPF in the amount of \$790,329 as consideration for the transfer to the Company of AMBI's general partner interest in WPF (which the Company believes has a value equal to or greater than the amount of the note).
- Certain Executive Officers will be relieved of their respective guarantees of a portion of a \$4.0 million revolving line of credit of AMB.
- A portion of the incentive fees earned and paid to the Investment Management Subsidiary after the consummation of the Offering, in respect of assets subject to such arrangements with AMB at the time of the Formation Transactions, will be allocated to certain officers and employees of the Company.

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ORGANIZATION

The Company, the Operating Partnership and their subsidiaries have been organized in a manner to facilitate the completion of the Formation Transactions and the Offering. The Company will be the sole general partner of the Operating Partnership and the other holders of Units will be limited partners. See "Formation and Structure of the Company -- Formation Transactions."

The following diagram illustrates the structure of the Company, the Operating Partnership and the Investment Management Subsidiary:

LOGO

- -----

- (1) The Operating Partnership is owned by the Company, which holds a _____ % general partnership interest, and the limited partners who own, collectively, a _____ % limited partnership interest, without giving effect to the exchange of Units representing such limited partnership interests for

Western... \$12.67	15	1,315,910	800,412	76,124	2,192,446	39.9%	96.5%	\$ 26,815	45.2%
Southern... 10.92	9	881,640	293,050	226,028	1,400,718	25.5	83.9	12,830	21.6
Midwestern... 9.78	4	552,577	125,404	32,542	710,523	13.0	95.4	6,628	11.2
Eastern... 11.47	3	1,001,323	134,660	48,479	1,184,462	21.6	95.9	13,034	22.0

Total/Weighted Average... \$11.62	31	3,751,450	1,353,526	383,173	5,488,149	100.0%	93.0%	\$ 59,307	100.0%
=====									

</TABLE>

- (1) Calculated as total Annualized Base Rent divided by rentable square feet actually leased as of June 30, 1997.
- (2) Anchor Tenants are those retail tenants occupying more than 10,000 rentable square feet and all grocers and drugstores located at the Retail Properties.

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PENDING ACQUISITIONS

The following tables set forth the Properties acquired, or in the process of being acquired, after June 30, 1997, and renovation, expansion and development projects expected to be completed following such date. The Company estimates that the total acquisition costs, including due diligence and closing costs, relating to the Pending Acquisitions is approximately \$282 million. Data with respect to Pending Acquisitions are not included in the geographic distribution, occupancy or Annualized Base Rent information presented elsewhere in this Prospectus. See "Business and Properties."

PROPERTY ADDITIONS AFTER JUNE 30, 1997

<TABLE>
<CAPTION>

PROPERTY NAME	LOCATION	RENTABLE SQUARE FEET	EXPECTED CLOSING DATE
-----	-----	-----	-----
<S>	<C>	<C>	<C>
INDUSTRIAL PROPERTIES:			
Elk Grove Industrial Portfolio(1).....	Elk Grove Village, IL	2,054,520	Oct-97
Cabot Business Park.....	Mansfield, MA	1,071,517	Sept-97
Beacon Building 8.....	Miami, FL	269,881	Sept-97
Acer Distribution.....	San Jose, CA	196,643	Sept-97
Patuxent.....	Jessup, MD	147,383	Closed
Shady Oak.....	Eden Prairie, MN	104,243	Closed
Executive Drive.....	Addison, IL	75,020	Sept-97
Windsor.....	Addison, IL	56,640	Closed
Greenleaf.....	Elk Grove Village, IL	50,695	Sept-97
Fairway Land (Phase III) (2).....	San Leandro, CA	N/A	Closed
Subtotal -- Industrial.....		4,026,542	
RETAIL PROPERTIES:			
Manhattan Village Shopping Center(3).....	Manhattan Beach, CA	469,466	Closed
Weslayan Plaza(4).....	Houston, TX	356,309	Sept-97
Manhattan Village-Phase II(5).....	Manhattan Beach, CA	46,200	Sept-97
Subtotal -- Retail.....		871,975	
Subtotal -- Pending Acquisitions.....		4,898,517	
Square footage at June 30, 1997.....		35,907,428	
Total square footage.....		40,805,945	
=====			

</TABLE>

- (1) Represents the Company's prospective 52% limited partnership interest in an unconsolidated joint venture that owns the Property. See "Business and Properties -- Properties Held Through Joint Ventures, Limited Liability Companies and Partnerships."
- (2) Represents an undeveloped parcel of land (approximately six acres) which is presently planned for development. This parcel is adjacent to the existing

Fairway Drive property and is not counted as a separate Pending Acquisition in determining the aggregate number of the Company's Properties in this Prospectus.

- (3) This Property is held in a joint venture partnership in which the Company holds a 90% interest.
- (4) The Company acquired the Property subject to a \$4.7 million mortgage loan which the Company expects to repay with a portion of the net proceeds of the Offering. See "Use of Proceeds."
- (5) This parcel consists of an existing 46,200 square foot building. Plans to develop an additional 45,600 square feet are included in the Company's acquisition plan. This parcel is considered a part of Manhattan Village Shopping Center and is not counted as a separate Pending Acquisition in determining the aggregate number of the Company's properties for this Prospectus. This parcel is also held in a joint venture partnership.

RENOVATION, EXPANSION AND DEVELOPMENT PROJECTS IN PROGRESS

The following table sets forth the Properties owned by the Company which are currently undergoing renovation, expansion, or development. Other data with respect to completed portions of renovation, expansion and development projects are included in the geographic diversification, occupancy and Annualized Base Rent information presented elsewhere in this Prospectus, as such Properties were acquired prior to June 30, 1997.

<TABLE>
<CAPTION>

PROPERTY NAME	LOCATION	DATE ACQUIRED	INITIAL ACQUISITION PRICE	SQUARE FEET OF ACQUISITION
<hr/>				
<S>	<C>	<C>	<C>	<C>
Industrial Properties				
Dock's Corner.....	South Brunswick, NJ	May-96	\$ 21,000	554,521
Fairway Drive Phase II.....	San Leandro, CA	Aug-96	5,400	175,325
Mendota Heights.....	Mendota Heights, MN	Jun-97	1,100	-- (1)
Subtotal -- Industrial.....			27,500	729,846
Retail Properties				
Plaza at Delray.....	Miami, FL	July-95	10,800	309,448
Palm Aire.....	Miami, FL	May-96	3,100	143,987
Southwest Pavilion.....	Reno, NV	Sept-90	8,600	76,757
Subtotal -- Retail.....			22,500	530,192
Total.....			\$ 50,000	1,260,088
			=====	=====

</TABLE>

<TABLE>
<CAPTION>

PROPERTY NAME	TYPE (2)	DEVELOPMENT ACTIVITY		
		ESTIMATED COMPLETION DATE (3)	TOTAL ESTIMATED INVESTMENT (4)	SQUARE FEET AT COMPLETION
<hr/>				
<S>	<C>	<C>	<C>	<C>
Industrial Properties				
Dock's Corner.....	Expansion	Jun-98	\$ 46,900	1,200,000
Fairway Drive Phase II.....	Development	Jan-98	10,400	255,300
Mendota Heights.....	Development	Nov-97	6,900	150,400
Subtotal -- Industrial.....			64,200	1,605,700
Retail Properties				
Plaza at Delray.....	Renovation	July-97	29,000	314,700
Palm Aire.....	Renovation	Feb-98	11,900	144,300
Southwest Pavilion.....	Expansion	Jan-98	9,000	80,800
Subtotal -- Retail.....			49,900	539,800
Total.....			\$ 114,100	2,145,500
			=====	=====

</TABLE>

- (1) Represents the development of a building or 10.3 acres of land.
- (2) Renovation means properties in which capital improvements have totaled 20% or more of total cost within a 24-month period or have resulted in a material improvement of the physical condition. Expansion means construction resulting in an increase in the rentable square footage of an existing structure or the development of additional buildings on a property on which existing buildings are located. Development means new construction on a previously undeveloped location.
- (3) Represents expected date of shell completion. Such dates are based upon the Company's current planning estimates and forecasts and therefore are subject to change.
- (4) Represents total estimated cost of renovation, expansion or development, including initial acquisition. The estimates are based on the Company's current planning estimates and forecasts and therefore are subject to change.

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THE OFFERING

<TABLE>	
<S>	<C>
Common Stock offered hereby	
United States offering.....	
International offering.....	
Total.....	
Common Stock to be outstanding after the	
Offering(1).....	
Units to be outstanding after the Offering(2).....	
Common Stock and Units to be outstanding after the	
Offering(1).....	
Use of Proceeds.....	To repay indebtedness, acquire interests in Properties from certain investors in the Formation Transactions and for general corporate and working capital purposes
Proposed NYSE Symbol.....	"AMB"
</TABLE>	

-
- (1) Excludes _____ shares of Common Stock reserved for issuance pursuant to the Company's Stock Option and Incentive Plan (the "Stock Incentive Plan"), of which not more than _____ shares will be subject to outstanding options upon completion of the Offering.
 - (2) Units are exchangeable on a one-for-one basis for shares of Common Stock or, at the option of the Company, cash, subject to certain exceptions. See "Description of Certain Provisions of the Partnership Agreement of the Operating Partnership -- Redemption/Exchange Rights."

DISTRIBUTIONS

The Company intends to make regular quarterly distributions to its stockholders, commencing with a pro rata distribution for the period from the completion of the Offering through December 31, 1997 based upon \$ _____ per share for a full quarter. On an annualized basis, this would be \$ _____ per share (of which the Company currently estimates approximately _____ % may represent a return of capital for tax purposes), or an annual distribution rate of approximately _____ % based on an assumed initial public offering price per share of \$ _____ (representing the midpoint of the range set forth on the cover page of this Prospectus). The Company intends to maintain its initial distribution rate for the 12-month period following completion of the Offering unless actual results of operations, economic conditions or other factors adversely affect its cash available for distribution. Actual distributions will be determined by the Board of Directors and will be dependent upon a number of factors. In addition, in order to maintain its qualification as a REIT under the Code, the Company will be required to distribute 95% of its taxable income to its stockholders. See "Distributions." The Company does not intend to reduce the expected distribution per share if the Underwriters' over-allotment option is exercised.

TAX STATUS OF THE COMPANY

The Company will elect to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year ending December 31, 1997, and believes its current organization and method of operation will enable it to meet the requirements for qualification as a REIT. To maintain REIT status, an entity must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 95% of its REIT taxable income (determined without regard to the dividends paid deduction and by excluding net capital gains) to

its stockholders. As a REIT, the Company generally will not be subject to Federal income tax on net income it distributes currently to its stockholders. If the Company fails to qualify as a REIT in any taxable year, it will be subject to Federal income tax at regular corporate rates and may not be able to qualify as a REIT for the four subsequent taxable years. See "Risk Factors -- Adverse Consequences of Failure to Qualify as a REIT" and "Federal Income Tax Consequences -- Failure of the Company to Qualify as a REIT." Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain Federal, state and local taxes on its income and property. In addition, the Investment Management Subsidiary will be subject to Federal and state income tax at regular corporate rates on its net income.

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SUMMARY FINANCIAL AND OTHER DATA

The following tables set forth summary financial and other data on a pro forma basis for the Company, on an historical basis for AMB and on an historical combined basis for the AMB Contributed Properties. The historical financial information contained in the tables has been derived from and should be read in conjunction with the financial statements and notes thereto of AMB and the combined financial statements and notes thereto of the AMB Contributed Properties included elsewhere in this Prospectus. The AMB Predecessors will consummate the Formation Transactions immediately prior to the Offering. In accordance with GAAP, the Formation Transactions will be accounted for as a purchase business combination with AMB as the "accounting acquirer."

The accompanying unaudited pro forma condensed consolidated balance sheet data as of June 30, 1997 has been prepared to reflect (i) the Pending Acquisitions, (ii) the disposition or partial disposition of properties subsequent to June 30, 1997, (iii) the Formation Transactions, (iv) the Offering and the application of the net proceeds therefrom and (v) certain other adjustments as if such transactions and adjustments had occurred on June 30, 1997. The accompanying unaudited pro forma condensed consolidated operating and other data have been prepared to reflect (i) the incremental effect of the acquisition of properties during the six months ended June 30, 1997 and during the year ended December 31, 1996, (ii) the Pending Acquisitions, (iii) the incremental effect of the disposition or partial disposition of properties during 1996 and 1997, (iv) the Formation Transactions, (v) pro forma debt adjustments resulting from repayment of indebtedness with net proceeds of the Offering and (vi) certain other adjustments as if such transactions and adjustments had occurred on January 1, 1996.

In the opinion of management, the pro forma condensed consolidated financial information provides for all adjustments necessary to reflect the effects of the Formation Transactions, the Offering, property acquisitions and dispositions and certain other transactions. The pro forma information is unaudited and is not necessarily indicative of the consolidated results that would have occurred if the transactions and adjustments reflected therein had been consummated in the period or on the date presented, or on any particular date in the future, nor does it purport to represent the financial position, results of operations or changes in cash flows for future periods.

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AMB PROPERTY CORPORATION
SUMMARY FINANCIAL AND OTHER DATA

(IN THOUSANDS EXCEPT PER SHARE DATA, PERCENTAGES AND NUMBER OF PROPERTIES)

		AS OF AND FOR					AS OF AND FOR	
							MONTHS	
							ENDED JUNE	
THE SIX								
30,		AS OF AND FOR THE YEARS ENDED DECEMBER 31,					-----	

							COMPANY	
							AMB	
CONTRIBUTED		AMB CONTRIBUTED PROPERTIES (1)					PRO FORMA	
PROPERTIES (1)		-----					-----	
1997		1992 1993 1994 1995 1996					1996 1996	
		-----					-----	
							(UNAUDITED)	
<S>		<C>					<C>	
OPERATING DATA:								
Revenues.....		\$ 9,644 \$ 24,398 \$ 52,006 \$ 112,487 \$ 176,233					\$ 249,877 \$ 82,560	
115,408								
Property operating								
expenses.....		1,729 6,245 13,678 31,800 48,084					69,828 22,564	

of period..... 5,488	997	1,074	2,422	3,299	5,282	4,189
Number of properties at end of period..... 31	8	9	14	19	30	23
Occupancy rate at end of period..... 93.0%	97.0%	96.5%	93.7%	92.4%	92.4%	88.0%

<CAPTION>

	COMPANY PRO FORMA ----- 1997 ----- (UNAUDITED) <C>
<S>	
OPERATING DATA:	
Revenues.....	\$ 131,883
Property operating expenses.....	36,839
Interest expense....	19,067
Depreciation and amortization.....	20,838
Asset management fees to affiliates.....	--
General, administrative and other expenses....	3,071
Income from operations before disposal of properties and minority interest.....	52,068
Net income.....	50,081
Pro forma net income per share(2).....	
BALANCE SHEET DATA:	
Investment in real estate (before accumulated depreciation)....	\$2,215,570
Net investment in real estate.....	2,215,570
Total assets.....	2,250,410
Mortgage loans(3)...	461,241
Secured debt facility(3).....	74,167
Secured line of credit.....	--
Credit Facility....	10,333
Stockholders' equity.....	1,603,278
OTHER DATA:	
EBITDA(4).....	\$ 91,973
Funds from Operations(5)....	72,469
Cash flows provided by (used in):	
Operating activities.....	70,670
Investing activities.....	(2,885)
Financing activities.....	(60,861)
PROPERTY DATA:	
INDUSTRIAL PROPERTIES	
Total rentable square footage of properties at end of period.....	34,446
Number of properties at end of period.....	70
Occupancy rate at end of period....	95.0 %
RETAIL PROPERTIES	
Total rentable square footage of properties at end	

of period.....	6,360
Number of properties at end of period.....	33
Occupancy rate at end of period.....	93.4 %

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<TABLE>
<CAPTION>

AMB (7)	AS OF AND FOR THE YEARS ENDED DECEMBER 31,					AS OF AND FOR THE SIX MONTHS ENDED JUNE 30,		
	1992	1993	1994	1995	1996	1996	1997	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OPERATING DATA:								
Revenues.....	\$ 7,040	\$ 7,155	\$ 12,865	\$ 16,826	\$ 23,846	\$ 9,695	\$ 11,083	
Expenses.....	5,850	6,357	9,940	13,564	16,843	7,751	8,319	
Net income.....	1,190	798	2,925	3,262	7,003	1,944	2,764	
BALANCE SHEET DATA:								
Total assets.....	\$ 3,275	\$ 2,739	\$ 4,092	\$ 4,914	\$ 6,948	\$ 5,700	\$ 7,137	
Stockholders' equity.....	3,029	2,480	3,848	4,241	6,300	4,061	3,673	
OTHER DATA:								
Cash flows provided by (used in):								
Operating activities.....	\$ 1,071	\$ 372	\$ 2,705	\$ 2,062	\$ 6,647	\$ 3,003	\$ 5,816	
Investing activities.....	--	242	--	--	--	--	--	
Financing activities.....	(405)	(1,325)	(1,557)	(2,869)	(4,944)	(2,124)	(7,682)	

- (1) Represents historical combined financial and other data for the AMB Contributed Properties. See Note 1 to Combined Financial Statements of the AMB Contributed Properties.
- (2) Pro forma net income per share equals the pro forma net income divided by shares.
- (3) Mortgage loans and secured debt facility on a pro forma basis as of June 30, 1997 include debt premiums of approximately \$12.5 million and \$1.2 million, respectively. See Note 6 to the Pro Forma Condensed Consolidated Balance Sheet of AMB Property Corporation.
- (4) EBITDA is computed as income from operations before disposal of properties and minority interests plus interest expense, income taxes, depreciation and amortization. Management believes that in addition to cash flows and net income, EBITDA is a useful financial performance measure for assessing the operating performance of an equity REIT because, together with net income and cash flows, EBITDA provides investors with an additional basis to evaluate the ability of a REIT to incur and service debt and to fund acquisitions and other capital expenditures. To evaluate EBITDA and the trends it depicts, the components of EBITDA, such as rental revenues, rental expenses, real estate taxes and general and administrative expenses, should be considered. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." Excluded from EBITDA are financing costs such as interest as well as depreciation and amortization, each of which can significantly affect a REIT's results of operations and liquidity and should be considered in evaluating a REIT's operating performance. Further, EBITDA does not represent net income or cash flows from operating, financing and investing activities as defined by GAAP and does not necessarily indicate that cash flows will be sufficient to fund cash needs. It should not be considered as an alternative to net income as an indicator of the Company's operating performance or to cash flows as a measure of liquidity.
- (5) FFO represents net income (loss) before minority interests and extraordinary items, adjusted for depreciation on real property and amortization of tenant improvement costs and lease commissions, gains (losses) from the disposal of properties and FFO attributable to minority interests in consolidated joint ventures whose interests are not convertible into shares of Common Stock. In addition to cash flow and net income, management and industry analysts generally consider FFO to be one additional measure of the performance of an equity REIT because together with net income and cash flows, FFO provides investors with an additional basis to evaluate the ability of an entity to incur and service debt and to fund acquisitions and other capital expenditures. However, FFO does not measure whether cash flow is sufficient to fund all of an entity's cash needs including principal amortization, capital improvements and distributions to stockholders. FFO also does not

represent cash generated from operating, investing or financing activities as determined in accordance with GAAP. FFO should not be considered as an alternative to net income as an indicator of an entity's operating performance or as an alternative to cash flow as a measure of liquidity. Further, FFO as disclosed by other REITs may not be comparable to the Company's calculation of FFO. The Company calculates FFO in accordance with the White Paper on FFO approved by the Board of Governors of NAREIT in March 1995.

- (6) The increase in rentable square feet is attributable to the acquisition of buildings which were combined with Properties owned as of December 31, 1996. Therefore, there is no change to the total number of Industrial Properties between the periods ended December 31, 1996 and the six months ended June 30, 1997.
- (7) Represents the historical financial and other data of AMB for periods prior to the Formation Transactions.

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RISK FACTORS

An investment in the shares of Common Stock involves various material risks. Prospective investors should carefully consider the following risk factors, in addition to the other information set forth in this Prospectus, in connection with an investment in the shares of Common Stock offered hereby.

CONFLICTS OF INTEREST

Absence of Arm's-Length Negotiations in the Formation Transactions. No arm's-length negotiations or third-party appraisals with respect to the valuation of the Properties and other assets, including AMB, contributed to the Company were obtained by the Company in connection with the Formation Transactions. See "Formation and Structure of the Company -- Formation Transactions." As a result, the consideration paid by the Company for such assets may exceed their fair market value and the market value of the shares of Common Stock may exceed a stockholder's proportionate share of the aggregate fair value of such assets. Further, there were no arm's-length negotiations with respect to other terms of the Formation Transactions, in particular with respect to the representations and warranties made by the contributors of properties to the Company, or the indemnification provided for breach of such representations and warranties. Such indemnification is limited generally to an amount equal to 1% of the value of consideration paid by the Company for the Properties and the business of the Investment Management Subsidiary. In addition, the executive officers of AMB, who had significant influence in structuring the Formation Transactions, will receive substantial economic benefits as a result of the Formation Transactions. Further, in the course of structuring the Formation Transactions, such persons had the ability to influence the type and level of benefits that they, as Executive Officers of the Company, will receive from the Company.

Continued Involvement in Other Real Estate Activities and Investments. Stockholders of AMB who will become Executive Officers own interests in certain real estate-related businesses and investments which will continue following the Offering. Such interests include minority ownership of Institutional Housing Partners, a residential housing finance company (through AMB Institutional Housing Partners); and ownership of AMB Development, Inc. and AMB Properties L.P., developers which own property that management believes is not suitable for ownership by the Company. Neither AMB Development, Inc. nor AMB Properties L.P. will initiate any new development projects following the Offering, nor will they make any further investments in industrial or retail properties following the Offering other than those currently under development. Such persons are also owners of AMB Corporate Real Estate Advisors, Inc. ("AMBCREA"), which is principally a real estate services company for corporate and professional tenants of real estate. AMBCREA is in the process of winding down its business, and it is anticipated that AMBCREA will cease operations during the first six months of 1998. Each of the Executive Officers will enter into a non-competition agreement with the Company pursuant to which, among other things, they will agree not to engage in any activities, directly or indirectly, in respect of commercial real estate, and will agree not make any investment in respect of 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 herein.

The Company anticipates that following the Formation Transactions and the Offering, AMBCREA, AMB Institutional Housing Partners, AMB Development, Inc. and AMB Properties L.P. will continue to use the name "AMB" pursuant to royalty-free license arrangements with the Company. In addition, prior to its cessation of operations, AMBCREA will continue to sublease office space from the Company at a rental rate equal to the Company's average cost for space in its headquarters, and the Company may continue to provide certain administrative services to AMBCREA at arm's-length charges.

Conflicts of Interest in Connection with Properties Owned or Controlled by Executive Officers and Directors. AMB Properties L.P. owns interests in 11

retail development projects in the U.S., each of which consists of a single free-standing Walgreens drugstore, and, together with other entities controlled by nine of the executive officers, a low income housing apartment building located in the San Francisco Bay Area. In addition, Messrs. Abbey, Moghadam and Burke, each a founder, executive officer and director of the Company, own less than 1% interests in two partnerships which own office buildings in various markets; these interests have negligible value. Luis Belmonte, an Executive Officer of the Company, owns less than a 10%

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interest, representing an estimated value of \$75,000, in a limited partnership which owns an office building located in Oakland, California.

In addition, several of the Executive Officers individually own: (i) less than 1% interests in the stocks of certain publicly-traded REITs, including mortgage REITs, and residential developers; (ii) certain interests in and rights to developed and undeveloped real property located outside the United States; (iii) interests in single-family homes and residential apartments in the San Francisco Bay Area; (iv) certain passive interests, not believed to be material, in real estate businesses in which such persons were previously employed; and (v) certain other de minimis holdings in equity securities. Thomas W. Tusher, a member of the Company's Board of Directors, is a limited partner in a partnership in which Messrs. Abbey, Moghadam and Burke are general partners and which owns a 75% interest in an office building. Mr. Tusher owns a 20% interest in the partnership, valued at approximately \$939,000. Messrs. Abbey, Moghadam and Burke each have an approximately 26.7% interest in the partnership, each valued at approximately \$1,252,000. Paul P. Shepherd, a member of the Company's Board of Directors, is a general partner in two partnerships which own warehouse facilities in the San Francisco Bay Area.

The Company believes that the properties and activities set forth above generally do not directly compete with any of the Properties; however, it is possible that a property in which an Executive Officer or director of the Company, or an affiliate of such person, has an interest may compete with the Company in the future if the Company were to invest in a property similar and in close proximity to such property. Following the Offering, the Company will be prohibited from acquiring any properties from the principals of AMB or their affiliates without the approval of a majority of its Independent Directors. See "Policies With Respect to Certain Activities -- Conflict of Interest Policies."

Conflicts Relating to the Operating Partnership. After the consummation of the Formation Transactions and the Offering, the Company, as the general partner of the Operating Partnership, will have fiduciary obligations to the limited partners in the Operating Partnership, the discharge of which may conflict with the interests of the Company's stockholders. In addition, those persons holding Units, as limited partners, will have the right to vote as a class on certain amendments to the Partnership Agreement of the Operating Partnership ("Partnership Agreement") and individually to approve certain amendments that would adversely affect their rights, which voting rights may be exercised in a manner that conflicts with the interests of those Investors who acquire shares of Common Stock in the Offering. In addition, under the terms of the Partnership Agreement, the holders of Units (including Performance Units) will have certain approval rights with respect to certain transactions that affect all stockholders. See "Certain Provisions of the Partnership Agreement of the Operating Partnership -- Removal of General Partner; Transferability of the Company's Interests."

Influence of Directors, Executive Officers and Significant Stockholders. Upon consummation of the Formation Transactions and the Offering, five of the Company's stockholders will beneficially own approximately % of the outstanding Common Stock, with the largest of these owning approximately % of the Common Stock. In addition, the Executive Officers and directors will own % of the Common Stock on a fully converted basis, after giving effect to the issuance of Common Stock on a one-for-one basis upon the exchange of Units (before issuance of any Performance Units), and will have influence on the management and operation of the Company and, as stockholders, on the outcome of any matters submitted to a vote of the stockholders. Such influence might be exercised in a manner that is inconsistent with the interests of other stockholders. Although there is no understanding or arrangement for these directors, officers and stockholders and their affiliates to act in concert, such parties would be in a position to exercise significant influence over the Company's affairs should they choose to do so. See "Management" and "Principal Stockholders."

Failure to Enforce Terms of Certain Agreements. As recipients of shares of outstanding Common Stock and, potentially, Performance Units, certain directors and Executive Officers of the Company will have a conflict of interest with respect to their obligations as directors and officers of the Company to vigorously enforce the terms of the agreements relating to the Formation Transactions. The potential failure to enforce the material terms of those agreements could result in a monetary loss to the Company, which loss could have a material adverse effect on the Company's financial condition or results of operations.

RISKS OF OWNERSHIP OF COMMON STOCK

Limitations on Changes in Control Contained in the Articles of Incorporation and Bylaws. Certain provisions of the Company's Articles of Incorporation and Bylaws may have the effect of delaying, deferring or preventing a change in control of the Company or other transaction that could provide the holders of shares of Common Stock with the opportunity to realize a premium over the then-prevailing market price of such shares of Common Stock. The Ownership Limit (described under the caption "-- Possible Adverse Consequences of Ownership Limit") also may have the effect of delaying, deferring or preventing a change in control of the Company even if such a change in control were in the best interests of some, or a majority, of the Company's stockholders. The Company's Articles of Incorporation authorize the issuance of additional shares of Common Stock and the issuance of shares of preferred stock, \$0.01 par value per share ("Preferred Stock"), in series, and to establish the preferences, rights and other terms of any series of Preferred Stock so issued. See "Description of Capital Stock." Although the Board of Directors has no such intention at the present time, it could establish a series of Preferred Stock that could delay, defer or prevent a transaction or a change in control of the Company that might involve a premium price for the Common Stock or otherwise be in the best interest of the stockholders. The Company's Articles of Incorporation and Bylaws also contain other provisions that may delay, defer or prevent a transaction or a change in control of the Company that might involve a premium price for the Common Stock or otherwise be in the best interest of the stockholders.

Possible Adverse Consequences of Ownership Limit. To maintain its qualification as a REIT for Federal income tax purposes, not more than 50% in value of the outstanding shares of beneficial interest of the Company may be owned, actually or constructively, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year after the first taxable year for which a REIT election is made. See "Federal Income Tax Consequences -- Taxation of the Company -- Requirements for Qualification." Furthermore, after the first taxable year for which a REIT election is made, the Company's shares of 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 the Company, or an owner of 10% or more of the Company, actually or constructively owns 10% or more of a tenant of the Company (or a tenant of any partnership in which the Company is a partner), the rent received by the Company (either directly or through any such partnership) from such tenant will not be qualifying income for purposes of the REIT gross income tests of the Code. To facilitate maintenance of its qualification as a REIT for Federal income tax purposes, the Company generally will prohibit ownership, actually or by virtue of the constructive ownership provisions of the Code, by any single stockholder of more than 9.8% (by value or number of shares of Common Stock, whichever is more restrictive) of the issued and outstanding shares of Common Stock (the "Ownership Limit") and presently expects to prohibit ownership, actually or by virtue of the constructive ownership provisions of the Code, by any single stockholder of more than 9.8% (by value or number of shares of Common Stock, whichever is more restrictive) of the issued and outstanding shares of any class or series of the Preferred Stock. Common Stock acquired or held in violation of the Ownership Limit will be transferred to a trust for the benefit of a designated charitable beneficiary, with the person who acquired such shares in violation of the Ownership Limit not entitled to any distributions thereon, to vote such shares, or to receive any proceeds from the subsequent sale thereof in excess of the lesser of the price paid therefor or the amount realized from such sale. A transfer of shares in violation of the above limits may be void under certain circumstances. See "Description of Capital Stock -- Restrictions on Ownership Transfer." The Ownership Limit may have the effect of delaying, deferring or preventing a change in control and, therefore, could adversely affect the stockholders' ability to realize a premium over the then-prevailing market price for the shares of Common Stock in connection with such transaction.

Changes in Investment and Financing Policies Without Stockholder Vote. Subject to the Company's fundamental investment policy to maintain its qualification as a REIT (unless a change is approved by the Company's Board of Directors under certain circumstances), the Company's Board of Directors will determine its investment and financing policies, its growth strategy, and its debt, capitalization, distribution and operating policies. Although the Board of Directors has no present intention to revise or amend these strategies and policies, the Board of Directors may do so at any time without a vote of the Company's stockholders. See "Policies With Respect to Certain Activities -- Financing Policies" and "-- Other Policies." Accordingly, stockholders will have no control over changes in strategies and policies of the Company

(other than through the election of directors), and such changes may not serve the interests of all stockholders and could adversely affect the Company's financial condition or results of operations, including its ability to distribute cash to stockholders.

Issuance of Additional Securities. The Company has authority to offer shares of Common Stock or other equity or debt securities in exchange for property or otherwise. Similarly, the Company may cause the Operating Partnership to offer additional Units or preferred units of the Operating Partnership in exchange for property or otherwise. Existing stockholders will have no preemptive right to acquire any such securities, and any such issuance of equity securities could result in dilution of an existing stockholder's investment in the Company.

Risks Involved in Investments in Securities Related to Real Estate. The Company may pursue its investment objectives through the ownership of securities of entities engaged in the ownership of real estate. Ownership of such securities may not entitle the Company to control the ownership, operation and management of the underlying real estate. In addition, the Company may have no ability to control the distributions with respect to such securities, which may adversely affect the Company's ability to make required distributions to stockholders. Furthermore, if the Company desires to control an issuer of securities, it may be prevented from doing so by the limitations on percentage ownership and gross income tests which must be satisfied by the Company in order for it to qualify as a REIT. See "Federal Income Tax Consequences -- Taxation of the Company -- Requirements for Qualification." The Company intends to operate its business in a manner that will not require the Company to register under the Investment Company Act of 1940 and stockholders will therefore not have the protection of that Act.

The Company may also invest in mortgages, and may do so as a strategy for ultimately acquiring the underlying property. In general, investments in mortgages include the risk that borrowers may not be able to make debt service payments or pay principal when due, the risk that the value of the mortgaged property may be less than the principal amount of the mortgage note securing such property and the risk that interest rates payable on the mortgages may be lower than the Company's cost of funds to acquire these mortgages. In any of these events, FFO and the Company's ability to make required distributions to stockholders could be adversely affected.

Dependence on External Sources of Capital. In order to qualify as a REIT under the Code, the Company generally is required each year to currently distribute to its stockholders at least 95% of its REIT taxable income (determined without regard to the dividends paid deduction and by excluding any net capital gain). See "Federal Income Tax Consequences -- Taxation of the Company -- Annual Distribution Requirements." Because of this distribution requirement, it is unlikely that the Company will be able to fund all future capital needs, including capital needs in connection with acquisitions, from cash retained from operations. As a result, to fund future capital needs, the Company likely will have to rely on third-party sources of capital, which may or may not be available on favorable terms or at all. The Company's access to third-party sources of capital will depend upon a number of factors, including the market's perception of the Company's growth potential and its current and potential future earnings and cash distributions and the market price of the shares of Common Stock. Moreover, additional equity offerings may result in substantial dilution of stockholders' interests in the Company, and additional debt financing may substantially increase the Company's leverage. See "Policies with Respect to Certain Activities -- Financing Policies."

Effect on Price of Shares Available for Future Sale. No prediction can be made as to the effect, if any, that future sales of shares of Common Stock, or the availability of shares of Common Stock for future sale, will have on the market price of the shares of Common Stock. Sales of substantial amounts of shares of Common Stock in the public market (or upon exchange of Units) or the perception that such sales might occur could adversely affect the market price of the shares. The Company and each of the Executive Officers and Independent Directors will be required, as a condition to the Underwriters' participation in the Offering, to agree that they will not, without the consent of Morgan Stanley, offer, sell, contract to sell, pledge, grant any option to purchase or otherwise sell or dispose of any (other than in connection with mergers, acquisitions, or similar transactions) shares of Common Stock (including any shares of Common Stock acquired upon exchange of Units), or any securities convertible or exchangeable into shares of Common Stock for a period

of, in the case of the Executive Officers, two years, and in the case of the Company and the Independent Directors, one year, following the date of this Prospectus. See "Underwriting."

The shares of Common Stock issued in the Formation Transactions and all shares of Common Stock issuable upon the redemption of Units and Performance Units will be deemed to be "restricted securities" within the meaning of Rule 144 under the Securities Act and may not be transferred unless registered under the Securities Act or an exemption from registration is available, including any exemption from registration provided under Rule 144 of the Securities Act. In general, upon satisfaction of certain conditions, Rule 144 of the Securities Act permits the sale of certain amounts of restricted securities one year following the date of acquisition of the restricted securities from the Company and, after

two years, permits unlimited sales by persons unaffiliated with the Company.

Commencing on the first anniversary of the date of acquisition of Units, Units may be redeemed by the Operating Partnership at the request of the holders for cash (based on the fair market value of an equivalent number of shares of Common Stock at the time of such redemption) or, at the Company's option, exchanged for an equal number of shares of Common Stock, subject to certain antidilution adjustments. It is expected that immediately after the Offering the Company will grant options to purchase shares of Common Stock at the initial public offering price and/or issue restricted shares of Common Stock to certain directors, executive officers and other employees of the Company and additional shares of Common Stock will be reserved for issuance as restricted shares of Common Stock or upon the exercise of options granted under the Stock Incentive Plan. See "Management -- Stock Incentive Plan." In addition, the Company may issue from time to time additional shares of Common Stock or Units in connection with the acquisition of properties. The Company has agreed to file and generally keep continuously effective beginning one year after the completion of the Offering a registration statement covering the issuance of shares of Common Stock upon the exchange of Units and Performance Units and the resale of such shares. The Company also anticipates that it will file a registration statement with respect to the shares of Common Stock issuable under the Stock Incentive Plan following the consummation of the Offering. Such registration statements and registration rights generally will allow shares of Common Stock covered thereby, including shares of Common Stock issuable upon exchange of Units or the exercise of options or restricted shares of common stock, to be transferred or resold without restriction under the Securities Act.

Future sales of the shares of Common Stock described above could have an adverse effect on the market price of the Common Stock. The existence of Units, options and shares of Common Stock reserved for issuance upon exchange of Units, and the exercise of options and registration rights referred to above, also may adversely affect the terms upon which the Company may be able to obtain additional capital through the sale of equity securities.

Absence of Prior Public Market for Shares. Prior to the completion of the Offering, there will have been no public market for the shares of Common Stock and there can be no assurance that an active trading market will develop or be sustained or that shares of Common Stock will be resold at or above the price to the public in the Offering. The initial offering price of the shares of Common Stock will be determined by agreement among the Company and the Underwriters and may not be indicative of the market price for the shares of Common Stock after the completion of the Offering. The market value of the shares of Common Stock could be substantially affected by general market conditions.

Effect on Common Stock Price of Market Conditions. As with other publicly-traded equity securities, the value of the shares of Common Stock will depend upon various market conditions, which may change from time to time. Among the market conditions that may affect the value of the Common Stock are the following: the extent to which a secondary market develops for the Common Stock following the completion of the Offering; the extent of investor interest in the Company; the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate-based companies); the Company's financial performance; and general stock and bond market conditions, including changes in interest rates on fixed income securities which may lead prospective purchasers of the Common Stock to demand a higher annual yield from future distributions. Such an increase in the required yield from distributions may adversely affect the market price of Common Stock. Moreover, other factors such as governmental regulatory action and changes in tax laws could have a significant impact

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on the future market price of the Common Stock. Although the initial offering price of the Common Stock has been determined by the Company in consultation with the Underwriters, there can be no assurance that the Common Stock will not trade below the offering price following the completion of the Offering.

Effect on Common Stock Price of Earnings and Cash Distributions, Asset Value and Market Interest Rates. The market value of the equity securities of a REIT generally is based primarily upon the market's perception of the REIT's growth potential and its current and potential future earnings and cash distributions, whether from operations, sales or refinancings, and is secondarily based upon the real estate market value of the underlying assets. For that reason, shares of Common Stock may trade at prices that are higher or lower than the net asset value per share. To the extent the Company retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of the Company's underlying assets, may not correspondingly increase the market price of the Common Stock. The failure of the Company to meet the market's expectation with regard to future earnings and cash distributions likely would adversely affect the market price of the Common Stock. Another factor that will influence the price of the Common Stock will be the distribution yield on the Common Stock (as a percentage of the price of the Common Stock) relative to market interest rates. Thus, an increase in market interest rates might lead prospective purchasers of Common Stock to expect a higher distribution yield, which would

adversely affect the market price of the Common Stock. If the market price of the Common Stock declined significantly, the Company might breach certain covenants with respect to future debt obligations, which breach might adversely affect the Company's liquidity and its ability to make future acquisitions.

Immediate and Substantial Dilution. As set forth more fully under "Dilution," the pro forma net tangible book value per share of the assets of the Company after the Offering will be substantially less than the estimated initial public offering price per share. Accordingly, purchasers of the shares of Common Stock offered hereby will experience immediate and substantial dilution of approximately \$ _____ in the net tangible book value per share of Common Stock from the estimated initial public offering price. The Company does not believe that book value is a meaningful basis for analyzing the value of REIT shares. See "Dilution."

GENERAL REAL ESTATE RISKS

Uncontrollable Factors Affecting Performance and Value. Real property investments are subject to varying degrees of risk. The yields available from equity investments in real estate depend on the amount of income earned and capital appreciation generated by the related properties as well as the expenses incurred in connection therewith. If the Properties do not generate income sufficient to meet operating expenses, including debt service and capital expenditures, the ability to make distributions to the Company's stockholders could be adversely affected. Income from, and the value of, the Properties may be adversely affected by the general economic climate, local conditions such as oversupply of industrial or retail space or a reduction in demand for industrial or retail space in the area, the attractiveness of the Properties to potential tenants, competition from other industrial and retail properties, and the ability of the Company to provide adequate maintenance and insurance and increased operating costs (including insurance premiums, utilities and real estate taxes). In addition, revenues from properties and real estate values are also affected by such factors as the cost of compliance with regulations and the potential for liability under applicable laws, including changes in tax laws, interest rate levels and the availability of financing. The Company's income would be adversely affected if a significant number of tenants were unable to pay rent or if industrial or retail and other space could not be rented 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 investment.

Illiquidity of Real Estate Investments. Because real estate investments are relatively illiquid, the Company's ability to vary its portfolio promptly in response to economic or other conditions will be limited. The prohibition in the Code and related regulations on a REIT holding property for sale may affect the Company's ability to sell properties without adversely affecting distributions to the Company's stockholders. Any of the foregoing factors or events will impede the ability of the Company to respond to adverse changes in the performance of its investments and could have an adverse effect on the Company's financial condition and results of operations.

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Renewal of Leases and Reletting of Space. The Company will be subject to the risks that leases may not be renewed, space may not be relet or the terms of renewal or reletting (including the cost of required renovations) may be less favorable than current lease terms. Leases on a total of approximately 50.4% of the rentable square feet in the Properties will expire on or prior to December 31, 2000. In addition, numerous properties compete with the Company's Properties in attracting tenants to lease space, particularly with respect to retail properties. The number of competitive commercial properties in a particular area could have a material adverse effect on the Company's ability to lease space in its Properties or newly-acquired properties and on the rents charged. If the Company were unable to promptly relet or renew the leases for all or a substantial portion of this space, if the rental rates upon such renewal or reletting were significantly lower than expected or if its reserves for these purposes proved inadequate, the Company's cash flow and ability to make expected distributions to stockholders could be adversely affected. See "Business and Properties -- Industrial Properties -- Industrial Property Lease Expirations -- Portfolio Total" and "-- Retail Properties -- Retail Property Lease Expirations -- Portfolio Total."

Uninsured Loss. The Company carries comprehensive liability, fire, extended coverage and rental loss insurance covering all of the Properties, with policy specifications and insured limits which the Company believes are adequate and appropriate under the circumstances given relative risk of loss, the cost of such coverage and industry practice. There are, however, certain types and magnitudes of losses that are not generally insured because it is not economically feasible to insure against such losses, such as losses due to riots or acts of war, or may be insured subject to certain limitations including large deductibles or co-payments, such as losses due to floods or seismic activity. See "-- Uninsured Losses From Seismic Activity." Should an uninsured loss or a loss in excess of insured limits occur with respect to one or more of the Properties, the Company could lose its capital invested in such Properties, as

well as the anticipated future revenue from such Properties and, in the case of debt which is with recourse to the Company, the Company would remain obligated for any mortgage debt or other financial obligations related to such Properties. Moreover, as the general partner of the Operating Partnership, the Company will generally be liable for all of the Operating Partnership's unsatisfied obligations other than non-recourse obligations. Any such liability could adversely affect the Company.

Uninsured Losses from Seismic Activity. A number of both the Industrial and Retail Properties are located in areas that are known to be subject to earthquake activity, including in California where 20 Industrial Properties and 10 Retail Properties are located. The Company carries replacement cost earthquake insurance on all of its Properties located in areas historically subject to seismic activity, subject to coverage limitations and deductibles which the Company believes are commercially reasonable. Through an annual analysis prepared by outside consultants, the Company evaluates its earthquake insurance coverage in light of current industry practice and determines the appropriate amount of earthquake insurance to carry. No assurance can be given, however, that material losses in excess of insurance proceeds will not occur or that such insurance will continue to be available at commercially reasonable rates.

Risk of Third-Party Management. For most Properties, the Company contracts with local third-party property managers to provide certain routine services such as rent collection, property maintenance and handling and responding to tenant service needs. The Company performs such services directly for certain Properties located within the San Francisco Bay Area, and its staff of regional managers supervises the local property managers performing such functions. Risks associated with the management of properties by third parties include the risk that management contracts (which are typically cancelable with 30 days' notice) will be terminated by the local third-party property manager (or, in the case of Properties in which the Company has a non-controlling partnership or joint venture interest, by the entity controlling the Property), that such contracts may not be renewed upon expiration or may not be renewed on terms consistent with current terms or that a third-party property manager might fail to perform services for tenants consistent with the high quality standards established by the Company.

Risks Involved in Property Ownership Through Partnerships and Joint Ventures. The Company will have ownership interest in five industrial and three retail joint ventures, limited liability companies or partnerships. The Company may make investments through such ventures in the future and presently plans to do so with clients of the Investment Management Subsidiary. Partnership or joint venture investments may, under certain circumstances, involve risks such as the possibility that the Company's partners or co-venturers

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might become bankrupt (in which event the Company and any other remaining general partners or joint ventures would generally remain liable for the liabilities of such partnership or joint venture), that such partners or co-venturers might at any time have economic or other business interests or goals which are inconsistent with the business interests or goals of the Company, or that such partners or co-venturers may be in a position to take action contrary to the instructions or the requests of the Company or contrary to the Company's policies or objectives, including the Company's policy with respect to maintaining its qualification as a REIT. In addition, agreements governing joint ventures and partnerships often contain restrictions on the transfer of a joint venturer's or partner's interest or "buy-sell" or similar provisions which may result in a purchase or sale of such an interest at a disadvantageous time or on disadvantageous terms. The Company will, however, seek to maintain sufficient control of such partnerships or joint ventures to permit the Company's business objectives to be achieved. There is no limitation under the Company's organizational documents as to the amount of available funds that may be invested in partnerships or joint ventures.

Risk of Acquisition Activities. The Company intends to continue to actively acquire industrial and retail properties. See "The Company -- Business Strategy." Acquisitions of industrial and retail properties entail risks that investments will fail to perform in accordance with expectations. Estimates of the costs of improvements to bring an acquired property up to standards established for the market position intended for that property may prove inaccurate. In addition, there are general investment risks associated with any new real estate investment. Further, the Company expects that there will be significant competition for attractive investment opportunities from other major real estate investors with significant capital including both publicly traded REITs and private institutional investment funds. The Company anticipates that future acquisitions will be financed through a combination of borrowings under the Credit Facility, other forms of secured or unsecured financing, proceeds from equity or debt offerings by the Company or the Operating Partnership and with shares of Common Stock or Units in the Operating Partnership, which could have a dilutive effect on the Company's stockholders.

Risk of Renovation and Development Activities. The real estate development business, including the renovation and rehabilitation of existing properties,

involves significant risks in addition to those involved in the ownership and operation of established industrial buildings and community shopping centers, including the risks that financing may not be available on favorable terms for development projects and construction may not be completed on schedule or within budget, resulting in increased debt service expense and construction costs and delays in leasing such properties and generating cash flow. Once completed, such new or renovated properties may perform below anticipated levels, producing cash flow below budgeted amounts. In addition, substantial renovation as well as new development activities, regardless of whether or not they are ultimately successful, typically require a substantial portion of management's time and attention. Substantial renovation and new development activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy, and other required governmental permits and authorizations. The Company anticipates that future activities will be financed, in whole or in part, through additional equity offerings, and public or private debt financing, including commercial lines of credit, and other forms of secured or unsecured financing. If such activities are financed through construction loans, there is a risk that, upon completion of construction, permanent financing may not be available or may be available only on disadvantageous terms. Equity financing of future developments could have a dilutive effect on the interests of existing stockholders of the Company.

FEDERAL INCOME TAX RISKS

Adverse Consequences of the Company's Failure to Qualify as a REIT. The Company intends to operate so as to qualify as a REIT under the Code. Although management believes that it will be organized and will operate in such a manner, no assurance can be given that the Company will be organized or will be able to operate in a manner so as to qualify or remain so qualified. Qualification as a REIT involves the satisfaction of numerous requirements (some on an annual and quarterly basis) established under highly technical and complex 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 the Company's control. For example, in order to qualify as a REIT, at least 95% of the Company's gross income in any year must be derived from qualifying sources, and the Company must pay distributions to stockholders aggregating

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annually at least 95% of its REIT taxable income (determined without regard to the dividends paid deduction and by excluding capital gains). The complexity of these provisions and of the applicable Treasury Regulations that have been promulgated under the Code is greater in the case of a REIT, such as the Company, that holds its assets in partnership form. No assurance can be given that legislation, new regulations, administrative interpretations or court decisions will not significantly change the tax laws with respect to qualification as a REIT or the Federal income tax consequences of such qualification. The Company, however, is not aware of any pending tax legislation that would adversely affect the Company's ability to operate as a REIT.

The Company expects to receive at the time of the consummation of the Formation Transactions and the Offering an opinion of Latham & Watkins, tax counsel to the Company, to the effect that the Company will be organized in conformity with the requirements for qualification as a REIT and that its proposed method of operation will enable it to meet the requirements for qualification and taxation as a REIT. See "Federal Income Tax Consequences -- Taxation of the Company." Such legal opinion, however, will be based on various assumptions and factual representations by the Company regarding the Company's ability to meet the various requirements for qualification as a REIT, and no assurance can be given that actual operating results will meet these requirements. Such legal opinion will not be binding on the Internal Revenue Service ("IRS") or any court. Moreover, the Company's qualification and taxation as a REIT will depend upon the Company's ability to meet (through actual annual operating results, distribution levels and diversity of stock ownership) the various qualification tests imposed under the Code, the results of which will not be reviewed by Latham & Watkins.

If the Company were to fail to qualify as a REIT in any taxable year, the Company would be subject to Federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Moreover, unless entitled to relief under certain statutory provisions, the Company also would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. This treatment would significantly reduce the net earnings of the Company available for investment or distribution to stockholders because of the additional tax liability to the Company for the years involved. In addition, distributions to stockholders would no longer be required to be made. See "Federal Income Tax Consequences -- Taxation of the Company -- Failure of the Company to Qualify as a REIT."

Adverse Consequences to the Company if CIF or VAF are Not Qualified as REITs. If either CIF or VAF has failed to qualify as a REIT throughout the duration of its existence, then it might have undistributed "C corporation earnings and profits" that, if not distributed by the Company prior to the end

of its first taxable year, could prevent the Company from qualifying as a REIT. Also, CIF or VAF may have incurred material income tax liabilities if they did not qualify as REITs, which tax liabilities would be assumed by the Company by reason of the mergers which are part of the Formation Transactions (the "Mergers"). In addition, if either CIF or VAF has failed to qualify as a REIT at any time during its existence, such entity would recognize taxable gain on the Merger, even if the Merger qualifies as a "reorganization" for tax purposes, unless the Company makes a special election that is available under current law. The Company intends to make such an election as a protective matter, which would have the effect of requiring the Company to pay corporate income tax with respect to the existing gain on assets acquired from CIF or VAF in the event that either has not qualified as a REIT if such assets are sold within 10 years after the Offering. See "Federal Income Tax Consequences -- Taxation of the Company -- General." Furthermore, if either CIF or VAF did not qualify as a REIT at the time of the Merger, and the Merger did not qualify as a tax-free reorganization, CIF or VAF would recognize a material amount of gain in the Merger, with the Company assuming the resulting tax liability. The Company and each of CIF and VAF believe that each of CIF and VAF has qualified as a REIT throughout the duration of its existence and that, in any event, neither CIF nor VAF should be considered to have any undistributed "C corporation earnings and profits" at the time of the Merger. The Company expects to receive at the time of the consummation of the Formation Transactions and the Offering, certain legal opinions of Morrison & Foerster LLP, to the effect that CIF and VAF have been organized in conformity with the requirements for qualification as a REIT and that each corporation's method of operation has enabled it to meet the requirements for qualification and taxation as a REIT through the date of the consummation of the Formation Transactions and the Offering. Such legal opinions will be based on various assumptions and factual representations by CIF and VAF, as applicable, regarding their respective abilities to meet the various

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requirements for qualification as a REIT imposed under the Code, the results of which have not been reviewed by Morrison & Foerster LLP. Such legal opinions are not binding on the IRS or any court.

Adverse Consequences to the Company if AMB is not an S Corporation. If AMB failed to qualify as an S corporation for its 1989 taxable year or thereafter, then it might have undistributed "C corporation earnings and profits" that, if not distributed by the Company prior to the end of its first taxable year, would prevent the Company from qualifying as a REIT. Furthermore, if AMB were not an S corporation in the calendar year in which the Formation Transactions occur, AMB would not be permitted to have a short S corporation taxable year and a short C corporation taxable year, as described in "Federal Income Tax Consequences -- Taxation of the Company -- Termination of S Status." In such case, the Company likely would not qualify as a REIT for its taxable year including the Formation Transactions and Offering and perhaps subsequent years. Also, AMB may have incurred income tax liabilities if it did not qualify as an S corporation, which tax liabilities would be assumed by the Company as a result of the Formation Transactions. In addition, if AMB has failed to qualify as an S corporation for its 1989 taxable year or thereafter, the Company will recognize taxable gain upon its election to be taxed as a REIT, unless the Company makes a special election that is available under current law. The Company intends to make such an election as a protective matter, which would have the effect of requiring the Company to pay corporate income tax with respect to the existing gain on assets acquired from AMB in the event AMB has not qualified as an S corporation, if such assets are sold within 10 years after the Offering. The Company and AMB each believe that AMB has qualified as an S corporation for its 1989 taxable year and thereafter and that AMB had no income or assets prior to 1989.

Other Tax Liabilities. Even if the Company qualifies as a REIT, it will be subject to certain Federal, state and local taxes on its income and property. In addition, the net taxable income, if any, from the activities conducted through the Investment Management Subsidiary will be subject to Federal and state income tax. See "Federal Income Tax Consequences -- Other Tax Consequences."

DEBT FINANCING

Debt Financing and Existing Debt Maturities. The Company will be subject to risks normally associated with debt financing, including the risk that the Company's cash flow will be insufficient to pay distributions at expected levels and meet required payments of principal and interest, the risk that existing indebtedness on the Properties (which in all cases will not have been fully amortized at maturity) will not be able to be refinanced or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness. Upon consummation of the Offering, the Company expects to have substantial outstanding indebtedness which will be secured by certain of the Properties. See "Business and Properties -- Debt Financing." If principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, the Company expects that its cash flow will not be sufficient in all years to pay distributions at expected levels 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) resulted in higher interest rates upon

refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect the Company's cash flow and the amount of distributions it could make to stockholders. If a Property or Properties are mortgaged to secure payment of indebtedness and the Company is unable to meet mortgage payments, the Property could be foreclosed upon or otherwise transferred to the mortgagee with a consequent loss of income and asset value to the Company.

Risk of Rising Interest Rates and Variable Rate Debt. Upon consummation of the Offering, the Company, through the Operating Partnership, expects to increase the amount available under the Credit Facility to \$300 million. The Company, which expects to incur indebtedness through the Operating Partnership, may incur other variable rate indebtedness in the future. Increases in interest rates on such indebtedness could increase the Company's interest expense, which would adversely affect the Company's cash flow and its ability to pay expected distributions to stockholders. Accordingly, the Company may in the future engage in other transactions to further limit its exposure to rising interest rates as appropriate and cost effective. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

No Limitations on Indebtedness. The Company presently plans to adopt a policy of incurring debt, either directly or through the Operating Partnership, only if upon such incurrence the Company's Debt-to-Total-

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Market Capitalization Ratio would be approximately 45% or less. The Company believes that market capitalization is a better indicator than book value of its ability to meet debt service requirements. The market capitalization of the Company, however, is expected to be more variable than book value, and will not necessarily reflect the fair market value of the underlying assets of the Company. Notwithstanding the foregoing policy, the organizational documents of the Company and the Operating Partnership will not contain any limitation on the amount of indebtedness that may be incurred. Accordingly, the Board of Directors could alter or eliminate this policy and would do so, for example, if it were necessary for the Company to continue to qualify as a REIT. If this policy were changed, the Company could become more highly leveraged, resulting in an increase in debt service that could adversely affect the Company's FFO and, consequently, the amount of cash available for distribution to stockholders and could increase the risk of default on the Company's indebtedness.

Distributions. If the Company fails to achieve its expected operating results, the Company's ability to pay its estimated initial annual distribution of \$ per share to stockholders out of cash available for distribution could be adversely affected. If the Company is unable to pay such distribution out of cash available for distribution, the Company could be required to draw down under its unsecured line of credit to provide funds for such distribution, or to reduce the amount of such distribution.

LACK OF OPERATING HISTORY AS A PUBLIC REIT

Although the Company will be continuing the business of owning and operating the Properties, the Company will not have any operating history in the proposed organizational structure. See "The Company."

DEPENDENCE ON KEY PERSONNEL

The Company is dependent on the efforts of its Executive Officers, particularly Messrs. Abbey, Moghadam and Burke, the Chairman of the Company's Investment Committee, its Chief Executive Officer and the Chairman of its Board of Directors, respectively. While the Company believes that it could find suitable replacements for these key personnel, the loss of their services could have an adverse effect on the Company's financial condition and results of operations. However, all Executive Officers will enter into employment agreements with the Company. See "Management."

CONTINGENT OR UNKNOWN LIABILITIES

The AMB Predecessors have been in existence for varying lengths of time up to 14 years. In the Formation Transactions, the Company will acquire the assets of CIF, VAF, AMB and WPF, and certain assets of the Individual Account Assets, subject to all of the potential existing liabilities of an existing company. There can be no assurances that there are no current liabilities and will not be any future liabilities arising from prior activities that are unknown and, therefore not disclosed in this Prospectus. Such liabilities will be assumed by the Company as the surviving entity in the various merger and contribution transactions that comprise the Formation Transactions or as general partner of the Operating Partnership. Existing liabilities for indebtedness generally are taken into account (directly or indirectly) in connection with the allocation of the shares of Common Stock and/or Units, but no other liabilities are taken into account for such purposes. The Company will not have recourse against CIF, VAF, AMB or WPF or any of their respective stockholders or partners or against the Individual Account Investors, with respect to any unknown liabilities except to the extent provided by the Indemnity Escrow (as defined below). Unknown

liabilities might include liabilities for clean-up or remediation of undisclosed environmental conditions, claims of tenants, vendors or other persons dealing with the entities prior to the Formation Transactions (that had not been asserted prior to the Formation Transactions), accrued but unpaid liabilities incurred in the ordinary course of business, and claims for indemnification by the officers and directors of CIF, VAF and AMB and others indemnified by such entities, including clients of AMB. See "-- Government Regulations -- Environmental Matters" below as to the possibility of undisclosed environmental conditions potentially affecting the value of the Properties.

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INVESTMENT MANAGEMENT SUBSIDIARY

Adverse Consequences of Lack of Control Over the Business of the Investment Management Subsidiary. To comply with the REIT asset tests that restrict ownership of shares of other corporations, the Operating Partnership will own 100% of the nonvoting preferred stock of the Investment Management Subsidiary (representing approximately 95% of its economic interest) and the Executive Officers will own all of the outstanding voting common stock of the Investment Management Subsidiary (representing approximately 5% of its economic interest). This ownership structure is necessary to permit the Company to share in the income of the Investment Management Subsidiary while maintaining its status as a REIT. Although the Company will receive substantially all of the economic benefit of the business carried on by the Investment Management Subsidiary through the Company's right to receive dividends through the Operating Partnership, the Company will not be able to elect directors or officers of the Investment Management Subsidiary and, therefore, the Company will not have the ability to influence the operation of the Investment Management Subsidiary or require that the Investment Management Subsidiary's board of directors declare and pay a cash dividend on the non-voting stock of the Investment Management Subsidiary held by the Operating Partnership. As a result, the board of directors and management of the Investment Management Subsidiary might implement business policies or decisions that would not have been implemented by persons controlled by the Company and that are adverse to the interests of the Company or that lead to adverse financial results, which could adversely impact the Company's net operating income and cash flows. In addition, the Investment Management Subsidiary will be subject to tax on its income, reducing its cash available for distribution. See "Formation and Structure of the Company -- Formation Transactions."

Uncertainty of Investment Management Subsidiary Operations. Fees earned by the Investment Management Subsidiary will be dependent upon various factors, including factors beyond the control of the Company and the Operating Partnership affecting the ability to attract and retain investment management clients and the overall returns achieved on managed assets. Failure of the Investment Management Subsidiary to attract investment management clients or achieve sufficient overall returns on managed assets would reduce its ability to make distributions in respect of the nonvoting preferred stock owned by the Operating Partnership. Such failure would also limit co-investment opportunities to the Company and, as a result, the Company's ability to generate rental revenues from such co-investments and use the co-investment program as a source to finance property acquisitions and leverage acquisition opportunities. See "Business and Operating Strategies -- Investment Management Subsidiary."

GOVERNMENT REGULATIONS

Many laws and governmental regulations are applicable to the Properties and changes in these laws and regulations, or their interpretation by agencies and the courts, occur frequently.

Costs of Compliance with Americans with Disabilities Act. Under the Americans with Disabilities Act of 1990 (the "ADA"), all places of public accommodation are required to meet certain Federal requirements related to access and use by disabled persons. Compliance with the ADA might require removal of structural barriers to handicapped access in certain public areas where such removal is "readily achievable." Noncompliance with the ADA could result in the imposition of fines or an award of damages to private litigants. The impact of application of the ADA to the Properties, including the extent and timing of required renovations, is uncertain. If required changes involve a greater amount of expenditures than the Company currently anticipates or if the changes must be made on a more accelerated schedule than the Company currently anticipates, the Company's ability to make expected distributions to stockholders could be adversely affected.

Environmental Matters. Under Federal, state and local laws and regulations relating to the protection of the environment ("Environmental Laws"), a current or previous owner or operator of real estate may be liable for contamination resulting from the presence or discharge of hazardous or toxic substances or petroleum products at such property, and may be required to investigate and clean-up such contamination at such property or such contamination which has migrated from such property. Such 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, and the liability under such laws has been interpreted to be joint and several unless the harm is divisible and there is a

reasonable basis for allocation of responsibility. In addition, the owner or

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operator of a site may be subject to claims by third parties based on personal injury, property damage and/or other costs, including investigation and clean-up costs, resulting from environmental contamination present at or emanating from a site.

Environmental Laws also govern the presence, maintenance and removal of asbestos-containing building materials ("ACBM"). Such laws require that ACBM be properly managed and maintained, that those who may come into contact with ACBM be adequately appraised or trained and that special precautions, including removal or other abatement, be undertaken in the event ACBM is disturbed during renovation or demolition of a building. Such laws may impose fines and penalties on building owners or operators for failure 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 fibers. Some of the Properties may contain ACBM.

Some of the Properties are leased or have been leased, in part, to owners and operators of dry cleaners that operate on-site dry cleaning plants, to owners and operators of gas stations or to owners or operators of other businesses that use, store or otherwise handle petroleum products or other hazardous or toxic substances. Some of these Properties contain, or may have contained, underground storage tanks for the storage of petroleum products and other hazardous or toxic substances. These operations create a potential for the release of petroleum products or other hazardous or toxic substances. Some of the Properties are adjacent to or near other properties that have contained or currently contain underground storage tanks used to store petroleum products or other hazardous or toxic substances. In addition, certain of the Properties are on, or are adjacent to or near other properties upon which others, including former owners or tenants of the Properties, have engaged or may in the future engage in activities that may release petroleum products or other hazardous or toxic substances.

All of the Properties were subject to a Phase I or similar environmental assessments by independent environmental consultants at the time of acquisition or shortly after acquisition. Phase I assessments are intended to discover and evaluate information regarding the environmental condition of the surveyed property and surrounding properties. Phase I assessments generally include an historical review, a public records review, an investigation of the surveyed site and surrounding properties, and preparation and issuance of a written report, but do not include soil sampling or subsurface investigations and typically do not include an asbestos survey. Some of the Company's environmental assessments of the Properties do not contain a comprehensive review of the past uses of the Properties and/or the surrounding properties.

None of the Company's environmental assessments of the Properties has revealed any environmental liability that the Company believes would have a material adverse effect on the Company's financial condition or results of operations taken as a whole, nor is the Company aware of any such material environmental liability. Nonetheless, it is possible that the Company's assessments do not reveal all environmental liabilities or that there are material environmental liabilities of which the Company is unaware. In addition, only certain of such assessments have been updated for purposes of this Offering, and approximately 50% of the Properties have environmental assessments which are more than two years old. Moreover, there can be no assurance that (i) future laws, ordinances or regulations will not impose any material environmental liability or (ii) the current environmental condition of the Properties will not be affected by tenants, by the condition of land or operations in the vicinity of the Properties (such as releases from underground storage tanks), or by third parties unrelated to the Company. If the costs of compliance with the various environmental laws and regulations, now existing or hereafter adopted, exceed the Company's budgets for such items, the Company's ability to make expected distributions to stockholders could be adversely affected.

Other Regulations. The Properties are also subject to various Federal, state and local regulatory requirements such as state and local fire and life safety requirements. Failure to comply with these requirements could result in the imposition of fines by governmental authorities or awards of damages to private litigants. The Company believes that the Properties are currently in substantial compliance with all such regulatory requirements. However, there can be no assurance that these requirements will not be changed or that new requirements will not be imposed which would require significant unanticipated expenditures by the Company, which expenditures could have an adverse effect on the Company's financial condition and results of operations.

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Risk of Reassessment. Certain local real property tax assessors may seek to reassess certain of the Properties as a result of the Formation Transactions and the transfer of interests to occur in connection therewith. In jurisdictions such as California, where Proposition 13 limits the assessor's ability to

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Western.....	24	128	10,690,015	35.1%	15	2,192,446	39.9%	39	
12,882,461	35.9%								
Southern.....	15	78	7,610,919	25.0	9	1,400,718	25.5	24	
9,011,637	25.1								
Midwestern.....	16	80	9,790,994	32.2	4	710,523	13.0	20	
10,501,517	29.2								
Eastern.....	6	20	2,327,351	7.7	3	1,184,462	21.6	9	
3,511,813	9.8								
	--	---	-----	-----	--	-----	-----	----	----
Total.....	61	306	30,419,279	100.0%	31	5,488,149	100.0%	92	
35,907,428	100.0%								
	==	===	=====	=====	==	=====	=====	=====	=====

HISTORY

Since its inception in 1983, AMB has grown to become a leading real estate investment manager with over \$2.6 billion under management. AMB's growth is, in part, the result of its ability to achieve investment returns consistently above the National Council of Real Estate Investment Fiduciaries ("NCREIF") National Property Index (the "NCREIF NPI"), the recognized industry benchmark. For the 10-year period ended December 31, 1996, AMB's average annual unleveraged rate of return exceeded the average annual rate of return of the NCREIF NPI by 450 basis points.

AMB has been one of the nation's most active acquirers of industrial properties and community shopping centers in recent years and has developed extensive expertise and proprietary systems and procedures to handle a high volume of transaction activity. During the three years ended June 30, 1997, AMB acquired 75 properties representing an aggregate investment of over \$1.4 billion and encompassing over 31 million rentable square feet, including 28 properties acquired in 1996 with a total investment of approximately \$585 million encompassing over 10 million rentable square feet. In addition, during the nine-month period ended September 30, 1997, the Company acquired Properties encompassing million rentable square feet totaling \$ in aggregate investment. In addition, over the past nine years, AMB has assumed the management of 10 existing real estate portfolios by replacing other real estate investment managers. These "takeover" portfolios represent over \$725 million in invested capital, comprising an aggregate of 96 properties representing over 12 million rentable square feet. As shown in the following graph, for the period beginning January 1, 1988 through June 30, 1997, AMB's cumulative acquisition and "takeover" portfolio activity (giving effect to the Pending Acquisitions) grew at an average annual rate of 42.7% based on the aggregate purchase price of such transactions. See "Business and Properties -- Property Additions and Projects in Progress."

[AMB ACQUISITIONS CHART]

The Company believes that active management and high quality service are critical to tenant satisfaction and, ultimately, property performance. Each year since 1992, AMB has conducted a program of measuring and monitoring the satisfaction of its tenants, including surveys conducted by an outside market research firm. Based on independent surveys of over 700 tenants, property managers and leasing brokers over the last three years, AMB was rated at consistently high levels in areas such as professionalism, knowledge and responsiveness.

AMB has also been highly rated by institutional investor consultants who frequently recommend AMB to their clients and have rated AMB as an industry leader with respect to its capabilities in the acquisition, management and disposition of real estate investments. Since 1990, independent surveys of AMB clients and

their consultants rated AMB as a leader in areas such as quality and expertise of its investment professionals and client confidence in AMB's expected future investment performance. In connection with AMB's historical investment management business, no AMB client has ever replaced AMB as its real estate investment portfolio manager.

AMB has been an innovator in the institutional real estate management arena in the early formation of private REITs as an alternative to traditional commingled funds. AMB also has led the industry by incorporating progressive corporate governance provisions, and using incentive based compensation arrangements rather than a traditional fee structure based on appraised value.

Demonstrating their satisfaction with AMB's service and investment returns, substantially all of AMB's institutional clients elected to become stockholders of the Company, including the following:

<TABLE>
<CAPTION>

CORPORATE PENSION PLANS	PUBLIC PENSION PLANS	FOUNDATIONS AND ENDOWMENTS
<S>	<C>	<C>
Ameritech	Chicago Public Teachers	Ford Foundation
Blue Cross Blue Shield Association	City and County of San Francisco	Hewlett Foundation
Consolidated Freightways	City of Milwaukee	Pomona College
Edison International	City of Orlando	Rockefeller Foundation
International Monetary Fund	City of San Diego	Stanford University
Southern Company	Denver Employees	The Kresge Foundation
The World Bank	Illinois Municipal	University of Illinois

</TABLE>

The Company is self-administered and expects to qualify as a REIT for Federal income tax purposes beginning with the year ending December 31, 1997. The principal executive offices of the Company and the Operating Partnership are located at 505 Montgomery Street, San Francisco, California 94111, and their telephone number is (415) 394-9000. The Company also maintains a regional office in Boston, Massachusetts.

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FOCUS ON INDUSTRIAL PROPERTIES AND COMMUNITY SHOPPING CENTERS

The Company operates industrial properties and community shopping centers in hub distribution and retail trade areas throughout the United States. Management believes that its dual property strategy provides greater opportunities to deploy capital and organizational resources between industrial properties and community shopping centers, providing the Company greater flexibility in investing and balancing its property mix.

Management believes that industrial properties and community shopping centers share the following characteristics:

Fragmented Ownership. Historically, both industrial properties and community shopping centers have been developed and operated by local real estate investors and, as a result, are characterized by fragmented ownership. The Company believes this fragmented ownership provides opportunities for consolidation on a national basis.

Competition for Acquisitions. Management believes that, because of their relative size and fragmented ownership, industrial properties and community shopping centers are not as widely marketed and attract less significant buyer interest than larger property types. Accordingly, management believes that these properties can be acquired on a less competitive basis.

Distribution of Goods and Necessities. Industrial property and community shopping center tenants distribute goods and necessities, either at the wholesale or retail level, or both. Management believes that such tenants are relatively insulated from the adverse effects of an economic downturn, and that industrial properties located in hub distribution markets and community shopping centers located in selected trade areas generally have higher occupancy rates across market cycles.

Construction and Maintenance. Industrial properties and community shopping centers are typically single-story construction, and improvements to such properties are generally limited to moving demising walls and repairing roofs and parking lots. Such property types also require less maintenance as compared to most other commercial property types.

Redevelopment Opportunities. As compared to other commercial property types, industrial properties and community shopping centers generally require less time and capital to renovate and reposition and management believes the corresponding increase in cash yield upon renovation tends to be higher.

Tenant Improvements. Industrial properties and community shopping centers generally do not require significant tenant improvements to attract new tenants as compared to other commercial property types.

Management. Industrial properties and community shopping centers generally do not require on-site property management.

INDUSTRIAL PROPERTY GROWTH OPPORTUNITIES

The Company believes that the industrial property sector is well-positioned to benefit from strong market fundamentals and growth in international trade. See "Strategies for Growth -- Growth Through Operations."

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Low Level of Construction and High Occupancy. Industrial properties typically have stable occupancy rates because they have a shorter development lead time and therefore are not as susceptible to oversupply cycles as other commercial property types. CB Commercial/Torto Wheaton Research projects industrial property vacancy rates for major markets nationally to remain approximately 7% through the year 2001, and for annual construction as a percentage of inventory to remain below 2% for the same period. The following graph outlines national vacancy and new construction data for industrial properties for the periods presented:

[INDUSTRIAL & VACANCY GRAPH]

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Growth of International Trade. Management believes that continued growth in international trade, as presently forecasted, will result in increased demand for industrial space and upward pressure on rental rates in the nation's hub distribution and selected regional markets. The Company should benefit from this trend, as the majority of the Industrial Properties are located in these markets. See "Business and Properties -- Industrial Properties -- Overview of Major Target Markets." As shown below, the growth in U.S. imports and exports has exceeded the growth in the U.S. gross domestic product ("GDP") since 1991 and is forecasted to continue:

[INTERNATIONAL TRADE & GDP GRAPH]

COMMUNITY SHOPPING CENTER GROWTH OPPORTUNITIES

Management believes the retail property sector will benefit from the prevailing low levels of new construction, projected growth in personal income and retail sales levels, and greater opportunities for redevelopment.

Low Level of Construction and High Occupancy. An important element of the Company's strategy of acquiring and operating community shopping centers is to focus on supply-constrained locations where retail sales volumes are proven and barriers to entry are high and sustainable. These target trade areas typically have high population densities and above-average income levels which in turn lead to higher sales volumes and, ultimately, higher rents and occupancy rates. The following graph shows the decline in new shopping center

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construction as a percentage of retail center inventory since 1985 and the current retail vacancy rate of approximately 8%:

[U.S. RETAIL VACANCY RATE GRAPH]

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Personal Income and Retail Sales. The following graph summarizes the historical and projected trends for personal income and retail sales compared to the Consumer Price Index on a national basis. These two factors have grown at rates significantly in excess of inflation as measured by the Consumer Price Index. According to projections by Regional Financial Associates, these positive trends are expected to continue for the next five years.

[U.S. RETAIL SALES AND INCOME GROWTH GRAPH]

Redevelopment Opportunities. Management believes that because community shopping centers have historically been owned and operated by local real estate investors who are often undercapitalized, the acquisition and redevelopment of such properties presents attractive investment opportunities. In addition, the Company believes that it can capitalize on the recent shift in desired space configuration from small stores to larger formats by redeveloping older centers.

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BUSINESS AND OPERATING STRATEGIES

The Company focuses its investment activities in hub distribution markets and retail trade areas throughout the U.S. where opportunities exist to acquire and develop additional properties on an advantageous basis. The Company's operations are conducted through its 104 employees, 88 of whom are located in its San Francisco headquarters and 16 of whom are located in its Boston office. The Company is a full-service real estate company with in-house expertise in acquisitions, development and redevelopment, asset management and leasing, finance and accounting and market research. The Company has long-standing relationships with most of its 47 real estate management firms across the country which provide local property management and leasing services to the Company on a fee basis. See "-- Property Management."

NATIONAL PROPERTY COMPANY

Upon consummation of the Offering, the Company will own 103 Properties (including the Pending Acquisitions) in 24 markets throughout the country. The

Company believes that its national strategy enables it to (i) increase or decrease investments in certain regions to take advantage of the relative strengths in different real estate markets; (ii) retain and accommodate tenants as they consolidate or expand, particularly in its Industrial Properties; and (iii) build brand awareness as well as customer loyalty through the delivery of consistent service and quality product. Through its presence in markets throughout the U.S., the Company has developed expertise in leasing, expense management, tenant retention strategies and property design and configuration.

TWO COMPLEMENTARY PROPERTY TYPES

Management believes its strategy of owning and operating both industrial properties and community shopping centers offers the Company an optimal combination of growth opportunities, strong current income and stability through market cycles. The Company has developed the expertise, infrastructure and management information systems to acquire, reposition, develop and operate these two property types. Management believes that its dual property strategy provides significant opportunities to allocate capital and organizational resources between property types according to changing market conditions and its investment strategy. See "Focus on Industrial Properties and Community Shopping Centers."

SELECT MARKET FOCUS

The Company intends to continue its strategy of investing in hub distribution markets and retail trade areas across the country to capitalize on changes in the relative economic strength of these regions. The Company focuses on acquiring, redeveloping and operating properties in in-fill locations which are characterized by limited new construction opportunities. As the strength of these markets continues to grow and the demand for well-located properties increases, the Company believes that it will benefit from an upward pressure on rents resulting from the increased demand combined with the relative lack of new available space.

Industrial Property Selected Hub Distribution Markets. The Company intends to continue to focus its industrial property investment activities in six hub markets which dominate national warehouse distribution property activities: San Francisco Bay Area, Los Angeles, Chicago, Dallas/Fort Worth, Atlanta and Northern New Jersey. According to CB Commercial/Torto Wheaton Research, these markets accounted for approximately (i) 38% of the warehouse property inventory as of December 31, 1996, and (ii) for the three-year period ended December 31, 1996, 35% of industrial property net absorption, in the nation's 53 major industrial markets. In addition, such hub markets contain approximately 69% of the Industrial Properties based on aggregate square footage. The Company also invests in selected regional distribution markets including Boston, Houston, Miami, Minneapolis, San Diego, Seattle and Baltimore/Washington, D.C. The Company focuses on these established industrial markets because they offer large and broadly diversified tenant bases which provide greater demand for properties over market cycles than secondary markets. In-fill locations within these markets also typically have significant barriers to new construction including geographic or regulatory supply constraints, and benefit from an access to large labor supplies and well-developed transportation networks. See "Business and Properties -- Industrial Properties -- Overview of Major Target Markets."

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Community Shopping Center Trade Areas. The Retail Properties generally are located in supply-constrained trade areas of 15 major metropolitan areas. The Company's national operating strategy for the community shopping center business is based on detailed research regarding these target trade areas. These target trade areas typically enjoy high population densities and above-average income levels. See "Business and Properties -- Retail Properties -- Retail Trade Areas." The Company believes that its experience and relationships with community shopping center retailers enable it to make investment decisions which meet the site selection and store configuration needs of these tenants. Management believes that by continuing to acquire and develop additional community shopping centers in new and existing target trade areas, the Company will increase its market share and operating efficiencies.

The Company assesses the competitive position and trade area strength of a potential acquisition with a research process that focuses on the following five key characteristics: (i) supply-constrained trade area (trade areas, including in-fill locations, where it is difficult to introduce competing retail shopping centers, retailers have established positions required to serve the local market, competition and competing development sites are limited and there is an existing balance between market demand and supply); (ii) high-traffic location (convenient locations, good visibility and ease of access, which increase customer traffic and foster customer loyalty); (iii) strong anchor tenant line-up (ability to attract recognized anchor tenants with above average sales within trade areas, such as the number one or two grocer in the market); (iv) suitable physical layout (a site configuration with functional store size and layout to support the format preferences of the major anchor tenants and with a supportable amount of shop space, and sufficient parking); and (v) favorable demographics (selection of a trade area which has a relatively high population density and above-average income levels to provide a strong customer and retail

sales base). Management believes that together these characteristics tend to result in centers with above-average retail sales fostering tenant loyalty, high rents and high occupancy.

RESEARCH-DRIVEN MARKET SELECTION

The Company's decisions regarding the deployment of capital are experience- and research-driven, with investments made based upon information as to underlying market demand for industrial and retail space and long-term trends in the economy which influence demand patterns. The Company seeks to identify industrial submarkets and retail trade areas with characteristics that support relatively high occupancy and increasing rents.

The Company has built a dedicated research department and has developed proprietary methodology and systems to analyze the economic base of major U.S. markets, demographic trends and supply and demand characteristics of such markets. The Company's research also assesses the viability of market infrastructure and transportation networks to assist in targeting strong industrial submarkets, and studies trends in distribution, retailing and other industries that impact location, demand and value of industrial properties and community shopping centers.

The Company's research is focused on analyzing and understanding local markets. This approach includes a thorough analysis of local markets, submarkets and individual properties, including demographics, tenant base, infrastructure, political climate, local taxes, competing properties and other submarket and investment issues. The direction of rental rates is assessed within markets and incorporated into the Company's pricing and leasing strategy, including whether to structure new and renewing leases on a long- or short-term basis.

PROPERTY MANAGEMENT

The Company actively manages its Properties through its experienced staff of 12 regional managers, each of whom specializes in the management of industrial properties or community shopping centers in designated markets. The Company typically outsources property management to a select group of third-party local managers with whom the Company has developed strong relationships. Regional, market and property-type focus provides regional managers with extensive knowledge of real estate trends and supply and demand activity in their markets as well as an effective network of local contacts who provide sources for market data, leads for new tenants and property acquisitions, and opportunities to enhance the value of the Properties. From January 1, 1994 through June 30, 1997, the Company's weighted average tenant retention rate was

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approximately 70% at its Industrial Properties and approximately 79% at its Retail Properties, based on aggregate square footage. Management believes that these tenant retention rates reflect the success of the Company's operating and tenant-service driven property management strategy.

The Company's regional managers make all major business decisions regarding the Properties, and have broad responsibilities that include implementing an annual business plan for each asset, formulating leasing strategies, establishing leasing terms and conditions, negotiating leases, approving and monitoring leases and capital expenditures, planning and implementing renovation, expansion and development, establishing annual operating and capital budgets and effecting dispositions. The Company's regional managers utilize local leasing agents to identify prospective tenants and document lease transactions. Third-party local property service providers are engaged to oversee custodial property matters such as rent collection, tenant requests, maintenance and repair, and supervision of cleaning and security services. The Company monitors the performance of its Properties on a daily basis through the use of the Company's proprietary asset information system. This management tool enables the Company not only to monitor the operating performance of a property (and the local property manager), but also to review and communicate strategic initiatives to the local property manager on a real-time basis and to compare the property's performance to on-line budgets and objectives.

Management believes that its approach to property management and its relationships with third-party property management companies enable the Company to more effectively manage fixed operating costs associated with a national portfolio. By employing third-party local property managers which management believes to be the best in their respective market, the Company can enter and exit markets efficiently without the administrative burden of retaining a large staff. Since the Company is the customer, rather than the competitor, of third-party management firms, these firms are also a source of new acquisition opportunities in the respective markets, thus providing the Company with greater access to transaction flow. Management believes this approach also gives the Company a competitive advantage in capitalizing on the increasing trend among corporations to outsource their real estate service requirements to property management companies.

DISCIPLINED INVESTMENT PROCESS

Over the past 14 years, AMB has established a disciplined approach to the investment process through operating divisions that are subject to the overall policy direction of its Investment Committee. The stages in the investment process are highly integrated, with Investment Committee review at critical points in the process.

Approval of each investment is the responsibility of the Investment Committee with sponsorship from both the acquisitions officer and regional manager who will be responsible for managing the property. The initial investment recommendation is thoroughly discussed, and approval is required in order to proceed to contract and full due diligence. The approach to offer terms and transaction structure is determined as part of the initial approval and is the responsibility of the acquisitions officer. The regional manager is involved in providing and verifying underwriting assumptions and developing the operating strategy. After the due diligence review and before removing conditions to the contract, a final Investment Committee recommendation is prepared by the acquisition and asset management team. The Investment Committee conducts a complete review of the information developed during the due diligence process and either rejects or gives final approval.

AMB has also established proprietary systems and procedures to manage and track a high volume of acquisition proposals, transactions and important market data. This includes an on-line open issues database that provides current information on the status of each transaction, highlighting the issues that must be addressed prior to closing, and a database that includes and compiles data on all transaction proposals and markets reviewed by the Company.

RENOVATION, EXPANSION AND DEVELOPMENT

The multidisciplinary background of the Company's employees provide it with the skills and experience to capitalize on strategic renovation, expansion and development opportunities. Several of the Company's officers have extensive experience in real estate development, both at AMB and with national development

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firms. The Company generally pursues development projects in joint ventures with local developers. In this way, the Company leverages the development skill, access to opportunities and capital of such developers, transferring a significant amount of the development risk to them and eliminating the need and expense of an in-house development staff. At the request of institutional owners, AMB has assumed the management of a total of 96 "takeover" properties, many of which required repositioning, renovation or expansion. See "Strategies for Growth -- Growth Through Renovation, Expansion and Development."

FINANCING STRATEGY

In order to maintain financial flexibility and facilitate the rapid deployment of capital over market cycles, the Company intends to operate with a Debt-to-Total Market Capitalization Ratio of less than 45%. Additionally, the Company intends to structure its balance sheet in order to obtain an investment grade rating on its senior unsecured debt, although no assurance can be given that such objective will be achieved. The Company intends to keep the majority of its assets unencumbered to facilitate such rating. Upon consummation of the Offering, the Company's Debt-to-Total Market Capitalization Ratio will be approximately % . See "Policies with Respect to Certain Activities -- Financing Policies."

The Company may utilize multiple sources of equity capital including public or private common stock offerings, convertible or non-convertible preferred stock offerings and purchases of property with Common Stock, convertible shares or Units. Additionally, the Company's co-investment program will also serve as a source of capital, particularly when more traditional sources of capital may not be available on attractive terms. See "-- Investment Management Subsidiary."

Upon consummation of the Offering, the Company expects to increase the availability under the Credit Facility to \$300 million. Such facility will bear interest at a rate equal to LIBOR plus 125 to 150 basis points. The Credit Facility is expected to be used for acquisitions and for general corporate purposes. See "Management's Discussion of Financial Condition and Results of Operations -- Liquidity and Capital Resources" and "Business and Properties -- Debt Financing."

INVESTMENT MANAGEMENT SUBSIDIARY

In connection with the Formation Transactions, the Company intends to form the Investment Management Subsidiary to enable the Company to continue providing real estate investment management services on a fee basis to certain of AMB's existing clients who are not participating in the Formation Transactions and to facilitate takeover opportunities and the Company's co-investment program. Upon completion of the Offering, the Investment Management Subsidiary expects to manage approximately \$ million of real estate investments for existing institutional clients of AMB, including industrial properties encompassing million square feet, retail properties encompassing million square feet and

other property types (managed as part of "takeover" portfolios, where AMB assumed the management and disposition responsibilities of properties previously managed by others) encompassing million square feet. In addition, these clients have unspent capital allocations totaling approximately \$ million which may be invested on behalf of these clients by the Investment Management Subsidiary. The fee revenues from the assets presently expected to be included in the Investment Management Subsidiary for each of the calendar years ended December 31, 1994, 1995 and 1996, and for the six months ended June 30, 1997, were \$ million, \$ million, \$ million and \$ million, respectively. In accordance with industry practice, most of the Company's advisory contracts are terminable on 30 days' notice. However, on average, these investments have been managed by AMB for four years.

The following table summarizes, as of June 30, 1997, the properties under AMB management which are expected to be managed by the Investment Management Subsidiary following consummation of the Formation Transactions and the Offering.

INVESTMENT MANAGEMENT SUBSIDIARY
 PROPERTIES UNDER MANAGEMENT
 AS OF JUNE 30, 1997

<TABLE>
 <CAPTION>

REGION	INDUSTRIAL PROPERTIES		RETAIL PROPERTIES		OTHER PROPERTIES		NUMBER OF PROPERTIES	TOTAL	
	RENTABLE SQUARE FEET	% OF TOTAL	RENTABLE SQUARE FEET	% OF TOTAL	RENTABLE SQUARE FEET	% OF TOTAL		RENTABLE SQUARE FEET	% OF TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Western.....									
Southern.....									
Midwestern.....									
Eastern.....									
Total.....									

</TABLE>

Co-investment Program. The Company intends to grow the operations of the Investment Management Subsidiary exclusively through its co-investment program. The purposes of the co-investment program will be to generate incremental revenues for the Company by leveraging AMB's successful track record and established relationships with institutional investors who currently prefer a private market format. Capital which is newly-committed to the investment management business will be invested only on a co-investment basis. The Company and the institutional client will acquire or develop properties through a partnership, limited liability company or joint venture. The Company anticipates using a consistent co-investment formula with each client whereby the Company's interest in all ventures with that client will be fixed at a level of at least 20%.

The Investment Management Subsidiary's co-investments will be consistent with the Company's acquisition and development strategies. The Company will assume day-to-day control over operations and management of the investments and will earn a return on its pro rata share of the investment plus the fee revenue generated from the Investment Management Subsidiary. The Investment Management Subsidiary's base revenues will be generally in the form of an up-front acquisition fee and an on-going asset management fee. The Company expects to enhance returns through incentive fee arrangements whereby the Investment Management Subsidiary participates in performance above target levels.

Benefits of the Investment Management Business. The Company believes that its investment management business and co-investment program will enable it to develop new and enhance existing relationships with its institutional investors. In addition, the Investment Management Subsidiary will earn fee income on assets under management. Based on experience, management believes that many institutions who currently own real estate and may become clients of the Investment Management Subsidiary will, over time, seek to convert a portion, or all, of their real estate assets into more liquid securities such as shares or partnership units of publicly traded real estate companies, including the Company. Management believes that its established relationships and understanding of the private institutional investor community will provide it with a competitive advantage in terms of converting managed assets into wholly-owned assets of the Company. Further, the Company believes that the ongoing relationships originated and maintained by the Investment Management Subsidiary will be a source of acquisitions of private investor portfolios and also provide access to private institutional capital which will permit the Company to be active when other public companies may be capital constrained.

In addition to the foregoing, the Company believes that the co-investment

program and other activities of its Investment Management Subsidiary will provide operational and financial benefits to the stockholders of the Company, such as:

- Enhanced returns on equity investments acquired on a co-investment basis as a result of earning acquisition, asset management and incentive fees.

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- Economies of scale and operational synergies resulting from the expansion of the Company's portfolio.
- An additional source of private equity financing.
- The ability to share the risks associated with development and value-added projects with co-investment partners.
- A potential source of acquisition opportunities from co-investment partners who wish to contribute their property interests to the Company.
- The ability to continue to take over assets currently managed by others.

Legal Structure. In order to comply with Federal tax requirements for REIT status, the Company will own 100% of the non-voting preferred stock of the Investment Management Subsidiary (representing 95% of its economic value). All of the outstanding voting common stock of the Investment Management Subsidiary (representing 5% of its economic value) will be owned by the Company's Executive Officers. See "Risk Factors -- Investment Management Subsidiary." The co-investment program will also be subject to the requirements of ERISA with respect to benefit plan investors which are subject to ERISA.

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STRATEGIES FOR GROWTH

The Company intends to achieve its growth objectives of long-term sustainable growth in Funds from Operations ("FFO") per share and maximization of long-term stockholder value, principally by growth through (i) operations, resulting from improved operating margins within the portfolio while maintaining above-average occupancy, (ii) acquisitions, including through the co-investment program of the Investment Management Subsidiary and (iii) property renovation, expansion and selected development.

GROWTH THROUGH OPERATIONS

As of June 30, 1997, the Industrial Properties were 94.2% leased and the Retail Properties were 93.0% leased. The Company will seek to improve operating margins by taking advantage of the economies of owning, operating and growing a large-scale national portfolio.

In the first six months of 1997, the Company increased average rental rates by 11.0% on 172 new and renewing leases totaling 3.1 million rentable square feet representing 8.6% of the Properties aggregate square footage. Management believes that it will have an opportunity to increase the average rental rate on leases expiring during 1998 covering an aggregate of 5.3 million rentable square feet. In addition, during 1998, leases encompassing an aggregate of 7.1 million rentable square feet (representing 19.8% of the Company's aggregate rentable square footage) are subject to contractual rent increases resulting in an average rent increase per rentable square foot of \$0.74, or 5.8%. The Company expects further rent increases over the next two calendar years as leases representing 25.0% of the Annualized Base Rents are scheduled to expire in 1998 and 1999. The Company will seek to reduce the potential volatility of the portfolio's FFO by managing lease expirations so that they occur within individual properties and across the entire portfolio in a staggered fashion, and by monitoring the credit and mix of tenants, particularly those in the Retail Properties.

GROWTH THROUGH ACQUISITIONS

Management believes its significant acquisition experience and its extensive network of property acquisition sources will continue to provide opportunities for external growth. Since 1983, AMB's management team has invested over \$3 billion on behalf of its clients in over 160 properties, 75 of which totaling over \$1.4 billion were acquired during the three years ended June 30, 1997. In 1996, AMB acquired on behalf of its clients 28 properties totaling \$585 million in aggregate investment, and in the nine-month period ended September 30, 1997, it acquired _____ properties encompassing _____ million rentable square feet totaling \$ _____ million in aggregate investment. The Company believes this pace of acquisitions makes it one of the most active buyers of industrial properties and community shopping centers in the country.

Management believes that there is a growing trend among large private institutional holders of real estate assets to shift a portion of their direct investment in real estate assets to more liquid securities such as common stock and units in publicly-traded REITs. The Company has relationships with a number

of the nation's leading pension funds and other institutional investors, many of whom have large portfolios of industrial properties and community shopping centers. Management believes that the Company's relationship with third-party local property managers also will create acquisition opportunities as such managers market properties on behalf of unaffiliated sellers. The Company also will continue active investment management of a number of portfolios through the Investment Management Subsidiary. The Company believes that through these relationships it will have opportunities to acquire portfolios in exchange for equity interests in the Company, and will be well-positioned to facilitate such investors' shift from private to public real estate ownership. See "Business and Operating Strategies -- Investment Management Subsidiary."

The Company's Operating Partnership structure also provides sellers the opportunity to contribute properties to the Company (through the Operating Partnership) on a tax-deferred basis in exchange for Units. The Company believes that its ability to offer tax-deferred transactions to sellers will enhance its attractiveness to local owners and developers. In addition, local developers can continue to participate as partners with the Company in local projects.

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GROWTH THROUGH RENOVATION, EXPANSION AND DEVELOPMENT

Management believes that renovation and expansion of value added properties, and development of well-located, high quality industrial properties and community shopping centers, will continue to provide it with attractive opportunities for increased cash flow and a higher risk-adjusted rate of return than may be obtained from the purchase of fully leased, renovated properties. Value added properties are typically characterized as properties with available space or near-term leasing exposure, properties which are well-located but require redevelopment or renovation, and occasionally undeveloped land acquired in connection with another property that provides an opportunity for development. Such properties require significant management attention and/or capital to maximize their return. The Company has developed the in-house expertise to create value through acquiring and managing value added transactions, having invested over \$365 million in such transactions since January 1993, including investments made through AMB Value Added Fund, Inc. Because of the Company's expertise with these types of assets, management believes it has the ability to identify and acquire value added properties and, on a selective basis, develop new properties. The Company will pursue development either in conjunction with its local network of development partners or through its established in-house development capability.

Renovation. Renovation of well-located properties offers the Company the opportunity to increase demand for space in its properties and add value to the portfolio. Certain properties acquired by the Company have some element of obsolescence or deferred maintenance which can be remedied in a cost-effective manner in order to improve the marketability of the space. Since 1995, the Company has undertaken five value-enhancing renovation projects totaling over 1.1 million rentable square feet.

Expansion. Certain properties provide opportunities to acquire adjacent land for nominal or no cost that can subsequently be used for expansion. When market conditions are favorable and tenant demand is present, the Company may expand these facilities to create additional value, without incurring additional land cost. The Company currently has two expansion projects, adding 649,522 rentable square feet for a total of 1,280,800 rentable square feet.

Development. The Company creates value through new development when opportunities arise through either the acquisition of undeveloped land (typically parcels acquired adjacent to existing properties) or through tenant relationships. The Company currently has two properties under development, which upon completion will total approximately 405,000 rentable square feet.

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USE OF PROCEEDS

The net proceeds from the Offering are expected to be approximately \$215.9 million, after deducting Underwriters' discounts, commissions and offering expenses of approximately \$34.1 million (or net offering proceeds of approximately \$250.8 million if the Underwriters' over-allotment option is exercised in full), assuming an offering price of \$ _____ per share. The Company intends to use the net proceeds to repay approximately \$174.2 million of indebtedness which was incurred to fund property acquisitions and purchase an interest from certain investors for approximately \$41.7 million. If the Underwriters' over-allotment option is exercised in full, the Company expects to use the additional net proceeds of approximately \$34.9 million to repay indebtedness and fund future property acquisitions and for general corporate purposes. Pending application of the net proceeds, the Company will invest such portion of the net proceeds in interest-bearing accounts and short-term, interest-bearing securities, which are consistent with the Company's intention to qualify for taxation as a REIT.

As of June 30, 1997, the weighted average interest rate on indebtedness

expected to be repaid with the net proceeds of the Offering was approximately 7.1% and the weighted average maturity was approximately two years. All of the \$174.2 million of outstanding borrowings expected to be repaid from the net proceeds of the Offering was incurred within the 12 months ended June 30, 1997 in connection with property acquisitions.

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DISTRIBUTIONS

The actual distributions made by the Company will be affected by a number of factors, including the gross revenues received from its Properties, the operating expenses of the Company, the interest expense incurred in borrowing and unanticipated capital expenditures. No assurance can be given that any level of distributions will be made or sustained. The Company anticipates that distributions will exceed net income determined in accordance with GAAP due to non-cash expenses, primarily depreciation and amortization.

The Company anticipates that its distributions will exceed earnings and profits for Federal income tax reporting purposes due to non-cash expenses, primarily depreciation and amortization, to be incurred by the Company. Based on pro forma taxable income for the 12 months ended June 30, 1997 of \$91.8 million, approximately % (or \$ per share of Common Stock) of the distributions anticipated to be paid by the Company for the 12-month period following the completion of the Offering would have represented a return of capital for Federal income tax purposes and in such event would not have been subject to Federal income tax under current law to the extent such distributions do not exceed a stockholder's basis in his or her shares of Common Stock. The nontaxable distributions will reduce the stockholder's tax basis in the shares of Common Stock and, therefore, the gain (or loss) recognized on the sale of such shares of Common Stock or upon liquidation of the Company will be increased (or decreased) accordingly. The percentage of stockholder distributions that represents a nontaxable return of capital may vary substantially from year to year.

The Code generally requires that a REIT distribute annually at least 95% of its net taxable income. See "Federal Income Tax Consequences -- Taxation of the Company." The amount of distributions on an annual basis necessary to maintain the Company's REIT status based on pro forma taxable income for the 12 months ended June 30, 1997 would have been approximately \$87.2 million. The distributions are anticipated to be in excess of the annual distribution requirements applicable to REITs under the Code. Under certain circumstances, the Company may be required to make distributions in excess of cash available for distribution in order to meet such distribution requirements. For a discussion of the tax treatment of distributions to holders of shares of Common Stock, see "Federal Income Tax Consequences -- Taxation of Taxable U.S. Stockholders Generally."

The Company intends to maintain its initial distribution rate for the 12-month period following the completion of the Offering unless actual results of operations, economic conditions or other factors adversely affect its cash available for distribution. The Company's actual results of operations will be affected by a number of factors, including the revenue received from its properties, the operating expenses of the Company, interest expense, the ability of tenants of the Company's properties to meet their financial obligations and unanticipated capital expenditures.

The Company also intends to make distributions to investors in the AMB Predecessors in an amount equal to the net working capital balances of the AMB Predecessors as of the consummation of the Formation Transactions, approximately 60 days thereafter. See "Formation and Structure of the Company." Such distributions and contributions are being effected because the allocation of equity among Continuing Investors in the Formation Transactions, and the pro forma capitalization, FFO and distribution policy set forth herein, assume a zero working capital balance as of the consummation of the Offering other than accounts available from proceeds of the Offering and the Credit Facility. Accordingly, they are not reflected in the discussion of distribution policy herein.

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CAPITALIZATION

The following table sets forth the capitalization of the Company as of June 30, 1997 on a pre-Offering as adjusted basis after giving effect to the Formation Transactions and Pending Acquisitions, and on a pro forma basis after giving effect to the Offering and the application of the net proceeds therefrom as described under the caption "Use of Proceeds." The information set forth in the following table should be read in conjunction with the AMB financial statements and notes thereto, the AMB Contributed Properties' combined financial statements and notes thereto, the pro forma financial information of the Company and the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" included elsewhere in this Prospectus.

<TABLE>
<CAPTION>

	JUNE 30, 1997	
	PRE-OFFERING AS ADJUSTED	PRO FORMA
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Indebtedness:		
Mortgage loans (1).....	\$ 465,774	\$ 461,241
Secured debt facility(1).....	74,167	74,167
Secured line of credit.....	--	--
Credit facility.....	180,000	10,333
	-----	-----
Total indebtedness.....	719,941	545,741
Minority interests.....	67,051	67,051
Stockholders' equity:		
Preferred Stock, \$.01 par value, 100,000,000 shares authorized, none issued or outstanding.....		
Common Stock, \$.01 par value, 500,000,000 shares authorized, and shares issued and outstanding(2).....	--	--
Additional paid-in capital.....	1,428,578	1,603,278
Retained earnings.....	--	--
	-----	-----
Total stockholders' equity.....	1,428,578	1,603,278
	-----	-----
Total capitalization.....	\$2,215,570	\$2,216,070
	=====	=====

</TABLE>

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- (1) Includes a debt premium of \$12.5 million and \$1.2 million on mortgage loans and the secured debt facility, respectively, recorded in connection with the Formation Transactions. See Note 6 to the Pro Forma Condensed Consolidated Balance Sheet of AMB Property Corporation.
- (2) Includes shares of Common Stock to be issued in the Offering and the Formation Transactions. Does not include (i) shares of Common Stock that may be issued upon the exchange of Units issued in connection with the Formation Transactions, (ii) shares of Common Stock subject to the Underwriters' over-allotment option and (iii) approximately shares of Common Stock available for options that may be granted under the Company's Stock Incentive Plan, of which approximately are expected to be granted upon consummation of the Offering.

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DILUTION

As of June 30, 1997, the Company's pre-Offering as adjusted net tangible book value was \$ per share. After giving effect to the sale of Common Stock in the Offering at a price of \$ per share (assuming that the Underwriters' over-allotment option is not exercised) and after deducting the estimated Underwriters' discounts, commissions and offering expenses, the pro forma net tangible book value at June 30, 1997 was \$ per share. This amount represents an immediate dilution in pro forma net tangible book value of \$ per share of Common Stock to new public investors. The following table illustrates this dilution:

<S>	<C>	<C>
Initial public offering price per share(1).....		\$
Pre-Offering as adjusted net book value per share(2).....		

Purchase interests from certain Investors.....		

Increase in net book value per share attributable to new investors.....		

Pro forma net book value per share(2).....		

Dilution per share to purchasers in the Offering.....		\$
		=====

</TABLE>

- -----

- (1) Before deducting underwriting discounts and commissions of approximately \$ per share and estimated expenses of the Offering of approximately \$ per share.
- (2) See "Financial Information -- Pro Forma Financial Information."

The following table summarizes, on a pro forma basis giving effect to the Offering and the Formation Transactions, the number of shares of Common Stock to be sold by the Company in the Offering and the number of Units to be issued to the Continuing Investors in connection with the Formation Transactions, the net tangible book value as of June 30, 1997 of the assets contributed in the Formation Transactions and the net tangible book value of the average contribution per share based on total contributions (dollars in thousands, except per share data).

<TABLE>
<CAPTION>

	COMMON STOCK/ UNITS ISSUED		CASH/BOOK VALUE OF CONTRIBUTIONS TO THE COMPANY (1)		PURCHASE PRICE/BOOK VALUE OF AVG. CONTRIBUTION PER SHARE/ UNIT (2)
	SHARES	PERCENT	\$	PERCENT	
	(IN THOUSANDS, EXCEPT PERCENTAGES)				
	<C>	<C>	<C>	<C>	<C>
Purchasers in the Offering					
Common Stock held by Continuing Investors.....					
Units issued to Continuing Investors.....					
	---	---	---	---	
Total.....	===	===	\$	%	%
	---	---	---	---	---

</TABLE>

- - - - -

- (1) Based on the June 30, 1997 pre-Offering as adjusted net book value of the assets less net book value of deferred financing and leasing costs to be contributed in connection with the Formation Transactions, net of liabilities to be assumed.
- (2) Before deducting underwriting discounts, commissions and estimated expenses of the Offering.

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SELECTED FINANCIAL AND OTHER DATA FOR
AMB PROPERTY CORPORATION

The following tables set forth selected financial and other data on a pro forma basis for the Company, on an historical basis for AMB and on an historical combined basis for the AMB Contributed Properties. The historical financial information contained in the tables has been derived from and should be read in conjunction with the financial statements and notes thereto of AMB and the combined financial statements and notes thereto of the AMB Contributed Properties included elsewhere in this Prospectus. The AMB Predecessors will consummate the Formation Transactions immediately prior to the Offering. In accordance with GAAP, the Formation Transactions will be accounted for as a purchase business combination with AMB as the "accounting acquirer."

The accompanying unaudited pro forma condensed consolidated balance sheet data as of June 30, 1997 has been prepared to reflect (i) Pending Acquisitions, (ii) the disposition or partial disposition of properties subsequent to June 30, 1997, (iii) the Formation Transactions, (iv) the Offering and the application of net proceeds therefrom and (v) certain other adjustments as if such transactions and adjustments had occurred on June 30, 1997. The accompanying unaudited pro forma condensed consolidated operating and other data have been prepared to reflect (i) the incremental effect of the acquisition of properties during the six months ended June 30, 1997, and during the year ended December 31, 1996, (ii) the Pending Acquisitions, (iii) the incremental effect of the disposition or partial disposition of properties during 1996 and 1997, (iv) the Formation Transactions, (v) pro forma debt adjustments resulting from repayment of indebtedness with net proceeds of the Offering and (vi) certain other adjustments as if such transactions and adjustments had occurred on January 1, 1996.

In the opinion of management, the pro forma condensed consolidated financial information provides for all adjustments necessary to reflect the effects of the Formation Transactions, the Offering, property acquisitions and dispositions and certain other transactions. The pro forma information is unaudited and is not necessarily indicative of the consolidated results that would have occurred if the transactions and adjustments reflected therein had been consummated in the period or on the date presented, or on any particular date in the future, nor does it purport to represent the financial position, results of operations or changes in cash flows for future periods.

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activities.....	7,275	12,429	28,700	55,118	96,718	141,578	40,593
52,014							
Investing							
activities.....	(156,126)	(121,397)	(357,383)	(422,315)	(572,880)	(926,924)	(189,315)
(74,629)							
Financing							
activities.....	152,326	110,161	382,311	419,126	398,808	692,567	67,712
20,914							
PROPERTY DATA:							
INDUSTRIAL							
PROPERTIES							
Total rentable							
square footage of							
properties at end							
of period.....	1,963	5,638	13,514	21,748	29,743		24,747
30,419							
Number of properties							
at end of							
period.....	5	12	29	45	61 (6)		53
61 (6)							
Occupancy rate at							
end of period.....	94.5%	97.4%	97.0%	97.3%	96.9%		94.6%
94.2%							
RETAIL PROPERTIES							
Total rentable							
square footage of							
properties at end							
of period.....	997	1,074	2,422	3,299	5,282		4,189
5,488							
Number of properties							
at end of							
period.....	8	9	14	19	30		23
31							
Occupancy rate at							
end of period.....	97.0%	96.5%	93.7%	92.4%	92.4%		88.0%
93.0%							

<CAPTION>

	COMPANY PRO FORMA

	1997

	(UNAUDITED)
<S>	<C>
OPERATING DATA:	
Revenues.....	\$ 131,883
Property operating	
expenses.....	36,839
Interest expense....	19,067
Depreciation and	
amortization.....	20,838
Asset management	
fees to	
affiliates.....	--
General,	
administrative and	
other expenses....	3,071
Income from	
operations before	
disposal of	
properties and	
minority	
interest.....	52,068
Net income.....	50,081
Pro forma net income	
per share(2).....	
BALANCE SHEET DATA:	
Investment in real	
estate (before	
accumulated	
depreciation)....	\$2,215,570
Net investment in	
real estate.....	2,215,570
Total assets.....	2,250,410
Mortgage loans(3)...	461,241
Secured debt	
facility(3).....	74,167
Secured line of	
credit.....	--
Credit Facility....	10,333
Stockholders'	
equity.....	1,603,278
OTHER DATA:	

EBITDA(4).....	\$	91,973
Funds from		
Operations(5).....		72,469
Cash flows provided		
by (used in):		
Operating		
activities.....		70,670
Investing		
activities.....		(2,885)
Financing		
activities.....		(60,861)
PROPERTY DATA:		
INDUSTRIAL		
PROPERTIES		
Total rentable		
square footage of		
properties at end		
of period.....		34,446
Number of properties		
at end of		
period.....		70
Occupancy rate at		
end of period....		95.0 %
RETAIL PROPERTIES		
Total rentable		
square footage of		
properties at end		
of period.....		6,360
Number of properties		
at end of		
period.....		33
Occupancy rate at		
end of period....		93.4 %

</TABLE>
<TABLE>
<CAPTION>

AMB(7)	AS OF AND FOR THE YEARS ENDED DECEMBER 31,					AS OF AND FOR THE SIX MONTHS ENDED JUNE 30,	
	1992	1993	1994	1995	1996	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OPERATING DATA:							
Revenues.....	\$ 7,040	\$ 7,155	\$ 12,865	\$ 16,826	\$ 23,846	\$ 9,695	\$ 11,083
Expenses.....	5,850	6,357	9,940	13,564	16,843	7,751	8,319
Net income.....	1,190	798	2,925	3,262	7,003	1,944	2,764
BALANCE SHEET DATA:							
Total assets.....	\$ 3,275	\$ 2,739	\$ 4,092	\$ 4,914	\$ 6,948	\$ 5,700	\$ 7,137
Stockholders'							
equity.....	3,029	2,480	3,848	4,241	6,300	4,061	3,673
OTHER DATA:							
Cash flows provided							
by (used in):							
Operating							
activities.....	\$ 1,071	\$ 372	\$ 2,705	\$ 2,062	\$ 6,647	\$ 3,003	\$ 5,816
Investing							
activities.....	--	242	--	--	--	--	--
Financing							
activities.....	(405)	(1,325)	(1,557)	(2,869)	(4,944)	(2,124)	(7,682)

</TABLE>

- (1) Represents historical combined financial and other data for the AMB Contributed Properties. See Note 1 to Combined Financial Statements of the AMB Contributed Properties.
- (2) Pro forma net income per share equals the pro forma net income divided by shares.
- (3) Mortgage loans and secured debt facility on a pro forma basis as of June 30, 1997 include debt premiums of approximately \$12.5 million and \$1.2 million, respectively. See Note 6 to the Pro Forma Condensed Consolidated Balance Sheet of AMB Property Corporation.
- (4) EBITDA is computed as income from operations before disposal of properties and minority interests plus interest expense, income taxes, depreciation and amortization. Management believes that in addition to cash flows and net income, EBITDA is a useful financial performance measure for assessing the operating performance of an equity REIT because, together with net income and cash flows, EBITDA provides investors with an additional basis to evaluate the ability of a REIT to incur and service debt and to fund

acquisitions and other capital expenditures. To evaluate EBITDA and the trends it depicts, the components of EBITDA, such as rental revenues, rental expenses, real estate taxes and general and administrative expenses, should be considered. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." Excluded from EBITDA are financing costs such as interest as well as depreciation and amortization, each of which can significantly affect a REIT's results of operations and liquidity and should be considered in evaluating a REIT's operating performance. Further, EBITDA does not represent net income or cash flows from operating, financing and investing activities as defined by GAAP and does not necessarily indicate that cash flows will be sufficient to fund cash needs. It should not be considered as an alternative to net income as an indicator of the Company's operating performance or to cash flows as a measure of liquidity.

- (5) FFO represents net income (loss) before minority interests and extraordinary items, adjusted for depreciation on real property and amortization of tenant improvement costs and lease commissions, gains (losses) from the disposal of properties and FFO attributable to minority interests in consolidated joint ventures whose interests are not convertible into shares of Common Stock. In addition to cash flow and net income, management and industry analysts generally consider FFO to be one additional measure of the performance of an equity REIT because together with net income and cash flows, FFO provides investors with an additional basis to evaluate the ability of an entity to incur and service debt and to fund acquisitions and other capital expenditures. However, FFO does not measure whether cash flow is sufficient to fund all of an entity's cash needs including principal amortization, capital improvements and distributions to stockholders. FFO also does not represent cash generated from operating, investing or financing activities as determined in accordance with GAAP. FFO should not be considered as an alternative to net income as an indicator of an entity's operating performance or as an alternative to cash flow as a measure of liquidity. Further, FFO as disclosed by other REITs may not be comparable to the Company's calculation of FFO. The Company calculates FFO in accordance with the White Paper on FFO approved by the Board of Governors of NAREIT in March 1995.
- (6) The increase in rentable square feet is attributable to the acquisition of buildings which were combined with Properties owned as of December 31, 1996. Therefore, there is no change to the total number of Industrial Properties between the periods ended December 31, 1996 and the six months ended June 30, 1997.
- (7) Represents the historical financial and other data of AMB for periods prior to the Formation Transactions.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the combined financial condition and results of operations should be read in conjunction with the combined financial statements and notes thereto of the AMB Contributed Properties and the financial statements and notes thereto of AMB. All references to the historical activities of the AMB Contributed Properties and AMB contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" refer to the activities of the various contributing entities. Statements contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" which are not historical facts may be forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof.

OVERVIEW

The Company generates revenue primarily from rent received from tenants at the Properties, including reimbursements from tenants for certain operating costs. In addition, the Company's growth is, in part, dependent upon its ability to increase occupancy rates and/or increase rental rates of its properties and its ability to continue the acquisition and development of additional properties.

The Company has achieved significant growth in its portfolios over the last five years. The Company's portfolio has increased in size from 6.7 million rentable square feet at December 31, 1993 to 35.9 million rentable square feet at June 30, 1997. The table below details the size of the portfolio as of each of the dates presented.

<TABLE>
<CAPTION>

DATE	NUMBER OF PROPERTIES	SQUARE FEET ----- (IN MILLIONS)
-----	-----	

<S>	<C>	<C>
June 30, 1997	92	35.9
December 31, 1996	91	35.0
June 30, 1996	76	28.9
December 31, 1995	64	25.0
December 31, 1994	43	15.9
December 31, 1993	21	6.7

An additional important element of the Company's historical growth was its ability to maintain stable levels of occupancy and rents during the last five years. The following table sets forth historical information relating to the occupancy rates of the AMB Contributed Properties as of each of the dates presented.

<S>	<C>	<C>
June 30, 1997	94.2%	93.0%
December 31, 1996	96.9	92.4
June 30, 1996	94.6	88.0
December 31, 1995	97.3	92.4
December 31, 1994	97.0	93.7
December 31, 1993	97.4	96.5

RESULTS OF OPERATIONS

The historical financial data presented herein show significant increases in revenues and expenses principally attributable to the Company's substantial portfolio growth. As a result, the Company does not believe its year-to-year financial data are comparable. Therefore, the analysis below shows (i) changes resulting from Properties that were held during the entire period for both years being compared (the "Core Portfolio") and (ii) changes attributable to acquisition activity. For the comparison between the years ended December 31, 1996 and 1995, the Core Portfolio consists of the 43 Properties acquired prior to January 1, 1995, and for the comparison between the years ended December 31, 1995 and 1994, the Core Portfolio consists of the 21 Properties acquired prior to January 1, 1994.

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AMB CONTRIBUTED PROPERTIES -- SIX MONTHS ENDED JUNE 30, 1997 AND 1996

Rental revenues. Rental income, including tenant reimbursements and other property related income, increased by \$33.0 million for the six-month period ended June 30, 1997, or 40.4%, to \$114.7 million as compared to \$81.7 million for the six-month period ended June 30, 1996. Approximately \$2.8 million, or 8.5% of this increase, was related to the Core Portfolio while the remaining \$30.2 million was attributable to Properties acquired in 1997 and 1996. The 3.9% growth in rental income in the Core Portfolio resulted primarily from rental rate increases.

Property operating expenses and real estate taxes. Property operating expenses and real estate taxes increased by \$8.8 million in total, or 38.9%, to \$31.4 million for the six-month period ended June 30, 1997, as compared to \$22.6 million for the six-month period ended June 30, 1996. Approximately \$1.0 million of this increase was attributable to the Core Portfolio, with the remaining \$7.8 million attributable to Properties acquired in 1997 and 1996. The Core Portfolio had an increase of approximately \$0.3 million in real estate tax and insurance expense. The other property operating expenses (excluding real estate taxes and insurance) for the Core Portfolio increased by \$0.7 million for the six-month period ended June 30, 1997 as compared to the same period in 1996.

Interest expense. Interest expense increased by \$9.8 million, or 75.4%, to \$22.8 million for the six-month period ended June 30, 1997, compared to \$13.0 million for the six-month period ended June 30, 1996. Interest expense related to the Core Portfolio increased by \$5.7 million, while financing related to Properties acquired during the six-month period ended June 30, 1997 and June 30, 1996 added \$4.1 million to interest expense.

Depreciation and amortization expense. Depreciation and amortization expense increased by \$3.7 million, or 25.7%, to \$18.1 million for the six-month period ended June 30, 1997, compared to \$14.4 million for the six-month period ended June 30, 1996. Approximately \$0.1 million of this increase was attributable to the Core Portfolio and \$3.6 million was related to Properties acquired in 1997 and 1996. The increase in these expenses in the Core Portfolio was related to depreciation of capital and tenant improvements made at the Core Portfolio Properties in 1997 and 1996 and amortization of leasing commissions and loan fees paid during that time period.

General, administrative and other expenses. General, administrative and other expenses increased by \$0.1 million or 33.0% to \$0.4 million for the

six-month period ended June 30, 1997, compared to \$0.3 million for the six-month period ended June 30, 1996. The increase was attributable to the substantial growth in the number of properties owned. General, administrative and other expenses as a percentage of total revenues remained flat at 0.4% for both the six months ended June 30, 1997 and June 30, 1996.

General, administrative and other expenses as a percentage of total revenues were 0.7%, 0.7%, 0.5%, 0.4% and 0.4% for the years ended December 31, 1994, 1995 and 1996 and for the six months ended June 30, 1996 and 1997, respectively. This steady decline is due to increased efficiency and economies of scale resulting from greater assets under management.

Interest and other income. Interest and other income decreased by \$0.1 million, or 12.5%, to \$0.7 million for the six-month period ended June 30, 1997, compared to \$0.8 million for the six-month period ended June 30, 1996. This decrease was primarily due to lower average cash balances.

AMB CONTRIBUTED PROPERTIES -- YEARS ENDED DECEMBER 31, 1996 AND 1995

Rental revenues. Rental income, including tenant reimbursements and other property related income, increased by \$64.3 million for the year ended December 31, 1996, or 58.2%, to \$174.7 million as compared to \$110.4 million for the year ended 1995. Approximately \$6.9 million, or 10.7% of this increase, was related to the Core Portfolio with the remaining \$57.4 million being attributable to Properties acquired in 1996 and 1995. The 8.1% growth in rental income in the Core Portfolio resulted primarily from rental rate increases.

Property operating expenses and real estate taxes. Property operating expenses and real estate taxes increased by \$16.3 million, or 51.3%, to \$48.1 million for the year ended December 31, 1996, as compared to \$31.8 million for the year ended December 31, 1995. Approximately \$1.5 million of this increase was attributable to the Core Portfolio, with the remaining \$14.8 million attributable to Properties acquired in 1996

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and 1995. The Core Portfolio had an increase of approximately \$0.9 million in real estate tax and insurance expense. The other property operating expenses (excluding real estate taxes and insurance) for the Core Portfolio increased by \$0.6 million from 1995 to 1996.

Interest expense. Interest expense increased by \$6.2 million, or 29.7%, to \$27.1 million for the year ended December 31, 1996, compared to \$20.9 million for the year ended December 31, 1995. Interest expense related to the Core Portfolio increased by \$3.3 million, while financing related to Properties acquired in 1996 and 1995 added \$2.9 million to interest expense.

Depreciation and amortization expense. Depreciation and amortization expense increased by \$11.1 million, or 61.3%, to \$29.2 million for the year ended December 31, 1996, compared to \$18.1 million for the year ended December 31, 1995. Approximately \$1.9 million of this increase related to the Core Portfolio and \$9.2 million related to Properties acquired after January 1, 1995. The increase in these expenses in the Core Portfolio was related to depreciation of capital and tenant improvements made at the Core Portfolio Properties in 1996 and 1995 and amortization of leasing commissions paid during that time period.

General, administrative and other expenses. General, administrative and other expenses remained unchanged at \$0.8 million for the years ended December 31, 1996 and December 31, 1995. General, administrative and other expenses as a percentage of total revenues was 0.5% for the year ended December 31, 1996 and 0.7% for the year ended December 31, 1995.

Interest and other income. Interest income decreased by \$0.6 million, or 28.6%, to \$1.5 million for the year ended December 31, 1996, compared to \$2.1 million for the year ended December 31, 1995. This decrease was primarily due to lower average cash balances.

AMB CONTRIBUTED PROPERTIES -- YEARS ENDED DECEMBER 31, 1995 AND 1994

Rental revenues. Rental income, including tenant reimbursements and other property related income, increased by \$59.2 million for the year ended December 31, 1995, or 115.6%, to \$110.4 million as compared to \$51.2 million for the year ended 1994. Approximately \$2.0 million, or 3.4% of this increase, was related to the Core Portfolio with the remaining \$57.2 million being attributable to Properties acquired in 1995 and 1994. The 5.1% growth in rental income in the Core Portfolio resulted primarily from rental rate increases.

Property operating expenses and real estate taxes. Property operating expenses and real estate taxes increased by \$18.1 million, or 132.1%, to \$31.8 million for the year ended December 31, 1995, as compared to \$13.7 million for the year ended December 31, 1994. Substantially all of this increase was attributable to Properties acquired in 1995 and 1994. The Core Portfolio had a decrease of approximately \$0.2 million in real estate taxes and insurance expense. The other property operating expenses (excluding real estate taxes and insurance) for the Core Portfolio increased by \$0.1 million from 1994 to 1995.

Interest expense. Interest expense increased by \$8.8 million, or 72.7%, to \$20.9 for the year ended December 31, 1995, compared to \$12.1 million for the year ended December 31, 1994. Interest expense related to the Core Portfolio increased by \$1.7 million due to the incurrence of additional debt on the Core Portfolio properties, while financing related to Properties acquired in 1995 and 1994 added \$7.1 million to interest expense.

Depreciation and amortization expense. Depreciation and amortization expense increased by \$9.3 million, or 105.7%, to \$18.1 million for the year ended December 31, 1995, compared to \$8.8 million for the year ended December 31, 1994. Approximately \$0.1 million of this increase was attributable to the Core Portfolio and \$9.2 million was related to Properties acquired after January 1, 1994. The increase in depreciation and amortization in the Core Portfolio was related to additions of capital and tenant improvements and payments of leasing commissions during 1995 and 1994.

General, administrative and other expenses. General, administrative and other expenses increased by \$0.4 million or 100.0%, to \$0.8 million for the year ended December 31, 1995, compared to \$0.4 million for the year ended December 31, 1994. This increase was attributable to the substantial growth in the number of properties owned by the AMB Predecessors. General, administrative and other expenses as a percentage of total revenues was 0.7% for each of the years ended December 31, 1995 and 1996.

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Interest income. Interest income increased by \$1.3 million, or 162.5%, to \$2.1 million for the year ended December 31, 1995, compared to \$0.8 million for the year ended December 31, 1994. This increase was primarily due to higher average cash balances.

AMB -- SIX MONTHS ENDED JUNE 30, 1996 AND 1997

Investment management income. Investment management income for the six months ended June 30, 1996 and 1997 was \$9.5 million and \$11.0 million, respectively. This \$1.5 million increase was due to a growing portfolio which had an impact on investment management and other income resulting in a net increase of 15.8% from June 30, 1996 to June 30, 1997.

Interest and other income declined from \$0.2 million to \$0.1 million due to reduced earnings passed through a limited partnership in which AMB was a general partner. Earnings from the limited partnership declined due to substantial disposal of the partnership's real estate at the end of 1996. AMB provides professional services in real estate and development for this partnership.

General and administrative expenses. General and administrative expenses were relatively stable at \$7.8 million and \$8.3 million for the six months ended June 30, 1996 and 1997, respectively. This occurred despite the 15.8% revenue increase due to the growing portfolio during this period.

AMB -- YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996

Investment management income. Investment management income increased each year from 1994 to 1996 primarily due to management fees associated with a growing portfolio and increased economies of scale from managing this larger portfolio. Investment management income for the years ended December 31, 1994, 1995 and 1996 was \$12.8 million, \$16.6 million and \$23.4 million, respectively. Investment management income had a net increase of 29.7% from 1994 to 1995 and of 41.0% from 1995 to 1996.

Interest and other income was \$0.1 million, \$0.2 million and \$0.4 million for the years ended December 31, 1994, 1995 and 1996, respectively. This increase was due to increased earnings on cash, as well as earnings passed through a limited partnership in which AMB was a general partner.

General and administrative expenses. General and administrative expenses for the years ended December 31, 1994, 1995 and 1996, respectively, were \$9.9 million, \$13.6 million and \$16.8 million, reflecting the increases in size of the Company's portfolio.

Net income. Net income was \$2.9 million, \$3.3 million and \$7.0 million for the years ended December 31, 1994, 1995 and 1996, respectively. In 1995, net income grew \$0.4 million on increased total revenues of \$3.9 million. This was due to the increased staffing in both San Francisco and Boston, as well as an expansion of AMB's Boston office. In 1996, net income grew \$3.7 million on increased total revenues of \$7.0 million. This additional growth was due to stabilized staffing and no additional office expansion.

LIQUIDITY AND CAPITAL RESOURCES

The principal sources of funding for acquisitions, development, expansion and renovation of the Properties includes the Credit Facility, permanent secured debt financing, proceeds from equity offerings and cash flow provided by operations. Management believes that its liquidity and its ability to access

capital are adequate to continue to meet liquidity requirements for the foreseeable future.

Capital Resources

On October 25, 1996, CIF entered into a \$100 million unsecured line of credit agreement with MGT. The line of credit has been used to fund acquisitions. The agreement provides for various variable interest rate options and payment terms which are determined at the discretion of the Company as amounts are drawn. As of June 30, 1997 and December 31, 1996, outstanding balances on the line were \$45.9 million and \$25.5 million, respectively, and bore interest at LIBOR plus 1.5%.

On August 8, 1997, CIF entered into a \$200 million unsecured line of credit agreement (the "CIF Facility") with MGT, which matures on August 7, 1999. In connection with the Formation Transactions, the

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Company, through the Operating Partnership, will assume the obligations of and become the obligor under the CIF Facility (as assumed, the "Credit Facility"). Borrowings under the Credit Facility, at the Company's election, bear interest at a floating rate equal to LIBOR plus 125 to 150 basis points, or MGT's prime rate of plus 0 to 25 basis points. The Company, through the Operating Partnership, expects to obtain a commitment to increase the availability under the Credit Facility to \$300 million. However, management can provide no assurances that such commitment will be obtained. The Credit Facility will be a recourse obligation of the Operating Partnership. The Company intends to use the Credit Facility principally for acquisitions and for working capital purposes. See "Business and Properties -- Debt Financing -- Unsecured Debt."

On December 12, 1996, CIF entered into a 12-year non-recourse secured financing facility (the "Secured Facility"). As of June 30, 1997, \$73.0 million was outstanding. Payments of interest only are due monthly at a fixed annual interest rate of 7.53%. The payment of principal is due December 12, 2008. This facility, which is secured by six of the Properties, will become an obligation of the Company upon consummation of the Formation Transactions. Under this facility, the Company may substitute collateral, subject to certain requirements with respect to the property offered as replacement collateral.

In addition to the Credit Facility and the Secured Facility described above, 40 of the Properties secure mortgage indebtedness. The aggregate principal amount of such mortgage indebtedness was \$429 million, \$407 million and \$258 million at June 30, 1997 and December 31, 1996 and 1995, respectively. The mortgage indebtedness bears interest at rates varying from 7.01% to 10.38% per annum (with a weighted average of 7.87%) and final maturity dates ranging from 1997 to 2008. The mortgage indebtedness will be assumed by the Company through the Operating Partnership upon completion of the Formation Transactions. On a pro forma basis at June 30, 1997, after giving effect to the Formation Transactions and the Offering, the Company expects to have total debt outstanding of approximately \$545.7 million, including debt premiums of approximately \$13.7 million. See "Financial Information -- Pro Forma Financial Information."

Liquidity

Cash and cash equivalents decreased by approximately \$1.7 million, to approximately \$31.4 million at June 30, 1997, compared to \$33.1 million at December 31, 1996. This decrease was the result of \$52.0 million of cash generated by operations and, \$20.9 million generated from financing activities reduced by \$74.6 million invested in new acquisitions, capital and tenant improvements, and payment of leasing commissions.

Net cash provided by operations totaled \$96.7 million, \$55.1 million and \$28.7 million for the years ended December 31, 1996, 1995 and 1994, respectively. Net cash provided by operations represents the primary source of liquidity to fund distributions, service debt and fund recurring capital costs. Upon completion of the Formation Transactions, the Company and the Operating Partnership intend to make quarterly distributions to holders of shares of Common Stock and Units, respectively. The Company and the Operating Partnership will establish their initial distribution based upon their estimate of annualized cash flow that will be available after the Formation Transactions.

Net cash provided by financing activities totaled \$398.8 million, \$419.1 million and \$382.3 million for the years ended December 31, 1996, 1995 and 1994, respectively. Net cash used for investing activities totaled \$572.9 million, \$422.3 million and \$357.4 million for the years ended December 31, 1996, 1995 and 1994, respectively.

The Company intends to maintain sufficient cash from operations to cover necessary capital costs. The Company also intends to maintain a minimum amount of working capital under the Credit Facility to provide for temporary working capital and unanticipated cash needs.

The anticipated size of the Company's distributions will not allow it,

using only cash from operations, to retire all of its debt as it comes due. Therefore, the Company intends to repay maturing debt with funds from debt and/or equity financings.

Leasing Activity. During the next 12 months ending , leases relating to approximately million rentable square feet of the Industrial Properties and million rentable square feet of the Retail Properties will expire. If the expiring square feet were not renewed or re-tenanted, annual contractual rents would be reduced by approximately \$ million and \$ million for the Industrial Properties and for the Retail Properties, respectively. Such amounts are based upon the contractual rent from such expiring leases at the time of expiration for the period from the expiration date to . Although no assurances can be given, the Company expects that it will be able to renew or re-tenant the expiring square feet at then-prevailing market rates. The table below sets forth the Company's historical (i) tenant retention rates for each of the periods presented and (ii) contractual rental rate increases (decreases) on renewed and re-tenanted space:

<TABLE>
<CAPTION>

RETENTION RATES	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	WEIGHTED AVERAGE
	1994	1995	1996	1997	
<S>	<C>	<C>	<C>	<C>	<C>
Industrial Properties.....	64.0%	67.9%	77.6%	61.5%	69.5%
Retail Properties.....	82.4	59.8	88.4	81.6	79.1
Rent Increases (Decreases)					
Industrial Properties.....	(5.9)%	4.8%	4.7%	11.9%	
Retail Properties.....	9.1	3.2	5.4	8.5	

</TABLE>

Recurring Capital Expenditures. The Company classifies building improvements which are not related to property expansions or renovations made after the first three years of ownership as recurring building improvements. The Company estimates that recurring building improvements will amount to \$0.08 per square foot per year for Industrial Properties and \$0.12 per square foot per year for Retail Properties, after the effect of excluding such costs during the first three years after acquisition of the property. For the 12-month period ending , the Company expects to incur recurring building improvements of approximately \$ million for the Industrial Properties and approximately \$ million for the Retail Properties. The actual amount of recurring building improvements is subject to a number of factors beyond the control of the Company; therefore, no assurances can be given that the actual amount expended will not vary from such estimate.

The Company classifies tenant improvements and leasing commissions incurred to lease space after the initial term of the initial tenant (excluding costs incurred to relocate tenants as part of a re-tenanting strategy) as recurring tenant improvements and leasing commissions. The table below sets forth the Company's estimated recurring tenant improvements and leasing costs for the 12-month period ending .

<TABLE>
<CAPTION>

	SQUARE FEET EXPIRING (1)	WEIGHTED AVERAGE COSTS PER SQUARE FOOT (2)	EXPECTED COSTS (000'S) (3)
<S>	<C>	<C>	<C>
Industrial Properties:			
Square feet estimated to be renewed.....		\$ 0.85	\$
Square feet estimated to be re-tenanted.....		1.92	
Total.....			\$
Retail Properties:			
Square feet estimated to be renewed.....		\$ 5.16	\$
Square feet estimated to be re-tenanted.....		5.94	
Total.....			\$

</TABLE>

(1) The classification of square feet expiring is based upon the Company's historical weighted average tenant retention rates during the period from January 1, 1994 to June 30, 1997 of approximately 79.1% for the Retail Properties and approximately 69.5% for the Industrial Properties.

(2) Represents historical weighted average tenant improvements and leasing commissions per square foot of leased space during the period from January 1, 1994 to June 30, 1997.

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(3) The actual amount of tenant improvements and leasing commissions is subject to a number of factors beyond the control of the Company; therefore, no assurances can be given that the actual amount expended will not vary significantly from such estimate.

NEW ACCOUNTING PRONOUNCEMENTS

In February 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share," effective for financial statements issued after December 15, 1997. SFAS 128 requires public business enterprises to disclose basic earnings per share if the entity has a simple capital structure with no potential common shares from convertible securities, options or warrants. If the entity does have potential common shares, it is considered to have a complex capital structure and must disclose basic and diluted earnings per share. This statement is not applicable to the AMB Predecessors, as they are not public business enterprises. The Company intends to adopt SFAS 128 in fiscal year 1997 and will include the appropriate disclosure of earnings per share in accordance with SFAS 128 in the 1997 year-end financial statements.

In February 1997, the FASB issued SFAS No. 129, "Disclosure of Information about Capital Structure," effective for periods ending after December 15, 1997. This statement establishes standards for disclosing information about an entity's capital structure. The financial statements of AMB are prepared in accordance with the requirements of SFAS 129. This statement has no effect on the financial statements of the AMB Contributed Properties, as they are not a legal entity. The Company intends to adopt SFAS 129 in fiscal year 1997 and will include the appropriate disclosures in accordance with SFAS 129 in the 1997 year-end financial statements.

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income." This statement, effective for fiscal years beginning after December 15, 1997, would require the entity to report components of comprehensive income in a financial statement that is displayed with the same prominence as other financial statements. Comprehensive income is defined by Concepts Statement No. 6, "Elements of Financial Statements," as the change in the equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. This statement has no impact on the AMB Predecessors as their net income and comprehensive income are equal. The impact on the Company is unknown as its comprehensive income has not yet been determined.

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." This statement, effective for financial statements for periods beginning after December 15, 1997, requires that a public business enterprise report financial and descriptive information about its reportable operating segments. Generally, information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments. This statement is not applicable to the AMB Predecessors, as they are not public business enterprises. The Company has not yet determined the impact of this statement on its financial statements.

INFLATION

Substantially all of the industrial and retail leases require the tenant to pay, as additional rent, a portion of any increases in real estate taxes and operating expenses over a base amount. In addition, many of the industrial and retail leases provide for fixed increases in base rent or indexed escalations (based on the Consumer Price Index or other measures). Management believes that inflationary increases in operating expenses will be offset, in part, by the expense reimbursements and contractual rent increases described above. See "Business and Properties -- Industrial Properties -- Lease Terms" and "-- Retail Properties -- Lease Terms."

FUNDS FROM OPERATIONS

Management believes that Funds from Operations ("FFO"), as defined by NAREIT, is an appropriate measure of performance for an equity REIT. While FFO is a relevant and widely used measure of operating performance of REITs, it does not represent cash flow from operations or net income as defined by GAAP,

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and it should not be considered as an alternative to those indicators in evaluating liquidity or operating performance.

The following table reflects the calculation of the AMB Contributed Properties' FFO on a historical combined basis for the years ended December 31, 1994, 1995 and 1996 and the six months ended June 30, 1996 and 1997, and on a

pro forma basis for the Company for the year ended December 31, 1996 and the six months ended June 30, 1997:

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,				SIX MONTHS ENDED JUNE 30,		
	1994	1995	1996	PRO FORMA 1996(4)	1996	1997	PRO FORMA 1997(4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Income from operations before disposal of real estate and minority interests.....	\$ 13,898	\$ 34,629	\$ 61,536	\$ 94,097	\$ 27,865	\$ 36,327	\$ 52,068
Real estate depreciation and amortization.....	8,845	18,124	29,191	41,542	14,410	18,131	20,771
FFO attributable to minority interests(1) (2).....	(620)	(255)	(723)	(1,125)	(356)	(594)	(897)
Adjustment to reflect Company's share of real estate related depreciation and amortization of unconsolidated joint venture(3).....	--	--	--	1,054	--	--	527
FFO(1).....	\$ 22,123	\$ 52,498	\$ 90,004	\$135,568	\$ 41,919	\$ 53,864	\$ 72,469
Cash flows provided by (used in):							
Operating Activities.....	\$ 28,700	\$ 55,118	\$ 96,718	141,578	\$ 40,593	\$ 52,014	\$ 70,670
Investing Activities.....	(357,383)	(422,315)	(572,880)	(926,924)	(189,315)	(74,629)	(2,885)
Financing Activities.....	382,311	419,126	398,808	692,567	67,712	20,914	(60,861)

</TABLE>

(1) The White Paper on Funds from Operations approved by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT") in March 1995 (the "White Paper") defines Funds from Operations as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of properties, plus real estate related depreciation and amortization. Management considers FFO an appropriate measure of performance of an equity REIT because it is predicated on cash flow analyses. The Company computes FFO in accordance with standards established by the White Paper which may differ from the methodology for calculating FFO utilized by other REITs and, accordingly, may not be comparable to such other REITs. FFO should not be considered as an alternative to net income (determined in accordance with GAAP) as an indicator of the AMB Contributed Properties' financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of the AMB Contributed Properties' liquidity, nor is it indicative of funds available to fund the AMB Contributed Properties' cash needs, including its ability to make distributions.

(2) Represents FFO attributable to minority interests in consolidated joint ventures for the periods presented, which has been computed as minority interests' share of net income before disposal of properties plus minority interests' share of real estate-related depreciation and amortization of the consolidated joint ventures for such period. Such minority interests are not convertible into shares of Common Stock.

(3) Represents an adjustment to reflect the Company's share of real estate related depreciation and amortization of an unconsolidated joint venture on a pro forma basis.

(4) See the Pro Forma Financial Statements of AMB Property Corporation and the notes thereto included elsewhere in this Prospectus.

BUSINESS AND PROPERTIES

Upon consummation of the Offering, the Company will own one of the largest portfolios of industrial and retail real estate in the United States, comprised of 103 properties, aggregating 40.8 million rentable square feet located in 24 markets nationwide. The graph below shows the geographic distribution of the Company's properties. All of the statistical data with respect to the Properties presented in this section, including, without limitation, the population of properties represented in this graph and the other graphs and tables in this section reflect only the properties owned by the Company as of June 30, 1997 and do not include the Pending Acquisitions. In addition to the Properties it owns, the Company expects to manage investments in an additional properties aggregating million rentable square feet under investment management agreements with institutional investors, resulting in a combined portfolio under management, including Pending Acquisitions, of properties, totaling

million rentable square feet.

Geographic Diversification of
the Properties(1)
As of June 30, 1997

[Geographic Diversification Graph]

(1) Based on square footage. Includes only those Properties owned by the Company.

The following table summarizes the diversification of the Industrial and Retail Properties by region:

INDUSTRIAL AND RETAIL PROPERTIES BY REGION

<TABLE>
<CAPTION>

		INDUSTRIAL PROPERTIES				RETAIL PROPERTIES				TOTAL
		NUMBER OF		RENTABLE	% OF	NUMBER OF		RENTABLE	% OF	NUMBER OF
REGION	% OF TOTAL	PROPERTIES	BUILDINGS	SQUARE FEET	TOTAL	PROPERTIES	FEET	TOTAL		PROPERTIES
Western.....	35.9%	24	128	10,690,015	35.1%	15	2,192,446	39.9%		39
Southern.....	25.1	15	78	7,610,919	25.0	9	1,400,718	25.5		24
Midwestern....	29.2	16	80	9,790,994	32.2	4	710,523	13.0		20
Eastern.....	9.8	6	20	2,327,351	7.7	3	1,184,462	21.6		9
Total.....	100.0%	61	306	30,419,279	100.0%	31	5,488,149	100.0%		92

</TABLE>

INDUSTRIAL PROPERTIES

The Company owns 61 Industrial Properties (containing 306 buildings) aggregating approximately 30.4 million rentable square feet, located in 18 markets nationwide (not including the Pending Acquisitions). The Industrial Properties generated \$121.1 million, or 67% of the Company's Annualized Base Rent as of June 30, 1997. The Industrial Properties were 94.2% leased to over 700 tenants as of the same date, the largest of which accounted for no more than 1.4% of Annualized Base Rent from its Industrial Properties as of

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June 30, 1997. The Company's ability to attract and retain a diverse base of quality tenants is partly responsible for this high occupancy rate. The historical weighted average retention rate for the Industrial Properties for the period beginning January 1, 1994 through June 30, 1997 was approximately 69.5%, based on 10.2 million rentable square feet of expiring leases.

Property Characteristics. The Industrial Properties consist primarily of warehouse distribution facilities suitable for single or multiple tenants. The Industrial Properties are typically comprised of multiple buildings and generally range between 300,000 and 600,000 rentable square feet, averaging 499,000 rentable square feet per Property.

On average, each Industrial Property is comprised of five buildings. The following table identifies characteristics of the Company's typical industrial buildings:

INDUSTRIAL BUILDING PROFILE

<TABLE>
<CAPTION>

	TYPICAL BUILDING	RANGE
Rentable Square Feet.....	100,000	70,000 - 150,000
Clear Height.....	24 ft.	18 - 32 ft.

Building Depth.....	200 ft.	150 - 300 ft.
Truck Court Depth.....	110 ft.	90 - 130 ft.
Loading.....	Dock & Grade	Dock or Dock & Grade
Parking Spaces per 1,000 Square Feet...	1.0	0.5 - 2.0
Square Footage Per Tenant.....	35,000	5,000 - 100,000
Office Finish.....	8%	3% - 15%
Site Coverage.....	40%	35% - 55%

</TABLE>

Lease Terms. The Industrial Properties are typically leased on a triple net basis, with tenants paying their proportionate share of real estate taxes, operating costs and utility costs, or a modified gross basis, with tenants responsible for expenses over certain threshold levels. Lease terms typically range from three to 10 years, with an average of five years, excluding renewal options. The majority of the industrial leases do not include renewal options. Contractual base rent, excluding reimbursements, for the Industrial Properties for the years ended December 31, 1994, 1995 and 1996, and for the six months ended June 30, 1997 was \$25.8 million, \$57.0 million, \$90.2 million and \$59.3 million, respectively, which amounted to 65%, 68%, 68% and 67%, respectively, of the Company's total contractual base rent excluding reimbursements for Industrial and Retail Properties during such periods.

Overview of Major Target Markets. The Company owns and manages industrial properties which are located principally in national and regional hub distribution markets, characterized by a large consumer base and a superior transportation network (sea, air, rail, highway, intermodal) with infrastructure to support the resulting flow of goods. Of the Industrial Properties, 69% are located in the six national hub distribution markets listed below.

<TABLE>
<CAPTION>

NATIONAL HUB DISTRIBUTION MARKETS	INDUSTRIAL PROPERTIES (SQ. FT., 000S)	PERCENTAGE OF INDUSTRIAL PROPERTIES	TOTAL U.S. WAREHOUSE PROPERTY INVENTORY (SQ. FT., 000S)	PERCENTAGE OF U.S. WAREHOUSE PROPERTY INVENTORY
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Chicago.....	6,290	20.7%	289,803	6.3%
San Francisco Bay Area.....	4,415	14.5	248,355	5.4
Los Angeles.....	3,785	12.4	339,036	7.4
Dallas/Fort Worth.....	2,596	8.5	257,987	5.6
Atlanta.....	2,405	7.9	249,516	5.4
Northern New Jersey.....	1,418	4.7	359,223	7.8
	-----	-----	-----	-----
Total.....	20,909	68.7%	1,743,920	37.9%
	=====	=====	=====	=====

</TABLE>

Source: CB Commercial/Torto Wheaton Research

The Company has focused its investment and acquisition strategies in 24 major target markets based on the belief that there are significant opportunities for growth in these strategically-located markets. Among these markets, the Company has acquired a significant share (26.9%, excluding the Pending Acquisitions) of its Properties in California, particularly in Los Angeles and the San Francisco Bay Area. The Company believes these markets possess diverse and vibrant economies with strong prospects for future growth due to their Pacific Rim location, quality of life, well-developed transportation infrastructures, concentration high technology industries and well-educated employee base. Within California, the Company focuses its activities on the major metropolitan areas of San Francisco, San Jose, Sacramento, Los Angeles and San Diego, which have shown to be desired locations of a large number of businesses.

The graph below sets forth the projected growth for California as compared to the projected growth for the U.S. for the period from 1996 to 2005:

[Projected Growth Graph]

The table below details the regional diversification of the Industrial Properties by listing the individual markets in which the Company owns and operates its Industrial Properties.

INDUSTRIAL PROPERTIES BY MARKET
AT JUNE 30, 1997

<TABLE>
<CAPTION>

NUMBER OF REGION/MARKET LEASES	NUMBER OF PROPERTIES	NUMBER OF BUILDINGS	RENTABLE SQUARE FEET	PERCENTAGE OF TOTAL RENTABLE SQUARE FEET	PERCENTAGE LEASED	ANNUALIZED BASE RENT (000S)	PERCENTAGE OF ANNUALIZED BASE RENT
WESTERN							
41 Los Angeles.....	5	36	3,665,726	12.1%	92.0%	\$ 13,926	11.6%
35 Orange County.....	2	12	563,437	1.8	99.1	2,891	2.3
161 San Francisco Bay Area.....	11	59	4,415,232	14.5	94.6	24,775	20.5
1 Sacramento.....	1	1	182,437	0.6	100.0	630	0.5
15 San Diego.....	1	4	252,318	0.8	100.0	1,356	1.1
44 Seattle.....	4	16	1,610,865	5.3	94.5	5,372	4.4
---	--	---	-----	-----	-----	-----	-----
Western Total/Weighted Average.....	24	128	10,690,015	35.1	94.1	48,950	40.4
297 SOUTHERN							
99 Atlanta.....	4	25	2,405,149	7.9	96.2	9,792	8.0
38 Miami.....	3	11	1,208,313	4.0	92.7	7,087	5.9
1 Orlando.....	1	1	201,600	0.7	100.0	579	0.5
22 Austin.....	1	6	735,240	2.4	100.0	4,793	4.0
89 Dallas/Fort Worth.....	5	30	2,595,921	8.5	97.5	7,694	6.3
18 Houston.....	1	5	464,696	1.5	96.7	1,416	1.2
---	--	---	-----	-----	-----	-----	-----
Southern Total/Weighted Average.....	15	78	7,610,919	25.0	96.6	31,361	25.9
267 MIDWESTERN							
90 Chicago.....	10	54	6,290,110	20.7	91.8	20,960	17.3
119 Minneapolis.....	6	26	3,500,884	11.5	98.4	11,893	9.8
---	--	---	-----	-----	-----	-----	-----
Midwestern Total/Weighted Average.....	16	80	9,790,994	32.2	94.1	32,853	27.1
209 EASTERN							
24 Philadelphia.....	1	13	779,594	2.6	90.9	2,264	1.9
4 Baltimore/Washington, D.C.....	2	2	509,477	1.7	72.6	1,908	1.6
5 Wilmington.....	1	3	265,671	0.9	100.0	1,040	0.9
4 No. New Jersey....	2	2	772,609	2.5	88.6	2,675	2.2
---	--	---	-----	-----	-----	-----	-----
Eastern Total/Weighted Average.....	6	20	2,327,351	7.7	87.2	7,887	6.6
37	--	---	-----	-----	-----	-----	-----

Total/Weighted							
Average.....	61	306	30,419,279	100.0%	94.2%	\$121,051	100.0%
810	==	===	=====	=====		=====	=====

===

<CAPTION>

REGION/MARKET	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT (1)
<S>	<<C>
WESTERN	
Los Angeles.....	\$ 4.13
Orange County.....	5.18
San Francisco Bay Area.....	5.93
Sacramento.....	3.45
San Diego.....	5.37
Seattle.....	3.53
Western	
Total/Weighted	
Average.....	4.87
SOUTHERN	
Atlanta.....	4.23
Miami.....	6.33
Orlando.....	2.87
Austin.....	6.52
Dallas/Fort Worth.....	3.04
Houston.....	3.15
Southern	
Total/Weighted	
Average.....	4.27
MIDWESTERN	
Chicago.....	3.63
Minneapolis.....	3.45
Midwestern	
Total/Weighted	
Average.....	3.56
EASTERN	
Philadelphia.....	3.19
Baltimore/Washingt D.C.....	5.16
Wilmington.....	3.91
No. New Jersey....	3.91
Eastern	
Total/Weighted	
Average.....	3.89
Total/Weighted	
Average.....	\$ 4.22
	=====

</TABLE>

- - - - -

(1) Calculated as total Annualized Base Rent divided by total rentable square feet actually leased as of June 30, 1997.

INDUSTRIAL PROPERTY SUMMARY

The Industrial Properties' 306 buildings are diversified across 18 markets nationwide as of June 30, 1997. All but five of the Industrial Properties represent individually less than 3.5% of the Annualized Base Rent of the Industrial Properties as of such date. Additionally, the average age of the Industrial Properties is eight years (since the time the property was built or substantially renovated), which the Company believes should result in lower operating costs and increased earnings over the long term. Ownership of each Property is fee simple unless otherwise noted.

<TABLE>

<CAPTION>

PERCENTAGE LEASED	REGION/MARKET/PROPERTY	LOCATION	NUMBER OF BUILDINGS	YEAR BUILT/ RENOVATED (1)	LEASED RENTABLE SQUARE FEET	PERCENTAGE OF TOTAL RENTABLE SQUARE FEET
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>						

WESTERN						
LOS ANGELES						
90.9%	Artesia Industrial Portfolio.....	Compton	27	1984	2,496,465	8.2%
100.0	International Multifoods.....	La Mirada	1	1995R	144,259	0.5
92.2	L.A. County Industrial Portfolio...	Carson,	7	1980	958,615	3.2
100.0	Systematics.....	Norwalk, City of Industry Walnut	1	1981	66,387	0.2
Orange County						
100.0	Anaheim Industrial.....	Anaheim	1	1980	161,500	0.5
100.0	Northpointe Commerce.....	Fullerton	2	1992	119,445	0.4
98.3	Stadium Business Park.....	Anaheim	9	1995R	282,492	0.9
San Francisco Bay Area						
82.3	Alvarado Business Center.....	San Leandro	10	1986	694,598	2.3
100.0	Ardenwood Corporate Park.....	Fremont	4	1986	295,657	1.0
100.0	Dowe Industrial.....	Union City	2	1985R	326,080	1.1
100.0	Fairway Drive Industrial(3).....	San Leandro	2	1997D	175,325	0.6
100.0	Milmont Page.....	Fremont	3	1982	199,862	0.7
100.0	Moffett Business Center.....	Sunnyvale	4	1994R	285,480	0.9
97.7	Moffett Park R&D Port.....	Sunnyvale	14	1994R	462,245	1.5
97.6	Pacific Business Center.....	Fremont	2	1991	375,912	1.2
100.0	Silicon Valley Portfolio.....	San Jose,	5	1982	287,228	0.9
96.8	Southbay Industrial.....	Sunnyvale, Milpitas Fremont	8	1990	1,011,781	3.3
78.7	Zanker/Charcot Industrial.....	San Jose	5	1993R	301,064	1.0
Sacramento						
100.0	Hewlett Packard Distribution.....	Roseville	1	1994	182,437	0.6
San Diego						
100.0	Activity Distribution Center.....	San Diego	4	1991	252,318	0.8

<CAPTION>

REGION/MARKET/PROPERTY	ANNUALIZED BASE RENT (000S)	PERCENTAGE OF ANNUALIZED BASE RENT	NUMBER OF LEASES	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT (2)
<S>	<C>	<C>	<C>	<C>
WESTERN				
LOS ANGELES				
Artesia Industrial Portfolio.....	\$ 8,803	7.3%	27	\$ 3.88
International Multifoods.....	721	0.6	2	5.00
L.A. County Industrial Portfolio...	3,951	3.3	11	4.47
Systematics.....	451	0.4	1	6.79
Orange County				
Anaheim Industrial.....	576	0.5	2	3.57
Northpointe Commerce.....	800	0.6	2	6.70
Stadium Business Park.....	1,515	1.2	31	5.46
San Francisco Bay Area				
Alvarado Business Center.....	2,947	2.4	32	5.15
Ardenwood Corporate Park.....	2,303	1.9	10	7.79
Dowe Industrial.....	1,112	0.9	4	3.41
Fairway Drive Industrial(3).....	748	0.6	2	4.27
Milmont Page.....	1,106	0.9	11	5.53
Moffett Business Center.....	2,110	1.8	5	7.39
Moffett Park R&D Port.....	4,324	3.6	30	9.58
Pacific Business Center.....	1,920	1.6	11	5.23
Silicon Valley Portfolio.....	2,200	1.8	9	7.66
Southbay Industrial.....	4,710	3.9	30	4.81
Zanker/Charcot Industrial.....	1,295	1.1	17	5.47
Sacramento				
Hewlett Packard Distribution.....	630	0.5	1	3.45

San Diego
 Activity Distribution Center..... 1,356 1.1 15 5.37
 </TABLE>

67

<TABLE>
 <CAPTION>

PERCENTAGE LEASED	REGION/MARKET/PROPERTY	LOCATION	NUMBER OF BUILDINGS	YEAR BUILT/ RENOVATED (1)	RENTABLE SQUARE FEET	PERCENTAGE OF TOTAL RENTABLE SQUARE FEET
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>	Seattle					
100.0%	Harvest Business Park.....	Kent	3	1986	191,841	0.6%
76.2	Kent Centre.....	Kent	4	1993	267,967	0.9
97.4	Kingsport Industrial Park.....	Kent	7	1994R	951,056	3.1
100.0	Northwest Distribution Center.....	Kent	2	1980	200,001	0.7
			---		-----	---
	Western Region Total.....		128		10,690,015	35.1
94.1	SOUTHERN					
94.0	Atlanta					
100.0	Atlanta South.....	Clayton County	4	1994	509,441	1.7
94.1	Amwiler-Gwinnett Ind. Portfolio...	Gwinnett County	9	1996	792,686	2.6
94.6	Norcross/Brookhollow Portfolio....	Gwinnett County	4	1996	322,399	1.0
92.5	Southfield.....	Gwinnett County	8	1990	780,623	2.6
89.0	Miami					
100.0	Beacon Industrial Park.....	Miami	7	1995	624,124	2.1
92.5	Blue Lagoon.....	Miami	2	1994	325,611	1.1
100.0	Brittania Business Park.....	Riviera Beach	2	1988	258,578	0.8
100.0	Orlando					
100.0	Chancellor(3).....	Orlando	1	1996R	201,600	0.7
100.0	Austin					
100.0	Metric Center(3).....	Austin	6	1996	735,240	2.4
96.5	Dallas/Ft. Worth					
100.0	Dallas Industrial Portfolio.....	Farmers Branch	18	1986	1,066,098	3.5
100.0	Lincoln Industrial Center.....	Carrollton	2	1980	93,718	0.3
100.0	Lonestar.....	Dallas, Irving,	7	1993	911,375	3.0
90.5	Valwood.....	Grand Prairie Carrollton	2	1984	275,994	0.9
100.0	West North Carrier.....	Grand Prairie	1	1993R	248,736	0.8
96.7	Houston					
96.7	Houston Industrial Portfolio.....	Houston	5	1986	464,696	1.5
			---		-----	---
96.6	Southern Region Total.....		78		7,610,919	25.0

<CAPTION>

REGION/MARKET/PROPERTY	ANNUALIZED BASE RENT (000S)	PERCENTAGE OF ANNUALIZED BASE RENT	NUMBER OF LEASES	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT (2)
<S>	<C>	<C>	<C>	<C>
Seattle				
Harvest Business Park.....	\$ 872	0.7%	10	\$ 4.55

Kent Centre.....	917	0.8	14	4.49
Kingsport Industrial Park.....	2,903	2.3	17	3.14
Northwest Distribution Center.....	680	0.6	3	3.40
	-----	----	---	----
Western Region Total.....	48,950	40.4	297	4.87
SOUTHERN				
Atlanta				
Atlanta South.....	2,358	1.9	18	4.93
Amwiler-Gwinnett Ind. Portfolio...	2,881	2.4	26	3.63
Norcross/Brookhollow Portfolio....	1,637	1.4	21	5.40
Southfield.....	2,916	2.4	34	3.95
Miami				
Beacon Industrial Park.....	3,636	3.0	15	6.55
Blue Lagoon.....	2,234	1.8	14	6.86
Brittania Business Park.....	1,217	1.0	9	5.09
Orlando				
Chancellor(3).....	579	0.5	1	2.87
Austin				
Metric Center(3).....	4,793	4.0	22	6.52
Dallas/Ft. Worth				
Dallas Industrial Portfolio.....	3,059	2.5	66	2.97
Lincoln Industrial Center.....	335	0.3	3	3.57
Lonestar.....	3,037	2.5	12	3.33
Valwood.....	765	0.6	6	3.06
West North Carrier.....	498	0.4	2	2.00
Houston				
Houston Industrial Portfolio.....	1,416	1.2	18	3.15
	-----	----	---	----
Southern Region Total.....	31,361	25.9	267	4.27

</TABLE>

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<TABLE>
<CAPTION>

PERCENTAGE REGION/MARKET/PROPERTY LEASED	LOCATION	NUMBER OF BUILDINGS	YEAR BUILT/ RENOVATED (1)	RENTABLE SQUARE FEET	PERCENTAGE OF TOTAL RENTABLE SQUARE FEET
-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
MIDWESTERN					
Chicago					
Bensenville.....	Bensenville	13	1994R	2,137,370	7.0%
92.3%					
Chicago Industrial.....	Bensenville	2	1974	184,360	0.6
100.0					
Crossroads Industrial.....	Bollingbrook	1	1990	260,890	0.9
100.0					
Elk Grove Village Industrial...	Northbrook,	10	1980	693,459	2.3
100.0					
	Mundelein, Itasca				
Itasca Industrial Portfolio....	Itasca,	6	1996R	769,070	2.6
66.6					
	Wood Dale				
Lake Michigan Industrial Portfolio(3).....	Itasca	2	1994	310,681	1.0
100.0					
	Bridgeview Skokie				
Linder Skokie.....	Skokie	2	1991R	484,370	1.6
100.0					
Lisle Industrial.....	Lisle	1	1985R	360,000	1.2
100.0					
Melrose Park.....	Melrose Park	1	1982	346,538	1.1
100.0					
O'Hare Industrial Portfolio....	Itasca,	16	1975	743,372	2.4
87.2					
	Naperville				
Minneapolis					
Corporate Square.....	Eagan	6	1992R	526,490	1.7
98.6					
Minneapolis Distribution Portfolio.....	Minneapolis,	5	1997R	1,029,837	3.4
99.4					
	Edina, St. Louis Brooklyn Center				
Minneapolis Industrial.....	Brooklyn Center	7	1997R	613,941	2.0
93.1					

<C>	No. New Jersey					
	Dock's Corner.....	South Brunswick	1	1996E	554,521	1.8%
84.1%	Two South Middlesex.....	Monroe	1	1995R	218,088	0.7
100.0						

	Eastern Region Total.....		20	1987	2,327,351	7.7
87.2						

	Total.....		306		30,419,279	100.0%
94.2%						
=====						

<CAPTION>

REGION/MARKET/PROPERTY	ANNUALIZED BASE RENT (000S)	PERCENTAGE OF ANNUALIZED BASE RENT	NUMBER OF LEASES	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT (2)
<S>	<C>	<C>	<C>	<C>
No. New Jersey				
Dock's Corner.....	\$ 1,819	1.5%	2	\$ 3.90
Two South Middlesex.....	856	0.7	2	3.93
	-----	-----	-----	-----
Eastern Region Total.....	7,887	6.6	37	3.89
	-----	-----	-----	-----
Total.....	\$121,051	100.0%	810	\$ 4.22
	=====	=====	=====	=====

</TABLE>

(1) Industrial Properties denoted with an "R," "E" or "D" indicate the date of most recent renovation, expansion or development. All other dates reference the year such Property was developed. An "R" denotes renovation which means properties in which capital improvements have totaled 20% or more of total cost within a 24-month period or have resulted in a material improvement of the physical condition. An "E" denotes expansion which means construction resulting in an increase in the rentable square footage of an existing structure or the development of additional buildings on a property on which existing buildings are located. A "D" denotes development which means new construction on a previously undeveloped location.

(2) Calculated as Annualized Base Rent divided by total rentable square feet actually leased as of June 30, 1997.

(3) The Company holds an interest in this Property through a joint venture interest in a limited partnership. See "-- Properties Held Through Joint Ventures, Limited Liability Companies and Partnerships."

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INDUSTRIAL PROPERTY TENANT INFORMATION

Twenty-five Largest Industrial Property Tenants. The following table lists the 25 largest tenants based on Annualized Base Rent of the Industrial Properties as of June 30, 1997 of which 12 lease space in more than one of the Industrial Properties. Other companies that are also tenants in the Industrial Properties include General Electric Company, International Business Machines, Inc., Sears Roebuck & Co., Hewlett Packard Company, Federal Express Corporation, Lucent Technologies, Inc. and The Home Depot, Inc.

INDUSTRIAL TENANT NAME(1)	NUMBER OF PROPERTIES	AGGREGATE RENTABLE SQUARE FEET	PERCENTAGE OF AGGREGATE OCCUPIED SQUARE FEET	ANNUALIZED BASE RENT (000S)	PERCENTAGE OF AGGREGATE ANNUALIZED BASE RENT
<S>	<C>	<C>	<C>	<C>	<C>
Dell USA L.P.....	1	290,400	1.0%	\$ 1,723	1.4%
AEI.....	4	255,211	0.8	1,715	1.4
United States Postal Service.....	2	347,202	1.1	1,616	1.3
Toys 'R Us, Inc.....	1	219,665	0.7	1,500	1.2
Sage Enterprises.....	3	199,877	0.7	1,350	1.1
Cosmair.....	1	303,843	1.0	1,291	1.1
Schmalbach-Lubeca AG.....	1	222,224	0.7	1,232	1.0
Mylex Corporation.....	2	133,182	0.4	1,165	1.0
Harmonic Lightwaves.....	1	110,160	0.4	1,124	0.9
Ciba Vision.....	4	245,616	0.8	1,067	0.9

Melrose Distribution.....	1	346,538	1.1	988	0.8
Holman Distribution Center of Washington, Inc.....	2	371,440	1.2	981	0.8
Mitsubishi.....	1	253,584	0.8	959	0.8
Hexcel Corporation.....	6	261,134	0.9	945	0.8
Superior Coffee and Foods.....	1	201,011	0.7	905	0.8
Rollerblade.....	2	278,840	0.9	872	0.7
Pragmatech, Inc.....	3	102,157	0.3	861	0.7
Best Buy Company.....	1	243,193	0.8	824	0.7
Logitech International, S.A.....	2	95,632	0.3	818	0.7
Belkin Components.....	1	219,028	0.7	815	0.6
AT&T Resource Management Corporation.....	1	360,000	1.4	766	0.6
Bridgestone Firestone, Inc.....	1	296,800	1.0	760	0.6
Vidco International.....	2	146,460	0.5	756	0.6
Nippon Express U.S.A.....	2	209,700	0.7	697	0.6
Humphrey Instruments.....	1	123,000	0.4	691	0.6
Total.....		5,835,897	19.3%	\$ 26,421	21.7%

</TABLE>

(1) Tenant(s) may be a subsidiary of or an entity affiliated with the named tenant.

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INDUSTRIAL PROPERTY LEASE EXPIRATIONS

By December 31, 1999, leases representing approximately 30% of total leased square footage of the Industrial Properties will expire. According to CB Commercial/Torto Wheaton Research, industrial market rents have increased approximately 14% on average over the two-year period ended December 31, 1996. As a result of this trend, the Company believes it should have an opportunity to re-lease such space at higher contractual base rents. The following table summarizes the lease expirations for the Industrial Properties for leases in place as of June 30, 1997, without giving effect to the exercise of renewal options or termination rights, if any, at or prior to the scheduled expirations.

<TABLE>
<CAPTION>

YEAR OF LEASE EXPIRATION	NUMBER OF LEASES EXPIRING	RENTABLE SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL RENTABLE SQUARE FOOTAGE	ANNUALIZED BASE RENT OF EXPIRING LEASES (000S)	PERCENTAGE OF ANNUALIZED BASE RENT OF EXPIRING LEASES	ANNUALIZED BASE RENT OF EXPIRING LEASES PER SQUARE FOOT
1997(1).....	98	3,206,394	10.5%	\$ 13,489	11.0%	\$ 4.21
1998.....	173	4,918,447	16.2	19,529	16.1	3.97
1999.....	148	4,177,782	13.7	17,387	14.4	4.16
2000.....	144	4,586,467	15.1	19,739	16.3	4.30
2001.....	109	3,131,502	10.3	15,476	12.8	4.94
2002.....	68	2,941,126	9.7	11,586	9.6	3.94
2003.....	22	1,034,162	3.4	4,572	3.8	4.42
2004.....	15	1,413,851	4.6	5,765	4.8	4.08
2005.....	13	1,248,595	4.1	5,532	4.6	4.43
2006.....	10	904,061	3.0	4,487	3.7	4.96
2007 and beyond.....	10	1,089,692	3.6	3,489	2.9	3.20
Total/Weighted Average.....	810	28,652,079	94.2%	\$ 121,051	100.0%	\$ 4.22

</TABLE>

(1) Represents lease expirations from July 1, 1997 to December 31, 1997 and month-to-month leases.

(2) Calculated as Annualized Base Rent divided by the square footage of expiring leases.

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INDUSTRIAL PROPERTY LEASE EXPIRATIONS BY REGION

For the six-month period ended June 30, 1997, the Company renewed 135 industrial leases representing a retention rate of 72.3% of the expiring industrial space. The following table details the Industrial Property lease expirations by region. The table summarizes leases in effect as of June 30, 1997, and the year in which they expire for each of the ten years beginning with

1997, on an aggregate basis, without giving effect to the exercise of renewal options and excluding an aggregate of approximately 1.8 million rentable square feet of unleased space. As shown below, the Company has an average of over 1.5 million rentable square feet of leases expiring in each of the years ending 1998, 1999 and 2000 in the Western and Midwestern regions. The Company believes that these expiring leases represent an opportunity to increase contractual base rent with respect to such Properties.

<TABLE>
<CAPTION>

REGION	1997	1998	1999	2000	2001	2002	2003
2004							

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>							
WESTERN							
Rentable Square Feet(1).....	571,996	2,022,531	1,339,088	1,226,935	1,285,063	980,534	
652,445 1,293,499							
% Rentable Square Feet(2).....	5.4%	18.9%	12.5%	11.5%	12.0%	9.2%	
6.1% 12.1%							
Annualized Base Rent (000s).....	\$3,162	\$9,082	\$6,757	\$6,369	\$6,584	\$4,720	
\$2,944 \$5,266							
Number of Leases Expiring.....	34	66	61	37	40	24	
13 12							
Expiring Rent Per Sq. Ft.(3).....	\$5.53	\$4.49	\$5.05	\$5.19	\$5.12	\$4.81	
\$4.51 \$4.07							
SOUTHERN							
Rentable Square Feet(1).....	879,945	869,746	738,333	1,143,979	1,104,813	1,352,497	
145,191 0							
% Rentable Square Feet(2).....	11.6%	11.4%	9.7%	15.0%	14.5%	17.8%	
1.9% 0.0%							
Annualized Base Rent (000s).....	\$3,003	\$3,070	\$3,060	\$5,419	\$5,790	\$4,708	
\$646 \$0							
Number of Leases Expiring.....	27	44	37	60	52	31	
4 --							
Expiring Rent Per Sq. Ft.(3).....	\$3.41	\$3.53	\$4.14	\$4.74	\$5.24	\$3.48	
\$4.45 \$0							
MIDWESTERN							
Rentable Square Feet(1).....	1,524,778	1,813,953	1,590,418	1,364,476	654,405	508,879	
197,328 120,352							
% Rentable Square Feet(2).....	15.6%	18.5%	16.2%	13.9%	6.7%	5.2%	
2.0% 1.2%							
Annualized Base Rent (000s).....	\$5,785	\$6,668	\$5,707	\$4,797	\$2,853	\$1,929	
\$838 \$499							
Number of Leases Expiring.....	35	55	41	35	15	11	
3 3							
Expiring Rent Per Sq. Ft.(3).....	\$3.79	\$3.68	\$3.59	\$3.52	\$4.36	\$3.79	
\$4.25 \$4.15							
EASTERN							
Rentable Square Feet(1).....	229,675	212,217	509,943	851,077	87,221	99,216	
39,198 0							
% Rentable Square Feet(2).....	9.9%	9.1%	21.9%	36.6%	3.7%	4.3%	
1.7% 0.0%							
Annualized Base Rent (000s).....	\$1,539	\$709	\$1,863	\$3,154	\$249	\$229	
\$144 \$0							
Number of Leases Expiring.....	2	8	9	12	2	2	
2 --							
Expiring Rent Per Sq. Ft.(3).....	\$6.70	\$3.34	\$3.65	\$3.71	\$2.85	\$2.31	
\$3.67 \$0							
TOTAL/WEIGHTED AVERAGE RENTABLE							
SQUARE FEET(1).....	3,206,394	4,918,447	4,177,782	4,586,467	3,131,502	2,941,126	
1,034,162 1,413,851							
% Rentable Square Feet(2).....	10.5%	16.2%	13.7%	15.1%	10.3%	9.7%	
3.4% 4.6%							
Annualized Base Rent (000s).....	\$13,489	\$19,529	\$17,387	\$19,739	\$15,476	\$11,586	
\$4,572 \$5,765							
Number of Leases Expiring.....	98	173	148	144	109	68	
22 15							
Expiring Rent Per Sq. Ft.(3).....	\$4.21	\$3.97	\$4.16	\$4.30	\$4.94	\$3.94	
\$4.42 \$4.08							

<CAPTION>

REGION	2005	2006	2007 AND BEYOND	TOTAL/WEIGHTED AVERAGE
<S>	<C>	<C>	<C>	<C>
<C>				
WESTERN				
Rentable Square Feet(1).....	86,200	439,520	157,325	10,055,136
% Rentable Square Feet(2).....	0.8%	4.1%	1.5%	94.1%
Annualized Base Rent (000s).....	\$574	\$2,924	\$568	\$48,950
Number of Leases Expiring.....	3	5	2	297
Expiring Rent Per Sq. Ft.(3).....	\$6.66	\$6.65	\$3.61	\$4.87
SOUTHERN				
Rentable Square Feet(1).....	649,124	140,801	327,106	7,351,535
% Rentable Square Feet(2).....	8.5%	1.8%	4.4%	96.6%

Annualized Base Rent (000s).....	\$3,679	\$782	\$1,204	\$31,361
Number of Leases Expiring.....	7	2	3	267
Expiring Rent Per Sq. Ft.(3).....	\$5.67	\$5.55	\$3.68	\$4.27
MIDWESTERN				
Rentable Square Feet(1).....	513,271	323,740	605,261	9,216,861
% Rentable Square Feet(2).....	5.2%	3.3%	6.3%	94.1%
Annualized Base Rent (000s).....	\$1,279	\$781	\$1,717	\$32,853
Number of Leases Expiring.....	3	3	5	209
Expiring Rent Per Sq. Ft.(3).....	\$2.49	\$2.41	\$2.84	\$3.56
EASTERN				
Rentable Square Feet(1).....	0	0	0	2,028,547
% Rentable Square Feet(2).....	0.0%	0.0%	0.0%	87.2%
Annualized Base Rent (000s).....	\$0	\$0	\$0	\$7,887
Number of Leases Expiring.....	--	--	--	37
Expiring Rent Per Sq. Ft.(3).....	\$0	\$0	\$0	\$3.89
TOTAL/WEIGHTED AVERAGE RENTABLE				
SQUARE FEET(1).....	1,248,595	904,061	1,089,692	28,652,079
% Rentable Square Feet(2).....	4.1%	3.0%	3.6%	94.2%
Annualized Base Rent (000s).....	\$5,532	\$4,487	\$3,489	\$121,051
Number of Leases Expiring.....	13	10	10	810
Expiring Rent Per Sq. Ft.(3).....	\$4.43	\$4.96	\$3.20	\$4.22

</TABLE>

- - - - -

- (1) Reflects total rentable square footage of expiring leases from July 1 through December 31 for 1997 and for the calendar year for each year thereafter.
- (2) Reflects total rentable square footage of expiring leases as a percentage of the total leased square footage for the respective region and in total.
- (3) Expiring rent per square foot is calculated by dividing the Annualized Base Rent of leases expiring by the square footage expiring in any given year.

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INDUSTRIAL PROPERTY LEASE DISTRIBUTIONS

The following table sets forth information relating to the distribution of the Industrial Property leases, based on leased rentable square footage, as of June 30, 1997:

<TABLE>
<CAPTION>

PERCENTAGE DISTRIBUTION OF AGGREGATE LEASED RENTABLE SQUARE FEET	NUMBER OF LEASES	PERCENT OF ALL LEASES	TOTAL LEASED RENTABLE SQUARE FEET	PERCENTAGE OF AGGREGATE LEASED RENTABLE SQUARE FEET	ANNUALIZED BASE RENT (000S)	ANNUALIZED BASE RENT PER SQUARE FOOT (1)
Ground leases.....	7	0.9%	N/A	N/A	\$ 92	N/A
0.1%						
10,000 or Less.....	244	30.1	1,278,309	4.5%	7,120	\$ 5.57
5.9						
10,001 - 25,000....	225	27.8	3,616,204	12.6	18,189	5.03
15.0						
25,001 - 50,000....	168	20.7	6,088,754	21.3	27,467	4.51
22.7						
50,001 - 100,000...	99	12.2	7,000,222	24.4	30,203	4.31
24.9						
100,001 or greater.....	67	8.3	10,668,590	37.2	37,980	3.56
31.4						
Total/Weighted Average.....	810	100.0%	28,652,079	100.0%	\$121,051	\$ 4.22
100.0%						

=====
</TABLE>

- - - - -

- (1) Calculated as Annualized Base Rent divided by the corresponding square footage in each tenant size range.

RETAIL PROPERTIES

The Company owns 31 Retail Properties aggregating approximately 5.5 million rentable square feet (not including the Pending Acquisitions). As of June 30, 1997, the Retail Properties were 93.0% leased to over 600 tenants, the largest of which accounted for approximately 4.9% of the Company's Annualized Base Rent from its Retail Properties as of June 30, 1997. The Retail Properties have an average age of four years (since built or substantially renovated). The Company's historical weighted average retention rate for the Retail Properties for the period beginning January 1, 1994 through June 30, 1997 was approximately 79%, based on 0.6 million rentable square feet of expiring leases.

Property Characteristics. The Retail Properties generally contain between 80,000 and 350,000 rentable square feet. On average, 68% of the rentable square feet for each of the Retail Properties is leased to one or more Anchor Tenants. "Anchor Tenants" are defined as those retail tenants occupying more than 10,000 rentable square feet and all grocery stores and drugstores. The following table identifies characteristics of a typical Retail Property.

RETAIL PROPERTY PROFILE

<TABLE>
<CAPTION>

	TYPICAL PROPERTY	TYPICAL RANGE
<S>	<C>	<C>
Rentable Square Feet.....	180,000	80,000 - 350,000
Percentage Leased by Anchor Tenants.....	68%	60% - 85%
Number of Tenants.....	25	10 - 50
Parking Spaces per 1,000 Square Feet.....	5.0	4.0 - 6.0
Square Footage Per Anchor Tenant.....	25,000	10,000 - 100,000
Average Square Footage Per Non-Anchor Tenant.....	1,500	750 - 5,000

</TABLE>

Lease Terms. The Retail Properties are typically leased on a triple net basis, with tenants paying their proportionate share of real estate taxes, operating costs and utility costs. In addition, some leases, including some Anchor Tenant leases, require tenants to pay percentage rents based on gross retail sales above predetermined thresholds. Typical Anchor Tenant leases also provide for payment of a percentage administrative fee in lieu of a management fee (calculated as a percentage of common area maintenance) which ranges between 5% and 15%. Lease terms typical for Anchor Tenants range from 10 to 20 years, with an average of 19 years, with renewal options for an additional 10 to 20 years at fixed rents. Tenant improvement allowances are standard and the amounts vary by submarket.

Typical Non-Anchor Tenants have lease terms ranging between three and 10 years with an average of seven years and they typically receive options for an additional five-year term at market rents. Contractual

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base rent excluding reimbursements and percentage rent for the Retail Properties for the years ended December 31, 1994, 1995 and 1996, and for the six months ended June 30, 1997 was \$14.0 million, \$27.2 million, \$43.0 million and \$29.2 million, respectively, which amounted to 35%, 32%, 32% and 33%, respectively, of the Company's contractual base rent, excluding reimbursements and percentage rents, from industrial and retail properties during such periods.

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The table below shows the distribution of the Retail Properties by region.

RETAIL PROPERTIES BY REGION
AT JUNE 30, 1997

<TABLE>
<CAPTION>

PERCENTAGE LEASED	REGION	NUMBER OF CENTERS	LEASED ANCHOR RENTABLE SQUARE FEET	LEASED NON-ANCHOR RENTABLE SQUARE FEET	AVAILABLE RENTABLE SQUARE FEET	TOTAL RENTABLE SQUARE FEET	PERCENTAGE OF TOTAL RENTABLE SQUARE FEET
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
96.5%	Western.....	15	1,315,910	800,412	76,124	2,192,446	39.9%
83.9	Southern.....	9	881,640	293,050	226,028	1,400,718	25.5
95.4	Midwestern.....	4	552,577	125,404	32,542	710,523	13.0

Eastern.....	3	1,001,323	134,660	48,479	1,184,462	21.6
95.9	--	-----	-----	-----	-----	-----

Total/Weighted Average.....	31	3,751,450	1,353,526	383,173	5,488,149	100.0%
93.0%	==	=====	=====	=====	=====	=====
=====						

<CAPTION>

REGION	ANNUALIZED BASE RENT (000S)	PERCENTAGE OF ANNUALIZED BASE RENT	ANNUALIZED BASE RENT PER OCCUPIED SQUARE FOOT (1)
<S>	<C>	<C>	<C>
Western.....	\$ 26,815	45.2%	\$12.67
Southern.....	12,830	21.6	10.92
Midwestern.....	6,628	11.2	9.78
Eastern.....	13,034	22.0	11.47
-----	-----	-----	-----
Total/Weighted Average.....	\$ 59,307	100.0%	\$11.62
	=====	=====	=====

</TABLE>

(1) Calculated as total Annualized Base Rent divided by rentable square feet actually leased as of June 30, 1997.

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Two-thirds of the Retail Properties are located in markets in the Western and Southern regions, which according to Regional Financial Associates, are forecast to have above-average population and income growth through 2001.

<TABLE>
<CAPTION>

	POPULATION GROWTH 1996 - 2001	INCOME GROWTH 1996 - 2001
<S>	<C>	<C>
Weighted Average for Company's Western and Southern region retail markets.....	5.5%	30.1%
U.S. Average.....	4.5%	28.0%

</TABLE>

The table below further details the regional diversification of the Retail Properties by listing the individual markets in which the Company owns and operates its Retail Properties.

RETAIL PROPERTIES BY MARKET
AT JUNE 30, 1997

<TABLE>
<CAPTION>

REGION/MARKET	NUMBER OF CENTERS	LAND AREA (ACRES)	TOTAL RENTABLE SQUARE FEET	PERCENTAGE LEASED	ANCHOR RENTABLE SQUARE FEET
<S>	<C>	<C>	<C>	<C>	<C>
WESTERN					
Denver.....	2	44	512,342	95.7%	342,854
Los Angeles.....	2	31	324,977	97.1	183,113
Reno.....	1	7	76,757	92.5	47,140
San Diego.....	2	31	277,049	94.6	107,017
San Francisco Bay Area.....	5	53	673,032	97.9	419,118
Santa Barbara.....	1	11	144,775	94.2	92,980
Seattle.....	2	16	183,514	99.3	123,688
-----	-----	-----	-----	-----	-----
Western Region Total/Weighted Average.....	15	193	2,192,446	96.5	1,315,910
SOUTHERN					
Atlanta.....	1	11	97,899	100.0	68,499
Houston.....	4	43	467,349	96.8	346,807
Miami.....	4	86	835,470	74.7	466,334
-----	-----	-----	-----	-----	-----
Southern Region Total/Weighted Average.....	9	140	1,400,718	83.9	881,640
MIDWESTERN					
Chicago.....	3	43	504,736	93.8	400,950
Minneapolis.....	1	25	205,787	99.3	151,627

Midwestern Region Total/Weighted Average.....	4	68	710,523	95.4	552,577
EASTERN					
Albany.....	1	91	602,477	96.4	510,694
Baltimore/Washington, D.C.	1	42	404,669	94.4	373,669
Hartford.....	1	20	177,316	97.5	116,960
Eastern Region Total/Weighted Average.....	3	153	1,184,462	95.9	1,001,323
Total/Weighted Average.....	31	554	5,488,149	93.0%	3,751,450

</TABLE>

RETAIL PROPERTY SUMMARY

Anchor Tenants account for 68% of the aggregate square footage of the Retail Properties. As of June 30, 1997, Annualized Base Rent for the Company's 25 largest Anchor Tenants was approximately \$25.7 million, representing approximately 43.3% of Annualized Base Rent for all Retail Properties. Annualized Base Rent for the remaining retail tenants was approximately \$33.6 million as of the same date, representing approximately 56.7% of the Annualized Base Rent for all Retail Properties. The following table sets forth, on a property-by-property basis, the rentable square footage leased to Anchor Tenants and Non-Anchor Tenants as of June 30, 1997. Ownership of each Property is in fee simple unless otherwise noted.

<TABLE>

<CAPTION>

TOTAL		YEAR BUILT/ RENOVATED	LEASED ANCHOR	LEASED NON- ANCHOR	AVAILABLE		
RENTABLE FEET	PERCENT REGION/MARKET/PROPERTY LEASED	(1)	RENTABLE SQUARE FEET	RENTABLE SQUARE FEET	RENTABLE SQUARE FEET		
<S>	<C>	<C>	<C>	<C>	<C>		
<C>							
WESTERN							
Denver							
159,086	96.2%	Arapahoe Village S.C.....	Boulder	1989R	84,316	68,753	6,017
353,256	95.5	Applewood Village S.C.....	Wheat Ridge	1994R	258,538	78,765	15,953
Los Angeles							
224,783	95.7	Granada Village.....	Granada Hills	1996R	124,638	90,565	9,580
100,194	100.0	Twin Oaks S.C.....	Agoura Hills	1996R	58,475	41,719	--
Reno							
76,757	92.5	Southwest Pavilion.....	Reno	1997E	47,140	23,883	5,734
San Diego							
165,287	100.0	La Jolla Village.....	La Jolla	1989R	67,238	98,049	--
111,762	86.5	Rancho San Diego Village S.C.....	La Mesa	1994R	39,779	56,896	15,087
San Francisco Bay Area							
85,023	97.6	Silverado Plaza S.C.....	Napa	1994R	58,328	24,676	2,019
122,041	95.4	Bayhill S.C.....	San Bruno	1997R	59,221	57,178	5,642
122,862	99.0	Lakeshore Plaza S.C.....	San Francisco	1993	38,837	82,775	1,250
233,677	100.0	Pleasant Hill S.C.....	Pleasant Hill	1990R	210,614	23,063	--
109,429	95.2	Ygnacio Plaza.....	Walnut Creek	1990R	52,118	52,069	5,242
144,775	94.2	Five Points Shopping Center...	Santa Barbara	1996	92,980	43,395	8,400
Seattle							
76,564	100.0	Eastgate Plaza.....	Bellevue	1995R	49,575	26,989	--
106,950	98.9	Aurora Marketplce.....	Edmonds	1991	74,113	31,637	1,200
Western Region Total.....				1,315,910	800,412	76,124	
2,192,446	96.5						

<CAPTION>

REGION/MARKET/PROPERTY	ANNUALIZED BASE RENT (000S)	NUMBER OF LEASES	AVERAGE BASE RENT PER SQUARE FOOT (2)	PRIMARY TENANTS (3)
<S>	<C>	<C>	<C>	<C>
WESTERN				
Denver				
Arapahoe Village S.C.....	\$ 1,715	24	\$11.20	Safeway, SoFro Fabrics
Applewood Village S.C.....	3,055	38	9.06	Wal-Mart, King Soopers
Los Angeles				
Granada Village.....	2,920	40	13.57	Hughes Market, TJ Maxx
Twin Oaks S.C.....	1,057	24	10.55	Ralphs, Thrifty Drug
Reno				
Southwest Pavilion.....	701	14	9.87	Scolari's Market, Payless Drugs
San Diego				
La Jolla Village.....	3,147	41	19.04	Whole Foods Market, Savon Drugs
Rancho San Diego Village S.C.....	1,244	40	12.87	Lucky, Thrifty Drug
San Francisco Bay Area				
Silverado Plaza S.C.....	773	16	9.31	Nob Hill Foods, Payless Drugs
Bayhill S.C.....	1,145	27	9.84	Mollie Stone's Markets, Longs Drugs
Lakeshore Plaza S.C.....	3,226	35	26.53	Lucky, Ross
Pleasant Hill S.C.....	2,296	12	9.83	Target, Toys 'R Us
Ygnacio Plaza.....	1,197	24	11.49	Lucky, Thrifty Drug
Five Points Shopping Center...	2,117	24	15.52	Lucky, Ross
Seattle				
Eastgate Plaza.....	773	16	10.10	Albertson's, Payless Drugs
Aurora Marketplace.....	1,449	17	13.70	Safeway, Drug Emporium
Western Region Total.....	26,815	392	12.67	

<TABLE>
<CAPTION>

PERCENT REGION/MARKET/PROPERTY LEASED	LOCATION	YEAR BUILT/ RENOVATED (1)	LEASED ANCHOR RENTABLE SQUARE FEET	LEASED NON- ANCHOR RENTABLE SQUARE FEET	AVAILABLE RENTABLE SQUARE FEET	TOTAL RENTABLE SQUARE FEET
<S>	<C>	<C>	<C>	<C>	<C>	<C>
SOUTHERN						
Atlanta						
Woodlawn Point S.C.....	Cobb County	1993	68,499	29,400	--	97,899
100.0%						
Houston						
Randall's Woodway Collection.....	Houston	1993	65,108	32,627	11,809	109,544
89.2						
Randall's Austin Parkway.....	Sugarland	1993	90,650	21,025	--	111,675
100.0						
Randall's Commons Memorial....	Houston	1993	75,689	34,506	--	110,195
100.0						
Randall's Dairy Ashford.....	Houston	1993	115,360	17,375	3,200	135,935
97.6						

Miami						
Shoppes at Lago Mar.....	Miami	1995	42,323	28,330	11,877	82,530
85.6						
The Plaza at Delray(4).....	Delray Beach	1996R	196,297	36,980	76,171	309,448
75.4						
Kendall Mall(4).....	Miami	1995R	194,550	77,549	27,406	299,505
90.8						
Palm Aire(4).....	Pompano Beach	1997R	33,164	15,258	95,565	143,987
33.6						
-			-----	-----	-----	-----
Southern Region Total.....			881,640	293,050	226,028	1,400,718
83.9						
MIDWESTERN						
Chicago						
Brentwood Commons.....	Bensenville	1990R	61,621	31,344	9,165	102,130
91.0						
Civic Center Plaza.....	Niles	1989	238,655	18,944	5,735	263,334
97.8						
Riverview Plaza S.C.....	Chicago	1981	100,674	22,405	16,193	139,272
88.4						

<CAPTION>

REGION/MARKET/PROPERTY	ANNUALIZED BASE RENT (000S)	NUMBER OF LEASES	AVERAGE BASE RENT PER SQUARE FOOT (2)	PRIMARY TENANTS(3)
<S>	<C>	<C>	<C>	<C>
SOUTHERN				
Atlanta				
Woodlawn Point S.C.....	1,188	18	12.13	Publix Supermarket, Zany Brainy
Houston				
Randall's Woodway Collection.....	1,200	15	12.28	Randall's, Eckerd Drug
Randall's Austin Parkway.....	1,091	12	9.77	Sears Hardware, Randall's
Randall's Commons Memorial....	1,015	16	9.21	Randall's Walgreen's
Randall's Dairy Ashford.....	1,251	10	9.42	Randall's Petsmart
Miami				
Shoppes at Lago Mar.....	805	15	11.39	Publix Supermarket
The Plaza at Delray(4).....	2,530	27	10.85	Regal Cinema, Home Place
Kendall Mall(4).....	3,447	39	12.67	Byrons, J.C. Penney Home Store
Palm Aire(4).....	303	11	6.26	Winn-Dixie, Eckerd Drug
Southern Region Total.....	12,830	163	10.92	
MIDWESTERN				
Chicago				
Brentwood Commons.....	955	19	10.27	Dominick's, Super Trak
Civic Center Plaza.....	2,489	15	9.66	Dominick's, Home Depot
Riverview Plaza S.C.....	1,075	12	8.73	Dominick's, Toys 'R Us

</TABLE>

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PERCENT REGION/MARKET/PROPERTY LEASED	LOCATION	YEAR BUILT/ RENOVATED (1)	LEASED ANCHOR RENTABLE SQUARE FEET	LEASED NON- ANCHOR RENTABLE SQUARE FEET	AVAILABLE RENTABLE SQUARE FEET	TOTAL RENTABLE SQUARE FEET
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>						
Minneapolis						
Rockford Road Plaza.....	Plymouth	1991	151,627	52,711	1,449	205,787
99.3%						
-			-----	-----	-----	-----
Midwestern Region Total.....			552,577	125,404	32,542	710,523

95.4						
EASTERN						
Albany						
Latham Farms.....	Albany	1993	510,694	70,233	21,550	602,477
96.4						
Baltimore						
Long Gate S.C.....	Ellicott City	1996	373,669	8,468	22,532	404,669
94.4						
Hartford						
Corbins Corner S.C.....	Hartford	1988R	116,960	55,959	4,397	177,316
97.5						
-						

Eastern Region Total.....			1,001,323	134,660	48,479	1,184,462
95.9						
-						

Total/Weighted Average.....			3,751,450	1,353,526	383,173	5,488,149
93.0%						
			=====	=====	=====	=====
=====						

<CAPTION>

REGION/MARKET/PROPERTY	ANNUALIZED BASE RENT (000S)	NUMBER OF LEASES	AVERAGE BASE RENT PER SQUARE FOOT (2)	PRIMARY TENANTS (3)
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Minneapolis				
Rockford Road Plaza.....	2,109	26	\$10.32	Rainbow Foods, PetsMart
	-----	---	-----	
Midwestern Region Total.....	6,628	72	9.78	
EASTERN				
Albany				
Latham Farms.....	5,951	25	10.24	Wal-Mart, Sam's Wholesale
Baltimore				
Long Gate S.C.....	4,189	9	10.96	Target, Kohl's
Hartford				
Corbins Corner S.C.....	2,894	23	16.74	Toys 'R Us, Filene's Basement
	-----	---	-----	
Eastern Region Total.....	13,034	57	11.47	
	-----	---	-----	
Total/Weighted Average.....	\$ 59,307	684	\$11.62	
	=====	===	=====	

</TABLE>

- (1) Retail Properties denoted with an "R," "E" or "D" indicate the date of most recent renovation, expansion or development, respectively. All other dates reference the year such Property was developed. Renovation means properties in which capital improvements have totaled 20% or more of total cost within a 24-month period or have resulted in a material improvement of the physical condition. Expansion means construction resulting in an increase in the rentable square footage of an existing structure or the development of additional buildings on a property on which existing buildings are located. Development means new construction on a previously undeveloped location.
- (2) Calculated as total Annualized Base Rent divided by rentable square feet actually leased as of June 30, 1997.
- (3) Primary tenants are defined as the two largest Anchor Tenants as measured by rentable square footage.
- (4) The Company holds an interest in this Property through a joint venture interest in a limited partnership. See "-- Properties Held Through Joint Ventures, Limited Liability Companies and Partnerships."

RETAIL PROPERTY TENANT INFORMATION

Twenty-five Largest Retail Property Tenants. The Company's 25 largest Retail Property tenants by Annualized Base Rent are set forth in the table below. These tenants have an average of approximately 14 years remaining on their lease terms, which the Company believes should provide a balance to the typically shorter remaining lease terms of the Industrial Portfolio tenants.

<TABLE>
<CAPTION>

RETAIL TENANT NAME (1) (2)	NUMBER OF CENTERS	AGGREGATE RENTABLE SQUARE FEET	PERCENTAGE OF AGGREGATE OCCUPIED SQUARE FEET	ANNUALIZED BASE RENT (000S)	PERCENTAGE OF AGGREGATE ANNUALIZED BASE RENT
<S>	<C>	<C>	<C>	<C>	<C>
Wal-Mart Stores, Inc. and Sam's Club.....	3	388,866	10.8%	\$ 2,891	4.9%
Randall's Food & Drugs, Inc.....	4	246,589	4.2	1,989	3.4
Safeway Stores, Inc.....	4	187,334	3.2	1,860	3.1
Home Place.....	2	109,104	0.9	1,447	2.4
Dominick's.....	3	175,229	3.0	1,430	2.4
Target Stores Corp.....	2	232,140	3.9	1,251	2.1
Toys 'R Us, Inc.....	4	135,332	2.3	1,247	2.1
Blockbuster Videos, Inc.....	10	58,785	0.5	1,230	2.1
Home Quarters.....	1	101,783	1.7	1,167	2.0
Publix.....	4	178,644	2.3	1,142	1.9
Home Depot.....	1	116,095	2.0	1,016	1.7
Kohl's.....	1	86,889	2.7	949	1.6
PetsMart, Inc.....	4	102,100	1.7	875	1.5
Barnes & Noble Super Stores, Inc.....	2	46,180	0.8	840	1.4
Super Shop and Save.....	1	63,664	1.1	828	1.4
Ross Stores, Inc.....	2	56,911	0.5	769	1.3
J.C. Penney.....	1	45,000	0.8	626	1.1
Bally Total Fitness.....	1	31,460	0.8	578	1.0
Eckerd Corporation.....	4	40,206	0.6	537	0.9
Gateway Foods.....	1	65,608	1.1	535	0.9
Regal Cinemas.....	1	55,000	1.0	531	0.9
Hughes Market.....	1	40,198	1.0	502	0.8
Filene's Basement.....	1	26,750	1.0	495	0.8
The TJX Operating Companies.....	2	60,200	1.0	485	0.8
Whole Foods Market.....	1	31,733	1.0	480	0.8
Total.....		2,681,800	49.9%	\$ 25,700	43.3%

</TABLE>

(1) Tenant(s) may be a subsidiary of or an entity affiliated with the named tenant.

(2) Of the top 25 Retail Property tenants, eight are grocers. Of the 31 Retail Properties, 29 are grocer-anchored.

RETAIL PROPERTY LEASE EXPIRATIONS

The following table sets forth a summary schedule of the Retail Property lease expirations for leases in place as of June 30, 1997 without giving effect to the exercise of renewal options or termination rights, if any, at or prior to the scheduled expirations.

<TABLE>
<CAPTION>

YEAR OF LEASE EXPIRATION	NUMBER OF LEASES EXPIRING	RENTABLE SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL RENTABLE SQUARE FOOTAGE	ANNUALIZED BASE RENT OF EXPIRING LEASES (000S)	PERCENTAGE OF ANNUALIZED BASE RENT OF EXPIRING LEASES	ANNUALIZED RENT OF EXPIRING LEASES PER SQUARE FOOT (2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1997 (1)	72	217,751	3.9%	\$ 3,257	5.5%	\$14.96
1998.....	97	360,753	6.6	4,300	7.3	11.92
1999.....	97	250,969	4.6	3,956	6.7	15.76
2000.....	82	366,299	6.7	4,082	6.9	11.14
2001.....	77	230,185	4.2	3,450	5.8	14.99
2002.....	57	248,702	4.5	3,227	5.4	12.98
2003.....	22	190,263	3.5	2,461	4.1	12.93
2004.....	22	125,901	2.3	1,602	2.7	12.72
2005.....	25	97,832	1.8	1,978	3.3	20.22
2006.....	41	284,839	5.2	3,945	6.7	13.85
2007 and beyond.....	92	2,731,482	49.7	27,049	45.6	9.90
Total/Weighted Average.....	684	5,104,976	93.0%	\$59,307	100.0%	\$11.62

</TABLE>

(1) Represents lease expirations from July 1, 1997 to December 31, 1997 and month-to-month leases.

(2) Calculated as Annualized Base Rent divided by the square footage of expiring leases.

RETAIL PROPERTY LEASE EXPIRATIONS BY REGION

For the period ending June 30, 1997, the Company renewed 69 retail leases representing a retention rate of 88.2% of the expiring retail space. During the period from July 1, 1997 through December 31, 2000, 348 leases covering an aggregate of 1.2 million rentable square feet of retail space are scheduled to expire. As of June 30, 1997, the average rent for this retail space was \$11.62 per rentable square foot. The following table sets forth a schedule of lease expirations by region for Retail Property leases in place as of June 30, 1997 for each of the 10 years beginning with the year ending December 31, 1997, on an aggregate basis, without giving effect to the exercise of renewal options or termination rights, if any, at or prior to scheduled expirations, and also excludes an aggregate of approximately 383,173 square feet of unleased space.

<TABLE>
<CAPTION>

	1997	1998	1999	2000	2001	2002	2003
2004	-----	-----	-----	-----	-----	-----	-----
<S>	<C>						
<C>							
REGION							
Western							
Rentable Square Feet(1).....	128,669	260,412	175,286	253,735	134,193	154,294	72,162
86,853							
% Rentable Square Feet(2).....	5.9%	11.9%	8.0%	11.6%	6.1%	7.0%	3.3%
4.0%							
Annualized Base Rent (000s).....	\$2,270	\$2,968	\$2,821	\$2,533	\$2,156	\$2,140	\$1,220
\$924							
Number of Leases Expiring.....	53	61	65	49	48	36	12
12							
Expiring Rent Per Sq. Ft.(3).....	\$17.64	\$11.40	\$16.09	\$9.98	\$16.07	\$13.87	\$16.91
\$10.64							
SOUTHERN							
Rentable Square Feet(1).....	42,291	70,868	24,537	52,003	18,878	37,841	50,625
25,670							
% Rentable Square Feet(2).....	3.0%	5.1%	1.8%	3.7%	1.3%	2.7%	3.6%
1.8%							
Annualized Base Rent (000s).....	\$399	\$884	\$423	\$905	\$315	\$307	\$467
\$463							
Number of Leases Expiring.....	10	24	13	24	10	8	4
7							
Expiring Rent Per Sq. Ft.(3).....	\$9.43	\$12.47	\$17.24	\$17.40	\$16.69	\$8.11	\$9.22
\$18.04							
MIDWESTERN							
Rentable Square Feet(1).....	10,891	22,473	14,078	60,561	68,394	41,173	0
0							
% Rentable Square Feet(2).....	1.5%	3.2%	2.0%	8.5%	9.6%	5.8%	0.0%
0.0%							
Annualized Base Rent (000s).....	\$174	\$295	\$233	\$644	\$778	\$464	\$0
\$0							
Number of Leases Expiring.....	6	10	8	9	16	9	0
0							
Expiring Rent Per Sq. Ft.(3).....	\$15.98	\$13.13	\$16.55	\$10.63	\$11.38	\$11.27	\$0
\$0							
EASTERN							
Rentable Square Feet(1).....	35,900	7,000	37,068	0	8,720	15,394	67,476
13,378							
% Rentable Square Feet(2).....	3.0%	0.6%	3.1%	0.0%	0.7%	1.3%	5.7%
1.1%							
Annualized Base Rent (000s).....	\$414	\$153	\$479	\$0	\$201	\$316	\$774
\$215							
Number of Leases Expiring.....	3	2	11	0	3	4	6
3							
Expiring Rent Per Sq. Ft.(3).....	\$11.53	\$21.86	\$12.92	\$0	\$23.05	\$20.53	\$11.47
\$16.07							
TOTAL/WEIGHTED AVERAGE							
Rentable Square Feet(1).....	217,751	360,753	250,969	366,299	230,185	248,702	190,263
125,901							
% Rentable Square Feet(2).....	3.9%	6.6%	4.6%	6.7%	4.2%	4.5%	3.5%
2.3%							
Annualized Base Rent (000s).....	\$3,257	\$4,300	\$3,956	\$4,082	\$3,450	\$3,227	\$2,461
\$1,602							
Number of Leases Expiring.....	72	97	97	82	77	57	22
22							
Expiring Rent Per Sq. Ft.(3).....	\$14.96	\$11.92	\$15.76	\$11.14	\$14.99	\$12.98	\$12.93
\$12.72							

<CAPTION>

	2005	2006	2007 AND BEYOND	TOTAL WEIGHTED AVERAGE
<S>	<C<C>	<C>	<C>	<C>
REGION				
Western				
Rentable Square Feet(1).....	13,844	83,931	752,942	2,116,321
% Rentable Square Feet(2).....	0.6%	3.8%	34.3%	96.5%
Annualized Base Rent (000s).....	\$234	\$1,721	\$7,828	\$26,815
Number of Leases Expiring.....	4	18	34	392
Expiring Rent Per Sq. Ft.(3).....	\$16.90	\$20.50	\$10.40	\$12.67
SOUTHERN				
Rentable Square Feet(1).....	46,761	147,690	657,527	1,174,691
% Rentable Square Feet(2).....	3.3%	10.5%	47.1%	83.9%
Annualized Base Rent (000s).....	\$979	\$1,832	\$5,856	\$12,830
Number of Leases Expiring.....	16	20	27	163
Expiring Rent Per Sq. Ft.(3).....	\$20.94	\$12.40	\$8.91	\$10.92
MIDWESTERN				
Rentable Square Feet(1).....	1,340	53,218	405,853	677,981
% Rentable Square Feet(2).....	0.2%	7.5%	57.1%	95.4%
Annualized Base Rent (000s).....	\$17	\$392	\$3,631	\$6,628
Number of Leases Expiring.....	1	3	10	72
Expiring Rent Per Sq. Ft.(3).....	\$12.69	\$7.37	\$8.95	\$9.78
EASTERN				
Rentable Square Feet(1).....	35,887	0	915,160	1,135,983
% Rentable Square Feet(2).....	3.0%	0.0%	77.4%	95.9%
Annualized Base Rent (000s).....	\$748	\$0	\$9,734	\$13,034
Number of Leases Expiring.....	4	0	21	57
Expiring Rent Per Sq. Ft.(3).....	\$20.84	\$0	\$10.64	\$11.47
TOTAL/WEIGHTED AVERAGE				
Rentable Square Feet(1).....	97,832	284,839	2,731,482	5,104,976
% Rentable Square Feet(2).....	1.8%	5.2%	49.7%	93.0%
Annualized Base Rent (000s).....	\$1,978	\$3,945	\$27,049	\$59,307
Number of Leases Expiring.....	25	41	92	684
Expiring Rent Per Sq. Ft.(3).....	\$20.22	\$13.85	\$9.90	\$11.62

</TABLE>

- - - - -

- (1) Reflects total square footage of expiring leases from July 1 through December 31 for 1997 and for the calendar year for each year thereafter.
- (2) Reflects total square footage of expiring leases as a percentage of the total leased square footage for the respective region and in total.
- (3) Rent per square foot is calculated by dividing the Annualized Base Rent of expiring leases by the square footage expiring in any given year.

RETAIL PROPERTY LEASE DISTRIBUTIONS

The following table sets forth information relating to the distribution of the Retail Property leases, based on leased rentable square feet, as of June 30, 1997.

<TABLE>

<CAPTION>

PERCENTAGE	PERCENT	TOTAL LEASED RENTABLE SQUARE FEET	PERCENTAGE OF ALL LEASES	PERCENTAGE OF AGGREGATE LEASED RENTABLE SQUARE FEET	ANNUALIZED BASE RENT (000S)	ANNUALIZED BASE RENT PER SQUARE FOOT (1)	OF
AGGREGATE DISTRIBUTION OF LEASED ANNUALIZED RENTABLE SQUARE FEET BASE RENT	NUMBER OF LEASES						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>							
Ground Leases.....	26	3.8%	N/A	N/A	\$ 1,344	N/A	
2.2%							
1,000 or Less.....	93	13.6	70,102	1.4%	1,644	\$23.45	
2.8							
1,001-2,500.....	279	40.9	444,296	8.7	8,579	19.31	
14.5							
2,501-5,000.....	128	18.7	441,196	8.6	8,058	18.26	
13.6							
5,001-10,000.....	65	9.5	463,494	9.1	7,434	16.04	
12.5							

10,001-20,000.....	20	2.9	288,606	5.7	3,437	11.91
5.8						
20,001-50,000.....	50	7.3	1,577,583	30.9	13,309	8.44
22.4						
50,001-100,000.....	16	2.3	980,820	19.2	9,177	9.36
15.5						
100,001 or Greater.....	7	1.0	838,879	16.4	6,325	7.54
10.7						
-----	---	-----	-----	-----	-----	-----
Total/Weighted Average.....	684	100.0%	5,104,976	100.0%	\$ 59,307	\$11.62
100.0%	===	=====	=====	=====	=====	=====

</TABLE>

(1) Calculated as Annualized Base Rent divided by the corresponding square footage in each tenant size range.

HISTORICAL LEASE RENEWALS AND RETENTION RATES

The following table sets forth information relating to the historical lease renewals for the Properties (excluding the Pending Acquisitions) for each of the periods presented.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED	TOTAL/WEIGHTED AVERAGE
	1994	1995	1996	JUNE 30, 1997	
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Retail Properties					
Square feet renewed.....	97,641	89,368	213,185	71,222	471,416
Total square feet expired.....	118,439	149,372	241,093	87,276	596,180
Retention rate.....	82.4%	59.8%	88.4%	81.6%	79.1%
Industrial Properties					
Square feet renewed.....	783,901	1,592,905	3,027,639	1,667,387	7,071,832
Total square feet expired.....	1,224,779	2,345,338	3,901,807	2,710,485	10,182,409
Retention rate.....	64.0%	67.9%	77.6%	61.5%	69.5%

</TABLE>

RECURRING BUILDING IMPROVEMENTS

The Company considers recurring building improvements to be expenditures that (i) are incurred subsequent to the first three years of ownership of the Property, during which the initial capital improvement plan is completed and (ii) prevent deterioration or maintain the building in an efficient operating condition. The table below summarizes building improvements for the years ended December 31, 1994, 1995 and 1996 and the six months ended June 30, 1997. The amounts set forth below are not necessarily indicative of future levels of building improvements.

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INDUSTRIAL PROPERTIES

<TABLE>
<CAPTION>

	FISCAL YEARS ENDED			SIX MONTHS ENDED
	1994	1995	1996	JUNE 30, 1997
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Number of Industrial Properties (1).....	28	41	57	57
Rentable square feet (in millions).....	13.26	20.16	28.15	28.83 (2)
Annual building improvements per square foot.....	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01

</TABLE>

(1) Includes the Properties owned by the Company and managed by AMB as of June 30, 1997 and excludes one property as of December 31, 1994 and four properties as of December 31, 1995 and 1996 and June 30, 1997 not managed by AMB but expected to be contributed as part of the Formation Transactions.

(2) The increase in rentable square feet is attributable to the acquisition of

buildings which were combined with Properties owned as of December 31, 1996.

RETAIL PROPERTIES

<TABLE>
<CAPTION>

	FISCAL YEARS ENDED			SIX MONTHS ENDED
	1994	1995	1996	JUNE 30, 1997
<S>	<C>	<C>	<C>	<C>
Number of Retail Properties.....	14	19	30	31
Rentable square feet (in millions).....	2.42	3.30	5.28	5.49
Annual building improvements per square foot.....	\$ 0.01	\$ 0.03	\$ 0.04	\$ 0.06

RECURRING TENANT IMPROVEMENTS AND LEASING COMMISSIONS

The tables below summarize for Industrial Properties and Retail Properties, separately, the recurring tenant improvements and leasing commissions for the three years ended December 31, 1994, 1995 and 1996, and the six months ended June 30, 1997. The recurring tenant improvements and leasing commissions represent costs incurred to lease space after the initial lease term of the initial tenant, excluding costs incurred to relocate tenants as part of a re-tenanting strategy. The tenant improvements and leasing commissions set forth below are not necessarily indicative of future tenant improvements and leasing commissions.

<TABLE>
<CAPTION>

	FISCAL YEARS ENDED			SIX MONTHS ENDED	WEIGHTED AVERAGE
	1994	1995	1996	JUNE 30, 1997	
<S>	<C>	<C>	<C>	<C>	<C>
Industrial Properties:					
Renewal space:					
Expenditures (in thousands).....	\$ 719	\$1,319	\$2,392	\$ 890	
Square feet leased (in thousands).....	869	1,454	2,586	1,358	
Per square foot leased.....	\$ 0.83	\$ 0.91	\$ 0.93	\$ 0.66	\$ 0.85
Re-tenanted space:					
Expenditures (in thousands).....	\$2,719	\$2,442	\$2,767	\$ 1,576	
Square feet leased (in thousands).....	1,268	1,399	1,404	813	
Per square foot leased.....	\$ 2.14	\$ 1.75	\$ 1.97	\$ 1.94	\$ 1.92
Retail Properties:					
Renewal space:					
Expenditures (in thousands).....	\$ 158	\$ 439	\$ 493	\$ 189	
Square feet leased (in thousands).....	32	79	104	32	
Per square foot leased.....	\$ 4.95	\$ 5.53	\$ 4.72	\$ 5.90	\$ 5.16
Re-tenanted space:					
Expenditures (in thousands).....	\$ 252	\$ 304	\$ 634	\$ 348	
Square feet leased (in thousands).....	42	57	97	63	
Per square foot leased.....	\$ 6.11	\$ 5.37	\$ 6.53	\$ 5.53	\$ 5.94

OCCUPANCY

The table below sets forth weighted average occupancy rates, based on square feet leased, of the Properties as of December 31, 1994, 1995, 1996 and June 30, 1997.

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED
	1994	1995	1996	JUNE 30, 1997
<S>	<C>	<C>	<C>	<C>
INDUSTRIAL PROPERTIES:				
Number of Industrial Properties at period end.....	29	45	61	61
Total industrial rentable square footage of properties at period end (in thousands).....	13,514	21,748	29,743	30,419(1)
Industrial occupancy rate at period end.....	97.0%	97.3%	96.9%	94.2%
Average base rent per square foot.....	\$ 3.48	\$ 3.44	\$ 3.81	\$ 4.01(2)
RETAIL PROPERTIES:				
Number of Retail Properties at period end.....	14	19	30	31

Total retail rentable square footage of properties at period end (in thousands).....	2,422	3,299	5,282	5,488
Retail occupancy rate at period end.....	93.7%	92.4%	92.4%	93.0%
Average base rent per square foot.....	\$ 9.45	\$10.46	\$11.32	\$11.67(2)

</TABLE>

- (1) The increase in rentable square feet is attributable to the acquisition of buildings which were combined with Properties owned as of December 31, 1996.
- (2) Average base rent per square foot represents the total contractual base rental revenue for the period divided by the average occupied square feet during the period.

PENDING ACQUISITIONS

The following tables set forth the Properties acquired, or in the process of being acquired, after June 30, 1997, and renovation, expansion and development projects expected to be completed following such date. The Company estimates that the total acquisition costs, including due diligence and closing costs, relating to the Pending Acquisitions is approximately \$282 million. Data with respect to Pending Acquisitions are not included in the geographic distribution, occupancy or Annualized Base Rent information presented elsewhere in this Prospectus. See "Business and Properties."

PROPERTY ADDITIONS AFTER JUNE 30, 1997

<TABLE>
<CAPTION>

PROPERTY NAME	LOCATION	RENTABLE SQUARE FEET	CLOSING DATE/ EXPECTED CLOSING DATE
<hr/>			
<S>	<C>	<C>	<C>
INDUSTRIAL PROPERTIES:			
Elk Grove Industrial Portfolio(1).....	Elk Grove Village, IL	2,054,520	Oct. 97
Cabot Business Park.....	Mansfield, MA	1,071,517	Sept. 97
Beacon Building 8.....	Miami, FL	269,881	Sept. 97
Acer Distribution.....	San Jose, CA	196,643	Sept. 97
Patuxent.....	Jessup, MD	147,383	Closed
Shady Oak.....	Eden Prairie, MN	104,243	Closed
Executive Drive.....	Addison, IL	75,020	Sept. 97
Windsor.....	Addison, IL	56,640	Closed
Greenleaf.....	Elk Grove Village, IL	50,695	Sept. 97
Fairway Land (Phase III)(2).....	San Leandro, CA	N/A	Closed
Subtotal -- Industrial.....		4,026,542	
RETAIL PROPERTIES:			
Manhattan Village Shopping Center(3).....	Manhattan Beach, CA	469,466	Closed
Weslayan Plaza(4).....	Houston, TX	356,309	Sept. 97
Manhattan Village -- Phase II(5).....	Manhattan Beach, CA	46,200	Sept. 97
Subtotal -- Retail.....		871,975	
Subtotal -- Pending Acquisitions.....		4,898,517	
Square footage at June 30, 1997.....		35,907,428	
Total square footage.....		40,805,945	

</TABLE>

- (1) Represents the Company's prospective 52% limited partnership interest in an unconsolidated joint venture that owns the Property. See "Business and Properties -- Properties Held Through Joint Ventures, Limited Liability Companies and Partnerships."
- (2) Represents an undeveloped parcel of land (approximately six acres) which is presently planned for development. This parcel is adjacent to the existing Fairway Drive property and is not counted as a separate Pending Acquisition in determining the aggregate number of the Company's Properties in this Prospectus.
- (3) This Property is held in a joint venture partnership in which the Company holds a 90% interest.
- (4) The Company acquired the Property subject to a \$4.7 million mortgage loan which the Company expects to repay with a portion of the net proceeds of the Offering. See "Use of Proceeds."

(5) This parcel consists of an existing 46,200 square foot building. Plans to develop an additional 45,600 square feet are included in the Company's acquisition plan. This parcel is considered a part of Manhattan Village Shopping Center and is not counted as a separate Pending Acquisition in determining the aggregate number of the Company's properties for this Prospectus. This parcel is also held in a joint venture partnership.

RENOVATION, EXPANSION AND DEVELOPMENT PROJECTS IN PROGRESS

The following table sets forth the Properties owned by the Company which are currently undergoing renovation, expansion, or, in one case, new development. Data with respect to completed portions of renovation, expansion and development projects are included in the geographic diversification, occupancy and Annualized Base Rent information presented elsewhere in this Prospectus as such Properties were acquired prior to June 30, 1997.

<TABLE>
<CAPTION>

					DEVELOPMENT ACTIVITY		
SQUARE FEET		DATE	INITIAL	SQUARE FEET		ESTIMATED	TOTAL
PROPERTY	LOCATION	ACQUIRED	ACQUISITION	AT		COMPLETION	ESTIMATED
AT	NAME	ACQUIRED	PRICE	ACQUISITION	TYPE (2)	DATE (3)	INVESTMENT (4)
COMPLETION	COMPLETION						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>							
Industrial Properties							
	Dock's Corner...	South Brunswick, NJ	May-96	\$21,000	554,521	Expansion	June-98 \$ 46,900
1,200,000	Fairway Drive Phase II....	San Leandro, CA	Aug-96	5,400	175,325	Development	Jan-98 10,400
255,300	Mendota Heights...	Mendota Heights, MN	Jun-97	1,100	-- (1)	Development	Nov-97 6,900
150,400							
Subtotal-Industrial...			27,500	729,846			64,200
1,605,700	Retail Properties						
	Plaza at Delray...	Miami, FL	July-95	10,800	309,448	Renovation	July-97 29,000
314,700	Palm Aire...	Miami, FL	May-96	3,100	143,987	Renovation	Feb-98 11,900
144,300	Southwest Pavilion...	Reno, NV	Sep-90	8,600	76,757	Expansion	Jan-98 9,000
80,800							
Subtotal-Retail...			22,500	530,192			49,900
539,800	Total.....						
2,145,500			\$50,000	1,260,088			\$ 114,100

</TABLE>

(1) Represents the development of a building on 10.3 acres of land.

(2) Renovation means properties in which capital improvements have totaled 20% or more of total cost within a 24-month period or have resulted in a material improvement of physical condition. Expansion means construction resulting in an increase in the rentable square footage of an existing structure or the development of additional buildings on a property on which existing buildings are located. Development means new construction on a previously undeveloped location.

(3) Represents expected date of shell completion.

(4) Represents total estimated cost of renovation, expansion or development, including initial acquisition.

PROPERTIES HELD THROUGH JOINT VENTURES, LIMITED LIABILITY COMPANIES AND PARTNERSHIPS

At June 30, 1997, the Company held interests in eight joint ventures, limited liability companies and partnerships (collectively, the "Joint Ventures") with certain unaffiliated third parties (the "Joint Venture Participants"). Pursuant to the existing agreements with respect to each Joint Venture, the Company holds a greater than 50% interest in seven of the Joint Ventures and a 50% interest in the eighth Joint Venture, but in certain cases such agreements provide that the Company will be a limited partner or that the Joint Venture Participant will be principally responsible for management control of the Property. Under the agreements governing the Joint Ventures, the Company and the Joint Venture Participant may be required to make additional capital contributions, and subject to certain limitations, the Joint Ventures may incur additional debt. Such agreements also impose certain restrictions on the transfer of the interest in the Joint Venture by the Company or the Joint Venture Participant, and provide certain rights to the Company or the Joint Venture Participant to sell its interest to the Joint Venture or to the other participant on terms specified in the agreement. Other than the joint venture relating to the Chancellor property, the terms of all of the Joint Ventures end in the year 2024 or later, but the Joint Ventures may end earlier if the respective Joint Venture ceases to hold any interest in or have any obligations relating to the property held by such Joint Venture.

The following table sets forth certain information regarding the Joint Ventures:

<TABLE>
<CAPTION>

PROPERTY	ENTITY FORM	COMPANY INTEREST	PARTICIPANT WITH PRIMARY OPERATIONAL RESPONSIBILITY
<S>	<C>	<C>	<C>
Palm Aire.....	General Partnership	50.0001% general partnership interest	Joint Venture Participant
Chancellor.....	Joint Venture (General Partnership)	90% general partnership interest	Shared
Kendall Mall.....	Limited Partnership	50.0001% limited partnership interest	Joint Venture Participant
Fairway Drive Industrial...	Limited Liability Company	70% member interest	Company
Lake Michigan..... Industrial Portfolio (Nippon Express Building)	Limited Partnership	50% limited partnership interest	Joint Venture Participant
Metric Center Phase I.....	Limited Partnership	87.15% limited partnership interest	Joint Venture Participant
The Plaza at Delray.....	Limited Partnership	50.0001% limited partnership interest	Joint Venture Participant
Metric Center (4 & 12).....	Limited Partnership	87.15% limited partnership interest	Joint Venture Participant

</TABLE>

DEBT FINANCING

The Company's financing policies and objectives are determined by the Board of Directors and may be altered without the consent of the Company's stockholders. The Company's organizational documents do not limit the amount of indebtedness that it may incur. The Company presently intends to limit the Debt-to-Total Market Capitalization Ratio to approximately 45%. As of June 30, 1997, on a pro forma basis after giving effect to the Formation Transactions and Offering and the application of the net proceeds therefrom as described in "Use of Proceeds," the Company's Debt-to-Total Market Capitalization Ratio was % (% if the Underwriters' over-allotment option is exercised in full). The Company believes that the Debt-to-Total Market Capitalization Ratio is a useful indicator of a company's ability to incur indebtedness and has gained acceptance as an indicator of leverage for real estate companies. The Company intends to utilize one or more sources of capital for future acquisitions, including development and capital improvements, which may include undistributed cash flow, borrowings under the Credit Facility, issuance of debt or equity securities, funds from its co-investment partners and other bank and/or institutional borrowings. There can be no assurance, however, that the Company will be able to obtain capital for any such acquisitions, developments or improvements on terms favorable to the Company. See "Strategies for Growth -- Growth Through Acquisition."

Unsecured Debt. On August 8, 1997, CIF obtained a \$200 million unsecured line of credit (the "CIF Facility") with MGT, which matures on August 7, 1999. In connection with the Formation Transactions, the Company, through the

Operating Partnership, will assume the obligations of and become the obligor under the CIF Facility (as assumed, the "Credit Facility"). Borrowings under the Credit Facility, at the Company's election, bear interest at a floating rate equal to LIBOR plus 125 to 150 basis points, or MGT's prime rate plus 0 to 25 basis points. The Company, through the Operating Partnership, expects to obtain a commitment to increase the availability under the Credit Facility to \$300 million. The Company intends to use the Credit Facility principally for acquisitions and for working capital purposes.

The Company's ability to borrow under the Credit Facility will be subject to the Company's ongoing compliance with a number of financial and other covenants. The Credit Facility requires that: (i) the Company maintain a ratio of unencumbered property value to unsecured indebtedness of at least 2 to 1; (ii) the unencumbered properties generate sufficient net operating income to maintain a debt service coverage ratio of at least 2 to 1; (iii) the Company maintain a total indebtedness to total asset value ratio of not more than 0.5 to 1; (iv) the ratio of net operating cash flow to debt service plus estimated capital expenditures and preferred dividends be at least 2 to 1; and (v) certain other customary covenants and performance

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requirements. The Credit Facility will, except under certain circumstances, limit the Company's ability to make distributions to no more than 95% of its annual FFO.

The ability of the Operating Partnership to assume the existing CIF Facility in connection with the Formation Transactions is subject to final approval of the lenders holding two-thirds of the aggregate obligations under the CIF Facility, satisfactory completion of the Offering and certain due diligence and other review rights of the agent.

Secured Debt. On December 12, 1996, CIF entered into a 12-year non-recourse secured financing facility (the "Secured Facility"). As of June 30, 1997, \$73.0 million was outstanding. Payments of interest only are due monthly at a fixed annual interest rate of 7.53%. The payment of principal is due December 12, 2008. The Secured Facility, which is secured by six of the Properties, will become an obligation of the Company upon consummation of the Formation Transactions. Under the Secured Facility, the Company may substitute collateral, subject to certain requirements with respect to the property offered as replacement collateral.

Mortgage Debt. In addition to the Credit Facility and the Secured Facility described above, 40 of the Properties secure mortgage indebtedness. The aggregate principal amount of such mortgage indebtedness was \$429 million, \$407 million and \$258 million at June 30, 1997 and December 31, 1996 and 1995, respectively. The mortgage indebtedness bears interest at rates varying from 7.01% to 10.38% per annum (with a weighted average of 7.87%) and final maturity dates ranging from 1997 to 2008. The mortgage indebtedness will be assumed by the Company, through the Operating Partnership, upon completion of the Formation Transactions.

The following table sets forth scheduled principal payments under the Secured Facility and a mortgage debt for the Properties on a historical combined basis as of June 30, 1997 for each of the years beginning with the year ending December 31, 1997. All of the Company's mortgage debt is fixed-rate except for the debt underlying the Crysen Corridor and The Plaza at Delray properties. The Company's mortgage debt has generally been arranged by the Company directly with lenders such as Principal Financial Group, Northwestern Mutual Life, Prudential Insurance and Nationwide Insurance.

<TABLE>
<CAPTION>

YEAR	SCHEDULED PRINCIPAL AMORTIZATION	PRINCIPAL DUE AT MATURITY	TOTAL PRINCIPAL PAYMENTS	WEIGHTED AVERAGE YEAR-END INTEREST RATE
(DOLLARS IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>
1997 (six months).....	\$ 2,945	\$ --	\$ 2,945	7.87%
1998.....	6,104	13,076	19,180	7.88
1999.....	5,865	19,234	25,099	7.83
2000.....	7,098	--	7,098	7.83
2001.....	7,550	27,814	35,364	7.83
2002.....	7,565	14,330	21,895	7.82
2003.....	6,992	114,982	121,974	7.72
2004.....	5,082	36,085	41,167	7.60
2005.....	1,944	35,816	37,760	7.47
2006.....	5,473	103,922	109,395	7.58
2007.....	919	5,247	6,166	7.55
2008.....	1,004	73,000	74,004	0.00
Total/Weighted Average.....	\$ 58,541	\$443,506	\$502,047	7.79%

</TABLE>

The following table sets forth scheduled maturities of the Secured Facility and mortgage debt on an historical combined basis as of June 30, 1997 on a property-by-property basis. The data exclude properties not owned by the AMB Predecessors and managed by AMB at June 30, 1997.

<TABLE>
<CAPTION>

PROPERTY	INTEREST RATE AT JUNE 30, 1997	NOTE BALANCE AT JUNE 30, 1997 (000S)	ANNUAL DEBT SERVICE (000S)	MATURITY DATE
INDUSTRIAL PROPERTIES:				
Harvest Business Park.....	10.38%	\$ 3,675	\$ 438	04/01/99
Chancellor.....	7.45	2,979	273	01/15/03
Blue Lagoon.....	7.15	11,942	1,032	02/01/03
Kingsport Industrial Park.....	7.81	17,635	1,582	08/01/03
Moffett Business Center.....	7.20	12,905	1,123	12/15/03
Bensenville.....	8.53	20,224	2,034	08/01/04
Bensenville.....	8.53	6,758	678	08/01/04
Bensenville.....	8.35	2,731	267	08/01/04
Bensenville.....	8.35	7,135	691	08/01/04
Bensenville.....	8.35	5,160	499	08/01/04
South Bay Industrial.....	8.31	19,571	1,843	04/05/05
Crysen Corridor(1).....	3.76	3,550	233	06/27/05
Lonestar.....	8.23	17,000	1,399	08/01/05
Activity Distribution Center.....	7.27	5,384	478	01/01/06
Stadium Business Park.....	7.27	4,894	434	01/01/06
Hewlett Packard Distribution.....	7.27	3,426	304	01/01/06
Minneapolis Industrial Portfolio.....	7.27	8,321	739	01/01/06
Amwiler-Gwinnett Ind. Portfolio.....	7.01	8,749	838	04/01/06
Pacific Business Center.....	8.59	9,935	1,003	08/01/06
Chicago Industrial.....	8.59	3,280	331	08/01/06
Valwood.....	8.59	4,051	409	08/01/06
West North Carrier.....	8.59	3,280	331	08/01/06
Artesia Industrial Center.....	7.29	54,100	3,944	11/15/06
Amwiler-Gwinnett Ind. Portfolio.....	7.68	5,668	514	01/01/07
Mendota Heights.....	8.50	668	57	06/18/07
Minneapolis Industrial.....	8.88	7,574	1,053	12/01/08
CIF Debt Facility-Industrial(2).....	7.53	47,450	3,573	12/01/08
Subtotal/Weighted Average (rate/number of years).....	7.76	298,045	26,100	8.5
RETAIL PROPERTIES:				
Lakeshore Plaza.....	7.68	14,166	1,867	11/10/98
The Plaza at Delray(3).....	8.68	15,667	1,410	03/26/99
Woodlawn Point.....	8.50	4,678	474	01/01/01
Kendall Mall.....	7.65	24,848	2,169	11/15/01
Silverado Plaza.....	9.02	4,929	534	04/10/02
Arapahoe Village.....	7.81	10,877	1,002	08/01/02
Brentwood Commons.....	8.74	5,123	502	06/01/03
Granada Village.....	8.74	14,708	1,441	06/01/03
Ygnacio Plaza.....	8.74	7,847	769	06/01/03
La Jolla Village.....	8.74	18,054	1,768	06/01/03
Latham Farms.....	7.88	37,932	3,665	12/01/03
Civic Center Plaza.....	7.27	13,723	1,216	02/01/06
Shoppes at Lago Mar.....	7.50	5,900	532	04/01/06
CIF Debt Facility-Retail(2).....	7.53	25,550	1,924	12/01/08
Subtotal/Weighted Average (rate/number of years).....	8.03	204,002	19,273	6.0
Totals/Weighted Averages (rate/number of years).....	7.87%	\$ 502,047	\$45,373	7.5

</TABLE>

(1) The indebtedness related to Crysen Corridor is variable-rate which currently bears interest at 3.76%

(2) The CIF Facility is a \$73 million nonrecourse secured facility which has been cross collateralized, with the following properties as collateral: L.A. County Industrial Portfolio, Southfield, Corbins Corner Shopping Center, Elk Grove Village Industrial, Pleasant Hill Shopping Center and Milmont Page.

(3) The indebtedness related to The Plaza at Delray property is a construction

loan with a variable interest rate in an amount equal to LIBOR plus 3.00% (8.69% at June 30, 1997).

INSURANCE

The Company carries blanket coverage for owned and managed properties. Management believes that the Properties are covered adequately by commercial general liability insurance, including excess liability coverage, and commercial "all risks" property insurance, including loss of rents coverage, with commercially reasonable deductibles, limits and policy terms and conditions customarily carried for similar properties. There are, however, certain types of losses which may be uninsurable or not economically insurable, such as losses due to loss of rents caused by strikes, nuclear events or acts of war. Should an uninsured loss occur, the Company could lose both its invested capital in and anticipated profits from the property.

The Company insures the Properties for earthquake or earth movement. A number of both the Industrial and Retail Properties are located in areas that are known to be subject to earthquake activity. This is focused in California where as of June 30, 1997, there are 20 Industrial Properties and 10 Retail Properties. Through an annual analysis prepared by outside consultants, the Company determines appropriate limits of earthquake coverage to secure. Coverage is on a replacement cost basis, subject to the maximum limit purchased which the Company believes is adequate and appropriate given both exposure and cost considerations. Therefore, no assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

The Company has insurance for loss in the event of damage to the Properties for earthquake activity, which consists of a sublimit of \$10,000,000 per occurrence for earthquake coverage provided as part of the "All Risk Property Policy" with a primary insurer, with \$65,000,000 per occurrence for losses in excess of the \$10,000,000 sublimit. The per occurrence deductible for this coverage in California is 5% of the values applied separately to each building subject to a minimum deductible of \$100,000 (to the extent that such amount is greater than 5% of the values at each location), and the deductible for Properties outside of California is \$25,000.

GOVERNMENT REGULATIONS

Many laws and governmental regulations are applicable to the Properties and changes in these laws and regulations, or their interpretation by agencies and the courts, occur frequently.

Costs of Compliance with Americans with Disabilities Act. Under the Americans with Disabilities Act of 1990 (the "ADA"), all places of public accommodation are required to meet certain federal requirements related to access and use by disabled persons. Compliance with the ADA might require removal of structural barriers to handicapped access in certain public areas where such removal is "readily achievable." Noncompliance with the ADA could result in the imposition of fines or an award of damages to private litigants. The impact of application of the ADA to the Properties, including the extent and timing of required renovations, is uncertain.

Environmental Matters. Under Federal, state and local laws and regulations relating to the protection of the environment ("Environmental Laws"), a current or previous owner or operator of real estate may be liable for contamination resulting from the presence or discharge of hazardous or toxic substances or petroleum products at such property, and may be required to investigate and clean-up such contamination at such property or such contamination which has migrated from such property. Such 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, and the liability under such laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. In addition, the owner or operator of a site may be subject to claims by third parties based on personal injury, property damage and/or other costs, including investigation and clean-up costs, resulting from environmental contamination present at or emanating from a site.

Environmental Laws also govern the presence, maintenance and removal of asbestos-containing building materials ("ACBM"). Such laws require that ACBM be properly managed and maintained, that those who may come into contact with ACBM be adequately apprised or trained and that special precautions, including removal or other abatement, be undertaken in the event ACBM is disturbed during renovation or demolition of a building. Such laws may impose fines and penalties on building owners or operators for failure 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 fibers. Some of the Properties may contain ACBM.

Some of the Properties are leased or have been leased, in part, to owners and operators of dry cleaners that operate on-site dry cleaning plants, to owners and operators of gas stations or to owners or operators of other

businesses that use, store or otherwise handle petroleum products or other hazardous or toxic substances. Some of these Properties contain, or may have contained, underground storage tanks for the storage of petroleum products and other hazardous or toxic substances. These operations create a potential for the release of petroleum products or other hazardous or toxic substances. Some of the Properties are adjacent to or near other properties that have contained or currently contain underground storage tanks used to store petroleum products or other hazardous or toxic substances. In addition, certain of the Properties are on or are adjacent to or near other properties upon which others, including former owners or tenants of the Properties, have engaged or may in the future engage in activities that may release petroleum products or other hazardous or toxic substances.

All of the Properties were subject to a Phase I or similar environmental assessments by independent environmental consultants at the time of acquisition or shortly after acquisition. Phase I assessments are intended to discover and evaluate information regarding the environmental condition of, the surveyed property and surrounding properties. Phase I assessments generally include an historical review, a public records review, an investigation of the surveyed site and surrounding properties, and preparation and issuance of a written report, but do not include soil sampling or subsurface investigations and typically do not include an asbestos survey. Some of the Company's environmental assessments of the Properties do not contain a comprehensive review of the past uses of the Properties and/or the surrounding properties.

None of the Company's environmental assessments of the Properties has revealed any environmental liability that the Company believes would have a material adverse effect on the Company's financial condition or results of operations taken as a whole, nor is the Company aware of any such material environmental liability. Nonetheless, it is possible that the Company's assessments do not reveal all environmental liabilities or that there are material environmental liabilities of which the Company is unaware. In addition, only certain of such assessments have been updated for purposes of this Offering, and approximately 50% of the Properties have environmental assessments which are more than two years old. Moreover, there can be no assurance that (i) future laws, ordinances or regulations will not impose any material environmental liability or (ii) the current environmental condition of the Properties will not be affected by tenants, by the condition of land or operations in the vicinity of the Properties (such as releases from underground storage tanks), or by third parties unrelated to the Company. If the costs of compliance with the various environmental laws and regulations, now existing or hereafter adopted, exceed the Company's budgets for such items, the Company's ability to make expected distributions to stockholders could be adversely affected.

Other Regulations. The Properties are also subject to various Federal, state and local regulatory requirements such as state and local fire and life safety requirements. Failure to comply with these requirements could result in the imposition of fines by governmental authorities or awards of damages to private litigants. The Company believes that the Properties are currently in substantial compliance with all such regulatory requirements. However, there can be no assurance that these requirements will not be changed or that new requirements will not be imposed which would require significant unanticipated expenditures by the Company, which expenditure could have an adverse effect on the Company's results of operations and financial condition.

Risk of Reassessment. Certain local real property tax assessors may seek to reassess certain of the Properties as a result of the Formation Transactions and the transfer of interests to occur in connection therewith. In jurisdictions such as California, where Proposition 13 limits the assessor's ability to reassess real property so long as there is no change in ownership, the assessed value could increase by as much as the full

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value of any appreciation that has occurred during the AMB Predecessors' period of ownership. Where appropriate, the Company would contest vigorously any such reassessment. Subject to market conditions, current leases may permit the Company to pass through to tenants a portion of the effect of any increases in real estate taxes resulting from any such reassessment.

Except as described in this Prospectus, there are no other laws or regulations which have a material effect on the Company's operations, other than typical state and local laws affecting the development and operation of real property, such as zoning laws. See "Risk Factors -- Government Regulations," "Certain Provisions of Maryland Law and of the Articles of Incorporation and Bylaws," "Partnership Agreement of Operating Partnership," "Federal Income Tax Consequences" and "ERISA Considerations."

MANAGEMENT AND EMPLOYEES

The Company conducts substantially all of its operations through the Operating Partnership and conducts substantially all of its third party portfolio management activities and related operations through the Investment Management Subsidiary. The Company generally has full, exclusive and complete

responsibility and discretion in the management and control of the Operating Partnership. See "Risk Factors -- Investment Management Subsidiary."

The Company (primarily through the Operating Partnership and the Investment Management Subsidiary) employs 104 persons, 88 of whom are located at the Company's headquarters in San Francisco, and 16 of whom are located in the Company's Boston office.

LEGAL PROCEEDINGS

Neither the Company nor any of the Properties is subject to any material litigation nor, to the Company's knowledge, is any material litigation threatened against any of them, other than routine litigation arising in the ordinary course of business, which is generally expected to be covered by liability insurance, or to have an immaterial effect on financial results.

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POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of the anticipated policies with respect to investments, financing and certain other activities of the Operating Partnership and the Company. Upon consummation of the Offering, these policies will be determined by the Board of Directors of the Company and may be amended or revised from time to time at the discretion of the Board of Directors without notice to or a vote of the stockholders of the Company or the limited partners of the Operating Partnership, except that changes in certain policies with respect to conflicts of interest must be consistent with legal requirements.

INVESTMENT POLICIES

Investments in Real Estate or Interests in Real Estate. The Company currently plans to conduct all of its investment activities through the Operating Partnership. The Company's investment objectives are to increase FFO per share and the value of the Properties, and to acquire established income-producing industrial properties and community shopping centers with FFO growth potential. Additionally, where prudent and possible, the Company may develop new properties and seek to renovate or reposition the existing Properties and any newly-acquired properties. The Company's business will be focused on industrial properties and community shopping centers, but the Company may invest in other types of properties which represent investment opportunities at the discretion of management. Where appropriate, and subject to REIT qualification rules, the Operating Partnership may sell certain of the Properties.

The Company expects to pursue its investment objectives through the direct and indirect ownership of properties and ownership interests in other entities. The Company will focus on properties in those markets where the Company currently has operations and in new markets selectively targeted by management. See "The Company -- General." However, future investments, including the activities described below, will not be limited to any geographic area or to a specified percentage of the Company's assets.

The Company also may participate with other entities in property ownership through joint ventures or other types of co-ownership. Equity investments may be subject to existing mortgage financing and other indebtedness or such financing or indebtedness may be incurred in connection with acquiring investments. Any such financing or indebtedness will have priority over the Company's equity interest in such property. See "Business and Operating Strategies -- Investment Management Subsidiary."

Investments in Real Estate Mortgages. While the Company will emphasize equity real estate investments, it may, in its discretion, invest in mortgages, deeds of trust and other similar interests. The Company does not intend to invest significantly in mortgages or deeds of trust, but may acquire such interests as a strategy for acquiring ownership of a property or the economic equivalent thereof, subject to the investment restrictions applicable to REITs. See "Federal Income Tax Consequences -- Taxation of the Company -- Income Tests" and "-- Asset Tests." In addition, the Company may invest in mortgage-related securities and/or may seek to issue securities representing interests in such mortgage-related securities as a method of raising additional funds.

Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Other Issuers. Subject to the gross income and asset tests necessary for REIT qualification, the Company also may invest in securities of entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities. The Company may acquire all or substantially all of the securities or assets of other REITs or similar entities where such investments would be consistent with the Company's investment policies. In any event, the Company does not intend that its investments in securities will require it or the Operating Partnership to register as an "investment company" under the Investment Company Act of 1940, as amended.

FINANCING POLICIES

In addition to the limitations on indebtedness which are likely to be imposed on the Company under the Credit Facility, upon the consummation of the Offering, the Company intends to maintain a Debt-to-Total Market Capitalization Ratio of approximately 45% or less. This policy differs from conventional mortgage debt-to-equity ratios which are asset-based ratios. The Company, however, may from time to time re-evaluate

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this policy and decrease or increase such ratio in light of then current economic conditions, relative costs to the Company of debt and equity capital, market values of its properties, growth and acquisition opportunities and other factors. There is no limit on the Debt-to-Total Market Capitalization Ratio imposed by either the Articles of Incorporation or Bylaws or the Partnership Agreement. To the extent the Board of Directors of the Company determines to obtain additional capital, the Company may issue equity securities, or cause the Operating Partnership to issue additional Units or debt securities, or retain earnings (subject to provisions in the Code requiring distributions of taxable income to maintain REIT status), or a combination of these methods. As long as the Operating Partnership is in existence, the net proceeds of all equity capital raised by the Company will be contributed to the Operating Partnership in exchange for additional interests in the Operating Partnership.

To the extent that the Board of Directors determines to obtain debt financing in addition to the existing mortgage indebtedness, the Company intends to do so generally through mortgages on its properties and the Credit Facility; however, the Company may also issue or cause the Operating Partnership to issue additional debt securities in the future. Such indebtedness may be recourse, non-recourse or cross-collateralized and may contain cross-default provisions. The net proceeds of any debt securities issued by the Company will be lent to the Operating Partnership on substantially the same terms and conditions as are incurred by the Company. The Company does not have a policy limiting the number or amount of mortgages that may be placed on any particular property, but mortgage financing instruments usually limit additional indebtedness on such properties. In the future, the Company may seek to extend, expand, reduce or renew the Credit Facility, or obtain new credit facilities or lines of credit, subject to its general policy on debt capitalization, for the purpose of making acquisitions or capital improvements or providing working capital or meeting the taxable income distribution requirements for REITs under the Code.

LENDING POLICIES

The Company may consider offering purchase money financing in connection with the sale of Properties where the provision of such financing will increase the value received by the Company for the property sold. The Operating Partnership also may make loans to joint ventures in which it may participate in the future. The Company may also make loans to the Operating Partnership, the Investment Management Subsidiary, and joint ventures and other entities in which it or the Operating Partnership have an equity interest.

CONFLICT OF INTEREST POLICIES

Officers and Directors of the Company. Without the unanimous approval of the disinterested directors, the Company and its subsidiaries will not, for a period of two years upon consummation of the Formation Transactions and the Offering (i) acquire from or sell to any director, officer or employee of the Company, or any entity in which a director, officer or employee of the Company owns more than a 1% interest, or acquire from or sell to any affiliate of any of the foregoing, any assets or other property, (ii) make any loan to or borrow from any of the foregoing persons or (iii) engage in any other material transaction with any of the foregoing persons. Each transaction of the type described above will be in all respects on such terms as are, at the time of the transaction and under the circumstances then prevailing, fair and reasonable to the Company and its subsidiaries in the opinion of the disinterested directors.

Policies Applicable to All Directors. Under Maryland law, each director will be obligated to offer to the Company any opportunity (with certain limited exceptions) which comes to such director and which the Company could reasonably be expected to have an interest in developing or acquiring. The Company has adopted certain policies relating to such matters applicable to Independent Directors actively engaged in industrial and retail real estate which will generally limit directly competitive activities by such directors. In addition, under Maryland law, any contract or other transaction between a corporation and any director or any other corporation, firm or other entity in which the director is a director or has a material financial interest may be void or voidable. However, the MGCL provides that any such contract or transaction will not be void or voidable if (i) it is authorized, approved or ratified, after disclosure of, or with knowledge of, the common directorship or interest, by the affirmative vote of a majority of disinterested directors (even if the disinterested directors constitute less than a quorum) or by the affirmative vote of a majority of the votes cast by disinterested stockholders or (ii) it is fair and reasonable to the corporation.

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POLICIES WITH RESPECT TO OTHER ACTIVITIES

The Company may, but does not presently intend to, make investments other than as previously described. The Company will make real property investments only through the Company and the Operating Partnership, except to the extent necessary to establish the Investment Management Subsidiary, financing partnerships or similar vehicles established substantially for the benefit of the Company or the Operating Partnership. The Company will have authority to offer its shares of Common Stock or other equity or debt securities of the Operating Partnership in exchange for property and to repurchase or otherwise reacquire its shares of Common Stock or any other securities and may engage in such activities in the future. Similarly, the Operating Partnership may offer additional Units or other equity interests in the Operating Partnership that are exchangeable for shares of Common Stock, or Preferred Stock in exchange for property. The Operating Partnership also may make loans to joint ventures in which it may participate in the future. Neither the Company nor the Operating Partnership will engage in trading, underwriting or the agency distribution or sale of securities of other issuers.

POLICIES WITH RESPECT TO INVESTMENT ADVISORY SERVICES

Uninvested commitments of clients of the Investment Management Subsidiary existing upon consummation of the Offering will be invested on a "separate account" basis as such investments have been made in the past pursuant to existing advisory agreements (generally, direct investment in the entire ownership interest in properties or in joint ventures or partnerships with third parties). Any additional amounts committed by these clients and any amounts committed by investors which become clients of the Investment Management Subsidiary following the consummation of the Offering will be invested only in properties in which the Company also invests, on a "co-investment" basis. See "Business and Operating Strategies -- Investment Management Subsidiary." The Investment Management Subsidiary may also take over management of assets already owned by existing or new clients and manage such assets on a "separate account" basis.

OTHER POLICIES

The Company operates in a manner that does not subject it to regulation under the Investment Company Act of 1940. The Board of Directors has the authority, without stockholder approval, to issue additional shares of Common Stock or other securities and to repurchase or otherwise reacquire shares of Common Stock or any other securities in the open market or otherwise and may engage in such activities in the future. The Company may, under certain circumstances, purchase shares of Common Stock in the open market, if such purchases are approved by the Board of Directors. The Board of Directors has no present intention of causing the Company to repurchase any of the shares of Common Stock, and any such action would be taken only in conformity with applicable Federal and state laws and the requirements for qualifying as a REIT under the Code and the Treasury Regulations. The Company expects to issue shares of Common Stock to holders of Units upon exercise of their exchange rights set forth in the Partnership Agreement. Upon consummation of the Offering, the Company will not have any outstanding loans to its officers and directors. The Company may in the future make loans to joint ventures in which it participates in order to meet working capital needs. The Company has not engaged in trading, underwriting or agency distribution or sale of securities of other issuers other than the Operating Partnership, nor has the Company invested in the securities of other issuers other than the Operating Partnership and the Investment Management Subsidiary for the purposes of exercising control, and does not intend to do so.

At all times, the Company intends to make investments in such a manner as to be consistent with the requirements of the Code for the Company to qualify as a REIT unless, because of changing circumstances or changes in the Code (or in Treasury Regulations), the Board of Directors determines that it is no longer in the best interests of the Company to qualify as a REIT and such determination is approved by the affirmative vote of holders owning at least two-thirds of the shares of the Company's capital stock outstanding and entitled to vote thereon.

MANAGEMENT

Upon consummation of the Offering, the Company's Board of Directors will include the directors named below. Directors of the Company will be elected on an annual basis. The collective background and experience of the directors provide the Company with advice and guidance in a number of areas, including corporate governance, strategic planning, capital markets expertise and property acquisition and management.

The Company believes that an independent Board of Directors, whose interests are aligned with those of the stockholders, is essential to the creation of long-term stockholder value. Therefore, it is expected that upon consummation of the Offering, seven of 10 of the Company's directors will not be employed by, or otherwise affiliated with, the Company ("Independent

Directors"). To demonstrate the alignment of their interests with those of stockholders, the Independent Directors have waived cash retainers and instead will receive options to purchase shares of Common Stock at current market prices on the date of grant.

The following table sets forth information with respect to the directors, executive officers and other officers of the Company:

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DIRECTORS NAME	AGE	POSITION AND BACKGROUND
<S>	<C>	<C>
Douglas D. Abbey	48	Mr. Abbey, one of the founders of AMB, will be appointed a Director of the Company upon completion of the Offering and will be Chairman of the Company's Investment Management Subsidiary. He has been Chairman of the Investment Committee since 1994 and is responsible for directing the economic research used to determine the Company's investment strategy, as well as the market research for property acquisitions. Mr. Abbey has 22 years of experience in asset management, acquisitions and real estate research. He is a graduate of Amherst College and has a master's degree in city planning from the University of California at Berkeley. He is the chair of the Urban Land Institute's Commercial Retail Council and Research Committee, serves on the Policy Advisory Board for the Center for Real Estate and Urban Economics at the University of California at Berkeley, is on the Editorial Board for the Journal of Real Estate Investment Trusts and is a Trustee of Golden Gate University.
Hamid R. Moghadam	41	Mr. Moghadam, one of the founders of AMB, will be appointed a Director of the Company upon completion of the Offering and is the President and Chief Executive Officer of the Company. Mr. Moghadam has 17 years of experience in real estate acquisitions, dispositions, investment analysis, finance and development, and is a member of the Investment Committee. He has been on the board of directors of CIF since April 1994 and of VAF since March 1996. Mr. Moghadam holds bachelor's and master's degrees in civil engineering and construction management, respectively, from the Massachusetts Institute of Technology and an M.B.A. degree from the Graduate School of Business at Stanford University. He is a member of the board of directors of the National Realty Committee, a member of the Young Presidents' Organization, has served on the Advisory Committee of the Massachusetts Institute of Technology Center for Real Estate, and is a Trustee of the Bay Area Discovery Museum.

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DIRECTORS NAME	AGE	POSITION AND BACKGROUND
<S>	<C>	<C>
T. Robert Burke	54	Mr. Burke, one of the founders of AMB, will be appointed a Director of the Company upon completion of the Offering and has been the Chairman of the Board of AMB since 1994. He has 28 years of experience in real estate and is a member of the Investment Committee. Mr. Burke has been on the board of directors of CIF since April 1994 and of VAF since March 1996. He was formerly a senior real estate partner with Morrison & Foerster LLP and for two years, served as that firm's Managing Partner for Operations. Mr. Burke graduated from Stanford University and holds a J.D. degree from Stanford Law School. He is a member of the Board of Directors of the National Association of Real Estate Investment Trusts, is on the Board of the Stanford Management Company and is a Trustee of Stanford University. He is also a member of the Urban Land Institute, and is the former Chairman of the Board of Directors of the Pension Real Estate Association.
INDEPENDENT DIRECTORS		
Daniel H. Case, III	40	Mr. Case will be appointed a Director of the Company upon completion of the Offering and is President and Chief Executive Officer of the Hambrecht & Quist Group. After joining Hambrecht & Quist in 1981, he co-founded the business which became Hambrecht & Quist Guaranty Finance in 1983. Mr. Case was named co-director of mergers and acquisitions of Corporate Finance in 1986, and became a managing director and head of Investment Banking in December 1987. In October 1991, he was elected to the board of directors of Hambrecht & Quist. In April 1992, he was

elected President and Co-Chief Executive Officer. He became Chief Executive Officer in October 1994. Mr. Case also serves as a director of Rational Software Corporation, Electronic Arts, the Securities Industry Association, and the Bay Area Council. Mr. Case was named as one of the "100 Global Leaders for Tomorrow" by the World Economics Forum and one of the "Top 50 Innovators in Technology" by Time Magazine. He has a bachelor's degree in economics and public policy from Princeton University and studied management at the University of Oxford as a Rhodes Scholar.

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DIRECTORS NAME	AGE	POSITION AND BACKGROUND
Robert H. Edelstein, Ph.D.	54	Dr. Edelstein will be appointed a Director of the Company upon completion of the Offering and has been an independent director of CIF since April 1994. He has been a director of TIS Mortgage Investment Company, a NYSE-listed mortgage REIT, since 1988, and has been the Chairholder of Professorship of Real Estate Development and Co-Chairman of the Fisher Center for Real Estate and Urban Economics at the Haas School of Business, University of California at Berkeley since 1985. Prior to joining the faculty at Berkeley in 1985, Dr. Edelstein was a Professor of Finance at The Wharton School and Director of the Real Estate Center for 15 years. He is active in research and consulting in urban real estate economics, real estate finance, real estate property taxation, environmental economics, energy economics, public finance and urban financial problems. Dr. Edelstein received his bachelor's, master's and Ph.D. degrees in economics, with specialization fields in statistics and econometrics, from Harvard University. He is President of The American Real Estate and Urban Economics Association, an ex officio member of Lambda Alpha (honorary real estate association), the Urban Land Institute and The Society for Real Estate Finance.
Lynn M. Sedway	55	Ms. Sedway will be appointed a Director of the Company upon completion of the Offering and has been an independent director of CIF since April 1994. She is principal and founder of the Sedway Group, a 19-year old real estate economics firm headquartered in San Francisco. Ms. Sedway is recognized throughout the real estate investment industry as an expert in urban and real estate economics. She currently directs and has ultimate responsibility for the activities of her firm, including market analysis, property valuation, development and redevelopment analysis, acquisition and disposition strategies, and public policy issues. Ms. Sedway received her bachelor's degree in economics at the University of Michigan and an M.B.A. degree from the University of California at Berkeley, Graduate School of Business, where she is also a guest lecturer. She is a trustee of the Urban Land Institute, the Policy Advisory Board of the Fisher Center for Real Estate and Urban Economics, and the San Francisco Chamber of Commerce. Ms. Sedway is a member of The International Council of Shopping Centers and the American Society of Real Estate Counselors.
Paul P. Shepherd	65	Mr. Shepherd will be appointed a Director of the Company upon completion of the Offering and has been an independent director of CIF since April 1994. He is also on the board of directors of the SWA Group, an organization that provides management services to segments of the real estate industry. For the last 13 years, Mr. Shepherd has been Land Manager for Cargill Salt, a large multi-national company. He is also a general partner for three development partnerships, and President of two real estate consulting companies, Paul Shepherd & Associates and Land Use Technologies, Inc. Mr. Shepherd holds a bachelor's degree in civil engineering from the Massachusetts Institute of Technology and completed tours with the U.S. Navy Civil Engineering Corps. He has served two terms as President of the National Association of Industrial and Office Parks ("NAIOP"), and was a member of the Visiting Committee for the School of Architecture and Planning, M.I.T.

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DIRECTORS NAME AGE POSITION AND BACKGROUND

<S>	<C>	<C>
Jeffrey L. Skelton, Ph.D.	47	Dr. Skelton will be appointed a Director of the Company upon completion of the Offering and has been an independent director of VAF since March 1996. He is President and Chief Executive Officer of Symphony Asset Management, the asset management subsidiary of BARRA, Inc., a financial software company. Prior to joining BARRA, Inc. in 1994, he was with Wells Fargo Nikko Investment Advisors from January 1991 to December 1993, where he served in a variety of capacities, including Chief Research Officer, Vice Chairman, Co-Chief Investment Officer and Chief Executive of Wells Fargo Nikko Investment Advisors Limited in London. Dr. Skelton has a Ph.D. in Mathematical Economics and Finance and an M.B.A. degree from the University of Chicago, and was an Assistant Professor of Finance at the University of California at Berkeley, Graduate School of Business. He is a frequent speaker in professional forums and is the author of a number of works published in academic and professional journals.
Thomas W. Tusher	56	Mr. Tusher will be appointed a Director of the Company upon completion of the Offering and has been an independent director of VAF since March 1996. He was President and Chief Operating Officer of Levi Strauss & Co. from 1984 through 1996. Previously, he was President of Levi Strauss International from 1976 to 1984. Mr. Tusher began his career at Levi Strauss in 1969. He was a director of the publicly-held Levi Strauss & Co. from 1978 to 1985, and was named a director of the privately-controlled Levi Strauss & Co. in 1989. Prior to joining Levi Strauss & Co., Mr. Tusher was with Colgate Palmolive from 1965 to 1969. Mr. Tusher has a bachelor's degree from the University of California at Berkeley and an M.B.A. degree from the Graduate School of Business at Stanford University. He is a director of Cakebread Cellars and Dash America. He has been a director of Pearl Izumi since 1996, and a former director of Great Western Financial Corporation and the San Francisco Chamber of Commerce. He is also Chairman Emeritus and a member of the advisory board of the Walter A. Haas School of Business at the University of California at Berkeley.
Caryl B. Welborn, Esq.	46	Ms. Welborn will be appointed a Director of the Company upon completion of the Offering and has been an independent director of VAF since March 1996. She is a commercial real estate attorney in San Francisco, and prior to starting her own firm in 1995, she was a partner with Morrison & Foerster LLP for 13 years. Ms. Welborn has a bachelor's degree from Stanford University and a J.D. degree from the Law School at the University of California at Los Angeles. She is a program chair and frequent lecturer on real estate issues nationally, and has published numerous articles in professional publications. Ms. Welborn is an officer and board member of the American College of Real Estate Lawyers. She has held leadership positions in the American Bar Association's Real Property, Probate and Trust Section. In addition, Ms. Welborn has acted as an American Bar Association advisor regarding revision of the Uniform Partnership Act.
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EXECUTIVE OFFICERS

In addition to Messrs. Abbey, Moghadam and Burke whose biographies are set forth above, the following are the Executive Officers of the Company:

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Luis A. Belmonte	56	Mr. Belmonte is a Managing Director of the Company and co-head of the Industrial Division. He specializes in industrial property development and redevelopment, and is a member of the Investment Committee. He joined AMB in 1990 and has over 29 years of experience in development, redevelopment, finance, construction, and management of commercial and industrial projects. He was a partner with Lincoln Property Company, where he built a portfolio of 18 million square feet of buildings. Mr. Belmonte received his bachelor's degree from the University of Santa Clara. He is a member of the Urban Land Institute, an associate member of the Society of Industrial Realtors, former President of the San Francisco chapter of NAIOP, The Association for Commercial Real Estate, and serves as Chairman of the California Commercial Council.
S. Davis Carniglia	46	Mr. Carniglia is a Managing Director, Chief Financial Officer and General Counsel of the Company and is a member of the Investment Committee. He joined AMB in 1992 and has

22 years of experience in real estate accounting, taxation, forecasting and financing. Mr. Carniglia was formerly a tax and real estate consulting partner with KPMG/Peat Marwick, where he was responsible for that firm's San Francisco Bay Area real estate practice, and was an appraisal/ valuation partner. Mr. Carniglia has a bachelor's degree in economics from Pomona College and a J.D. degree from Hastings College of Law. He is a Certified Public Accountant, and a member of the State Bar of California, Financial Executives Institute, Urban Land Institute, National Association of Real Estate Investment Trusts, and Bay Area Mortgage Association.

John H. Diserens

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Mr. Diserens is a Managing Director and head of the Retail Division of the Company and is a member of the Investment Committee. He has over 20 years of experience in asset and property management for institutional investors. In his eight years at AMB, he has been responsible for the asset management of all properties, including over 40 community shopping centers. Prior to joining AMB, Mr. Diserens was a Vice President and a divisional manager with Property Management Systems, one of the nation's largest asset and property management firms, responsible for a diversified portfolio in excess of 10 million square feet. Mr. Diserens holds a bachelor's degree in economics and accounting from Macquarie University of Sydney, Australia, and has completed the Executive Program at the Graduate School of Business, Stanford University. He is a member of the International Council of Shopping Centers, Association of Foreign Investors in U.S. Real Estate, National Association of Real Estate Investment Managers ("NAREIM"), Institute of Real Estate Management, and is on the board of NAREIM.

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Bruce H. Freedman

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Mr. Freedman is a Managing Director and co-head of the Industrial Division of the Company and is a member of the Investment Committee. He joined AMB in 1995 and has over 27 years of experience in real estate finance and investment. Before joining the Company, he served as a Principal and President of Allmerica Realty Advisors from 1993 to 1995 and as Principal for Aldrich, Eastman & Waltch (AEW) from 1986 to 1992. At Allmerica, he was responsible for business operation and management of a \$250 million equity real estate portfolio, and at AEW he managed a team of 20 people which invested, managed, and accounted for over \$1 billion of institutional client assets. Mr. Freedman is a cum laude graduate of Babson College. He is a member of the Urban Land Institute, Real Estate Finance Association and the National Association of Real Estate Investment Managers, and holds the CRE designation from the American Society of Real Estate Counselors.

Jean Collier Hurley

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Ms. Hurley is a Managing Director responsible for Investor Relations, and joined AMB in 1990. Ms. Hurley has structured and raised \$1.8 billion of equity capital for AMB from clients, including investors in CIF and VAF, two existing private REITs and several separate account relationships. Prior to joining AMB, Ms. Hurley was a Vice President with Crocker National Bank where she provided financing for major national and international corporations. Ms. Hurley holds a bachelor's degree in business management and a master of science in marketing and design from San Diego State University, and holds an M.B.A. degree in Finance from the University of California at Berkeley, Graduate School of Business. Ms. Hurley serves on the Editorial Board of the Pension Real Estate Association Quarterly, and is a member of the National Association of Real Estate Investment Trusts and the National Investor Relations Institute.

Barbara J. Linn

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Ms. Linn is a Managing Director and President of the Investment Management Division of the Company, and is the Vice Chairman of the Investment Committee. She joined AMB in 1990 and has taken primary responsibility for portfolio management of private investment client portfolios, including developing and overseeing the execution of investment strategies, performance analysis and valuations, reporting, review meetings, and relationships with clients. Prior to joining AMB, she spent eight years with RREEF as Vice President, Director of Property Management and Finance. Ms. Linn holds a bachelor's degree in accounting from the University of Arizona and is a Certified Public Accountant and Certified Financial Planner. She is President of the National Council of Real Estate Investment Fiduciaries ("NCREIF") and formerly NCREIF Research Committee Chairperson.

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Craig A. Severance	45	Mr. Severance is a Managing Director and a member of the Investment Committee, and has been responsible for property acquisitions and information technology. He has managed the screening of all property submissions and has developed the Company's proprietary property submissions database. Before joining AMB in 1986, he was a Vice President with the investment real estate group at Bank of America, where he represented domestic and foreign institutional investors in major commercial property acquisitions. Mr. Severance has a bachelor's degree in economics from Middlebury College, and holds an M.B.A. degree from the Graduate School of Business at Stanford University. He is a member of the International Council of Shopping Centers.
OTHER OFFICERS		
Mohammad Barzegar	35	Mr. Barzegar is a Vice President of the Company and has specialized in property acquisitions in the Midwest region since 1993. Prior to joining AMB, he spent two years as a principal at Arcadia Capital, a real estate investment firm, and four years disposing and acquiring commercial properties in the Midwest and the West with Prudential Real Estate Investors. Mr. Barzegar holds a bachelor's degree in economics from the University of California at Berkeley and an M.B.A. degree in Real Estate and Finance from The Wharton School. He is an associate of the Urban Land Institute.
Michael A. Coke	29	Mr. Coke is the Company's Vice President of Financial Management and Reporting. Mr. Coke joined AMB in 1997 after seven years at Arthur Andersen LLP where he was most recently an audit manager. At Arthur Andersen, he primarily served public and private real estate companies, including several public REITs, and specialized in real estate auditing and accounting, mergers, initial public offerings and business acquisition due diligence. Mr. Coke received a bachelor's degree in business administration and accounting from California State University at Hayward. He is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants and NAREIT.
Martin J. Coyne	41	Mr. Coyne is a Vice President of the Company and has specialized in the management of properties in the West and Midwest since 1990. He joined AMB after five years with the investment real estate group at Bank of America where, as Vice President and Senior Asset Manager, he was responsible for developing, managing and leasing industrial, retail, and office properties in the Western U.S. Prior to that time, he was with an international real estate investment firm. Mr. Coyne holds a bachelor's degree in real estate management from Thames College in London, is a Fellow of the Royal Institution of Chartered Surveyors, and a Certified Commercial Investment Member.
Kent D. Greenawalt	38	Mr. Greenawalt is a Vice President of the Company and has specialized in the management of properties in the Southeast since 1995. He joined AMB after three years as Senior Investment Manager at Allmerica Realty Advisors. Prior to Allmerica, he was a manager in the real estate group of Aldrich, Eastman & Waltch where he originated investments for pension fund clients. Mr. Greenawalt is a graduate of Lehigh University and earned an M.B.A. degree from The Wharton School. Mr. Greenawalt is a member of the International Council of Shopping Centers and the Real Estate Finance Association.

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<S>	<C>	<C>
Jane L. Harris	37	Ms. Harris is a Vice President of the Company and Director of Research and Strategic Planning. She joined AMB in 1989 and has been responsible for real estate research since 1996, and is a member of the Investment Committee. Ms. Harris was previously in the AMB Acquisition Group from 1992 to 1996, where she acquired 17 retail and industrial properties in seven markets across the nation on behalf of institutional clients. Prior to joining AMB, she was a city planner in Denver. Her planning work included retail and other market research and regional planning. Ms. Harris holds a bachelor's degree in Design and Planning from the University of Colorado at Boulder and a master's degree from the Massachusetts Institute of Technology Center for Real Estate. While at M.I.T., she was awarded the Urban Land

Institute's Miller Fellowship.

Carlie P. Headapohl	34	Ms. Headapohl is a Vice President of the Company and specializes in portfolio management, client reporting, and client relations. She joined AMB in 1994 with responsibility for the Portfolio Management of CIF. Before joining AMB, Ms. Headapohl was Vice President of Expansion and Acquisitions at Supercuts, Inc. from 1993 to 1994. Prior to that time, she was a Vice President in Corporate Finance at Dean Witter Reynolds, Inc. She holds a bachelor's degree in finance and accounting from the University of California at Berkeley.
Tyler W. Higgins	33	Mr. Higgins is a Vice President of the Company and has specialized in property acquisitions in the Southwest and Northern California, and has been responsible for the Acquisition Group's proactive marketing program since 1990. Prior to joining AMB, Mr. Higgins served as a Finance and Acquisition Associate at The Shidler Group. He also worked in the Income Property Division at a major mortgage company. Mr. Higgins holds a bachelor's degree in economics with concentrations in real estate and finance from the University of California at Berkeley. He is a member of both the Urban Land Institute and the International Council of Shopping Centers. Mr. Higgins is a director of the National Association of Industrial and Office Parks.
William G. Marino	42	Mr. Marino is a Vice President of the Company and specializes in property acquisitions in Southern California. Prior to joining AMB in 1994, he spent four years with J&S Development, a development and management company in New York, where he was responsible for acquisitions and dispositions of a \$450 million portfolio. He has 15 years of experience in real estate acquisitions, dispositions and financing. Mr. Marino holds a bachelor's degree in economics and an M.B.A. degree with a concentration in finance from Cornell University.
John T. Roberts, Jr.	34	Mr. Roberts is the Vice President of Capital Markets and has over 11 years of experience in real estate finance and investment. Mr. Roberts joined AMB after spending six years at Ameritech Pension Trust, where he most recently held the position of Director-Real Estate Investments. His responsibilities included managing a \$1.6 billion real estate portfolio and developing and implementing the trust's real estate program. Prior to that, he worked for Richard Ellis, Inc. and has experience in leasing and sales. Mr. Roberts received a bachelor's degree from Tulane University in New Orleans and an M.B.A. degree in finance and accounting from the Graduate School of Business at the University of Chicago. He currently serves on the board of directors of the Pension Real Estate Association.

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John L. Rossi	45	Mr. Rossi is a Vice President of the Company, where he has specialized in the management of properties in Northern California and the Southwest since 1992. He joined AMB after seven years with RREEF where he was a District Manager, responsible for the operation, accounting, and leasing of office, industrial, retail and residential properties. Prior to that time, he was the Director of Properties with Western Savings and Loan. Mr. Rossi has a bachelor's degree from Loyola University, holds the designation Real Property Administrator (RPA) from the Building Owners and Managers Institute, and is a Certified Commercial Investment Member.
Cynthia J. Sarver	44	Ms. Sarver is a Vice President of the Company and has specialized in the management of properties in the mid-Atlantic and mid-Western regions since July 1995. Prior to joining AMB, she was a Vice President with Allmerica Realty Advisors, Inc. from 1993 to 1995 where she specialized in the management of properties and was a voting member of the investment committee. Prior to that time, she was a principal of Bay Square Associates, Inc., where she consulted on acquisitions, management and REIT underwriting. Ms. Sarver holds a bachelor of science degree in environmental studies, a bachelor of arts degree from Michigan State University, and an M.B.A. degree from the University of California at Berkeley. She is a registered Landscape Architect in the State of Massachusetts, a member of the Real Estate Finance Association, and an Associate of the Urban Land Institute.
Michael J. Scandalios	34	Mr. Scandalios is a Vice President of the Company and has specialized in private equity capital and investor relations since 1991. He was formerly with Copley Real Estate Advisors where he focused on portfolio management and business development, and prior to that was a financial analyst with

CB Investment Banking Services in San Francisco. Mr. Scandalios holds a bachelor's degree from the University of California at Los Angeles, and an M.B.A. degree in finance and accounting from the Graduate School of Business at the University of Chicago. He is a member of the Pension Real Estate Association and the National Investor Relations Institute.

Christine G. Schadlich	35	Ms. Schadlich is a Vice President of the Company and has specialized in portfolio management since 1991. Before joining AMB, Ms. Schadlich had seven years of institutional real estate experience, including leasing, dispositions, valuations and analytical work at Jones Lang Wootton and CB Investment Banking Services. Her experience at AMB includes portfolio management, performance reporting, asset management and property valuations. Ms. Schadlich holds a bachelor's degree in economics from the University of California at Berkeley.
Gary C. Scheier	41	Mr. Scheier is the Company's Vice President of Corporate Finance and Accounting. He has overseen the financial forecasting process for AMB and supervised financial operations activities since 1994. Mr. Scheier joined the Company after three years as Vice President and Controller at Oewel Partnership, Inc., a real estate firm. He has also worked as a Senior Tax Manager at KPMG Peat Marwick and as a Senior Staff Accountant with Arthur Andersen & Co. Mr. Scheier received his bachelor's degree from California State University in Sacramento. Mr. Scheier is a former member of the Board of Directors of the Builder's Industry Association Commercial Industrial Council and is a Certified Public Accountant.

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<S>	<C>	<C>
Lindsey K. Schubel	39	Ms. Schubel is a Vice President of the Company and has specialized in portfolio management since 1994. Before joining AMB, Ms. Schubel was Manager of Institutional Client Services at Metric Realty Advisors, and supervised \$600 million of real estate assets for 42 clients. In addition, she has also worked as a financial manager. Ms. Schubel holds a bachelor's degree in mechanical engineering from Carnegie-Mellon University and an M.B.A. degree from the University of California at Berkeley.
Andrew N. Singer	37	Mr. Singer is a Vice President of the Company and has specialized in dispositions and management of assets in the Mountain and Pacific Northwest regions since 1989. He joined AMB after four years with Bank of America where he was responsible for asset management, dispositions, loan workouts, and portfolio analysis for major commercial real estate assets throughout the U.S. Mr. Singer holds a bachelor's degree and an M.B.A. degree with a concentration in real estate and finance from the University of Denver, and is a Certified Commercial Investment Member.
Gayle P. Starr	42	Ms. Starr is a Vice President of the Company and has specialized in the management of partnerships, debt instruments, and assets in the San Francisco Bay Area since 1992. Prior to joining AMB, she was Vice President of Financial Asset Management for Lincoln Property Company, where for eight years, she was responsible for real estate development, major lease negotiations, financing and dispositions. Ms. Starr holds a bachelor's degree from the University of California at San Diego, a J.D. degree from the University of California at Davis, and is a lecturer with the University of California at Berkeley. She is a member of the State Bar of California.
William Steinberg	42	Mr. Steinberg is a Vice President of the Company and has specialized in property acquisitions in the Eastern United States since 1994. Prior to joining AMB, he was a partner with Trammell Crow Company where for nine years, he developed and renovated major commercial properties in the Southwest. Mr. Steinberg has been a director of NYSE-listed Continental Homes Holding Co. since 1992. Mr. Steinberg received his bachelor's degree from Amherst College, and his Master's of Management degree from the Kellogg Graduate School of Management at Northwestern University.
K.C. Swartzel	45	Mr. Swartzel is a Vice President of the Company and has specialized in property acquisitions in the Southeast since 1995. Prior to joining AMB, he was a Senior Vice President with TCW Realty Advisors and a senior Vice President with Metric Realty, where he disposed of more than 120 commercial properties nationwide. Mr. Swartzel holds a bachelor's degree from the University of California, a master's degree from Stanford University, and a J.D. degree from Peninsula

University College of Law. He is a licensed real estate broker, and is a member of the International Council of Shopping Centers, the National Association of Real Estate Investment Managers, and the Real Estate Investment Advisory Council.

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COMMITTEES OF THE BOARD OF DIRECTORS

Audit Committee. The Audit Committee, which will be comprised solely of Independent Directors, will make recommendations concerning the engagement of independent public accountants, review with the independent public accountants the plans and results of the audit engagement, approve professional services

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provided by the independent public accountants, review the independence of the independent public accountants, consider the range of audit and non-audit fees and review the adequacy of the Company's internal accounting controls.

Executive Committee. The Executive Committee will have the authority within certain parameters to acquire, dispose of and finance investments for the Company (including the issuance by the Operating Partnership of additional Units or other equity interests) and approve the execution of contracts and agreements, including those related to the borrowing of money by the Company, and generally exercise all other powers of the Board of Directors except as prohibited by law.

Compensation Committee. The Compensation Committee, which will be comprised solely of Independent Directors, will determine compensation for the Company's Executive Officers, and will review and make recommendations concerning proposals by management with respect to compensation, bonus, employment agreements and other benefits and policies respecting such matters for the Executive Officers of the Company.

The Board of Directors will not have a nominating committee; rather, the entire Board of Directors will perform the function of such a committee.

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COMPENSATION OF THE BOARD OF DIRECTORS

In lieu of cash compensation, each Independent Director will receive, upon initial election to the Board of Directors and upon each election thereafter, options to purchase Common Stock, at an exercise price equal to the fair market value at the date of grant (in the case of options granted upon consummation of the Offering, at the price to the public in the Offering). All of such options will vest immediately upon grant. The initial grant of such options upon initial election will cover 20,000 shares of Common Stock, and each subsequent grant will cover 15,000 shares of Common Stock for each Independent Director. The Company expects that the initial grant for each Independent Director appointed to serve following the consummation of the Offering will cover 26,250 shares of Common Stock representing the grant to each Independent Director with respect to their initial election to the Board of Directors (expected to occur in 1998) plus an additional grant of options to purchase 6,250 shares of Common Stock with respect to the period from the date of the Offering through the date of their initial election, but such Independent Directors will not be granted options upon re-election in 1998. In addition, Independent Directors will be paid \$1,250 for each meeting in excess of six meetings of the Board of Directors attended during each annual term and will be reimbursed for reasonable expenses incurred to attend director and committee meetings. Officers of the Company who are directors will not be paid any compensation in respect of their service as directors. Independent Directors who are currently directors of CIF and VAF are being paid \$20,000 as compensation for services rendered in connection with the Formation Transactions, which amount may be received in the form of restricted shares of Common Stock at the election of each such Independent Director. Such compensation is not contingent upon consummation of the Formation Transactions and the Offering.

EXECUTIVE COMPENSATION

The following table sets forth the annual base salary to be paid and options expected to be granted upon consummation of the Offering to the Company's Chairman of the Board, Chief Executive Officer and its four other most highly compensated executive officers (collectively, the "Named Executive Officers").

<TABLE>
<CAPTION>

NAME AND PRINCIPAL POSITION	ANNUAL BASE COMPENSATION	OPTIONS
T. Robert Burke..... Chairman of the Board	\$150,000	225,000

Hamid R. Moghadam.....	\$400,000	500,000
President and Chief Executive Officer		
Douglas D. Abbey.....	\$200,000	250,000
Chairman of Investment Committee		
S. Davis Carniglia.....	\$200,000	130,000
Chief Financial Officer and General Counsel		
Craig A. Severance.....	\$200,000	130,000
Managing Director, Acquisitions		
John H. Diserens.....	\$200,000	130,000
Managing Director, Retail Division		

</TABLE>

OPTION GRANTS IN 1997

<TABLE>
<CAPTION>

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS TO BE GRANTED(1)	PERCENT OF TOTAL OPTIONS TO BE GRANTED TO EMPLOYEES IN 1997	EXERCISE PRICE PER COMMON SHARE (2)	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE OF ASSUMED ANNUAL RATE OF COMMON SHARE PRICE APPRECIATION FOR OPTION TERM(3)	
					5% (4)	10% (5)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
T. Robert Burke.....						
Hamid R. Moghadam.....						
Douglas D. Abbey.....						
S. Davis Carniglia.....						
Craig A. Severance.....						
John H. Diserens.....						

</TABLE>

- (1) All options are granted at the fair market value of the Common Stock at the date of grant. Options granted are for a term of not more than 10 years from the date of grant and vest in four equal installments (rounded to the nearest whole share of Common Stock) over four years.
- (2) Based on the assumed initial public offering price. The exercise price per share will be the actual initial public offering price.
- (3) In accordance with the rules of the SEC, these amounts are the hypothetical gains or "option spreads" that would exist for the respective options based on assumed rates of annual compound share price appreciation of 5% and 10% from the date the options were granted over the full option term. No gain to the optionee is possible without an increase in the price of Common Stock, which would benefit all stockholders.
- (4) An annual compound share price appreciation of 5% from the assumed Offering price of \$ per share of Common Stock yields a price of \$ per share of Common Stock.
- (5) An annual compound share price appreciation of 10% from the assumed Offering price of \$ per share of Common Stock yields a price of \$ per share of Common Stock.

EMPLOYMENT AGREEMENTS

Upon consummation of the Offering, each of the Executive Officers will enter into an employment agreement with the Company pursuant to which each will agree to devote their entire business time to the Company. The employment agreements will have an initial term of one year (three years in the case of Mr. Moghadam) and will be subject to automatic one-year extensions following the expiration of the initial term. The employment agreements provide for annual base compensation (in the amounts set forth in the Executive Compensation table with respect to the Named Executive Officers identified therein) with the amount of any bonus to be determined by the Compensation Committee, based on certain performance targets, up to 150% of the applicable annual base compensation in the case of Messrs. Burke, Abbey and Moghadam, and 100% of the applicable annual base compensation in the case of Messrs. Carniglia, Diserens and Severance. The employment agreements also will provide that the executive will receive certain insurance benefits, will be able to participate in the Company's employee benefit plans, including the Stock Incentive Plan (as defined below), and that, in the event of the executive's death, the executive's estate will receive certain compensation payments. The executive also will be entitled to receive severance during the term of the employment agreement and for one year thereafter in the event of a termination of the executive's employment resulting from a disability, by the Company without "cause" or by the executive for "good reason." "Cause" means (i) gross negligence or willful misconduct, (ii) an uncured breach of any of the employee's material duties under the employment

agreement, (iii) fraud or other conduct against the material best interests of the Company or (iv) a conviction of a felony if such conviction has a material adverse effect on the Company. "Good reason" means (a) a substantial adverse change in the nature or scope of the employee's responsibilities and authority under the employment agreement or (b) an uncured breach by the Company of any of its material obligations under the employment agreement. Severance benefits will include base compensation at the amounts provided in the employment agreement and bonus based on the most recent amount paid, as well as certain continuing insurance and other benefits.

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Such employment agreements will also contain a non-competition agreement pursuant to which each executive will agree that he or she will not engage in any activities, directly or indirectly, in respect of commercial real estate, and will not make any investment in respect of 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 and through existing investments as described under "Risk Factors -- Conflicts of Interest." Such restrictions will apply during the term of the employment agreements and for a one year period thereafter.

STOCK INCENTIVE PLAN

The Company will establish the Stock Option and Incentive Plan (the "Stock Incentive Plan") to (i) enable executive officers, key employees and directors of the Company, the Operating Partnership and the Investment Management Subsidiary to participate in the ownership of the Company, (ii) attract and retain executive officers, other key employees and directors of the Company, the Operating Partnership and the Investment Management Subsidiary and (iii) provide incentives to such persons to maximize the Company's performance and its cash flow available for distribution. The Stock Incentive Plan provides for the award to such officers and employees (subject to the Ownership Limit, or such other limit as provided in the Company's Articles of Incorporation or as otherwise permitted by the Board of Directors) of a broad variety of stock-based compensation alternatives such as non-qualified stock options, incentive stock options, restricted stock and stock appreciation rights, and provides for the grant to Independent Directors and directors of the Investment Management Subsidiary of non-qualified stock options.

The Compensation Committee, which will be comprised solely of Independent Directors, will have the authority to determine the terms of options and restricted shares of common stock granted under the Stock Incentive Plan, including, among other things, the individuals who shall receive such grants, the times when they shall receive them, whether an incentive stock option or non-qualified option shall be granted and the number of shares to be subject to each grant.

An additional _____ shares of Common Stock will be reserved for issuance under the Stock Incentive Plan. The Company presently expects, upon consummation of the Offering, to issue to certain officers and employees options to purchase _____ shares of Common Stock, at an exercise price equal to the price to the public in the Offering. It is expected that such options will have a ten-year term and vest pro rata in annual installments over a four-year period with respect to initial grants. There is no limit on the number of awards that may be granted to any one individual so long as the (i) aggregate fair market value (determined at the time of grant) of shares with respect to which an incentive stock option is first exercisable by an optionee during any calendar year cannot exceed \$100,000, (ii) grant does not violate the Ownership Limit or cause the Company to fail to qualify as a REIT for Federal income tax purposes and (iii) maximum number of shares of Common Stock for which stock options and stock appreciation rights may be issued during any fiscal year to any participant in the Stock Incentive Plan shall not exceed 1,000,000. See "Description of Capital Stock -- Restrictions on Ownership and Transfer." The Company plans to limit future grants under the Stock Incentive Plan to the Company's directors and officers and a limited number of other employees.

Restricted Stock. Restricted stock may be sold to participants at various prices (but not below par value) and is subject to such restrictions as may be determined by the Compensation Committee. Restricted stock typically may be repurchased by the Company at the original purchase price if certain conditions or restrictions are not met. In general, restricted stock may not be sold, or otherwise transferred or hypothecated, until restrictions are removed or expire. Purchasers of restricted stock will have voting rights and receive distributions prior to the time when the restrictions lapse. The Company has no present plans to grant restricted shares of Common Stock other than with respect to (i) the restricted shares of Common Stock issuable to certain Independent Directors as described above under the caption "-- Compensation of the Board of Directors," and (ii) shares which may be issued to, and at the option of, certain employees in lieu of annual cash bonus compensation.

Administration of the Stock Incentive Plan. The Stock Incentive Plan will be administered by the Board of Directors and/or the Compensation Committee. No person is eligible to serve on the Compensation Committee unless such person is an Independent Director. The Committee has complete discretion to determine

(subject to (i) the Ownership Limit contained in the Articles of Incorporation of the Company and

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(ii) a limit against granting options or stock appreciation rights for more than 1,000,000 shares to any person in any year) which eligible individuals are to receive option or other stock grants, the number of shares subject to each such grant, the status of any granted option as either an incentive option or a non-qualified stock option under the Federal tax laws, the exercise schedule to be in effect for the grant, the maximum term for which any granted option is to remain outstanding and, subject to the specific terms of the Stock Incentive Plan, any other terms of the grant.

Eligibility. All employees of the Company may, at the discretion of the Compensation Committee, be granted incentive and non-qualified stock options to purchase shares of Common Stock at an exercise price not less than 100% of the fair market value of such shares on the grant date. Directors of the Company, employees of the Operating Partnership, employees and directors of the Investment Management Subsidiary, consultants and other persons who are not regular salaried employees of the Company are not eligible to receive incentive stock options, but are eligible to receive non-qualified stock options. In addition, all employees and consultants of the Company, the Operating Partnership and the Investment Management Subsidiary are eligible for awards of restricted stock and grants of stock appreciation rights.

Purchase Price of Shares Subject to Options. The price of the shares of Common Stock subject to each option shall be set by the Compensation Committee; provided, however, that the price per share of an option shall be not less than 100% of the fair market value of such shares on the date such option is granted; provided, further, that, in the case of an incentive stock option, the price per share shall not be less than 110% of the fair market value of such shares on the date such option is granted to an individual then owning (within the meaning of Section 424(d) of the Code) more than of the total combined voting power of all classes of stock of the Company, any subsidiary or any parent corporation ("greater than 10% stockholders").

Non-Assignability. Options may be transferred only by will or by the laws of descent and distribution. During a participant's lifetime, options are exercisable only by the participant.

Terms and Exercisability of Options. Unless otherwise determined by the Board of Directors or the Compensation Committee, all options granted under the Stock Incentive Plan are subject to the following conditions: (i) options will be exercisable in installments, on a cumulative basis, at the rate of thirty-three and one-third percent (33 1/3%) each year beginning on the first anniversary of the date of the grant of the option, until the options expire or are terminated (other than options granted at the time of the Offering, which will vest ratably over four years) and (ii) following an optionee's termination of employment, the optionee shall have the right to exercise any outstanding vested options for a specified period.

To the extent the aggregate fair market value of stock with respect to which "incentive stock options" (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by an optionee during any calendar year exceeds \$100,000, such options shall be taxed as non-qualified stock options. The rule set forth in the preceding sentence shall be applied by taking options into account in the order in which they were granted. For this purpose, the fair market value of stock shall be determined as of the time that the option with respect to such stock is granted.

Options are exercisable in whole or in part by written notice to the Company, specifying the number of shares being purchased and accompanied by payment of the purchase price for such shares. The option price may be paid: (i) in cash or by certified or cashier's check payable to the order of the Company, (ii) by delivery of shares of Common Stock already owned by, and in the possession of, the optionee or (iii) if authorized by the Board of Directors or the Compensation Committee or if specified in the option agreement for the option being exercised, by a recourse promissory note made by the optionee in favor of the Company or through installment payments to the Company.

On the date the option price is to be paid, the optionee must make full payment to the Company of all amounts that must be withheld by the Company for Federal, state or local tax purposes.

Termination of Employment; Death or Permanent Disability. If an option holder ceases to be employed by the Company for any reason other than the optionee's death or permanent disability, such optionee's stock option shall expire three months after the date of such cessation of employment unless by its terms it expires sooner; provided, however, that during such period after cessation of employment, such stock option may be exercised only to the extent it was exercisable according to such option's terms on the date of cessation of

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employment. If an optionee dies or becomes permanently disabled while the optionee is employed by the Company, such optionee's option shall expire twelve months after the date of such optionee's death or permanent disability unless by its terms it expires sooner. During such period after death, such stock option may, to the extent it remains unexercised upon the date of such death, be exercised by the person or persons to whom the optionee's rights under such stock option are transferred under the laws of descent and distribution.

Acceleration of Exercisability. In the event the Company is acquired by merger, consolidation or asset sale, each outstanding option which is not to be assumed by the successor corporation or replaced with a comparable option to purchase shares of the capital stock of the successor corporation will, at the election of the Board of Directors (or if so provided in an option or other agreement with an optionee), automatically accelerate in full.

Adjustments. In the event any change is made to the Common Stock issuable under the Stock Incentive Plan by reason of any recapitalization, stock dividend, stock split, combination of shares, exchange of shares or other change in corporate structure effected without the Company's receipt of consideration, appropriate adjustment will be made to (i) the maximum number and class of shares issuable under the Stock Incentive Plan and (ii) the number and/or class of shares and price per share in effect under each outstanding option.

Amendments to the Stock Incentive Plan. The Board of Directors may at any time suspend or terminate the Stock Incentive Plan. The Board of Directors or Compensation Committee may also at any time amend or revise the terms of the Stock Incentive Plan; provided that no such amendment or revision shall, unless appropriate stockholder approval of such amendment or revision is obtained, (i) increase the maximum number of shares which may be acquired pursuant to options granted under the Stock Incentive Plan (except for adjustments as described in the foregoing paragraph) or (ii) change the minimum purchase price required under the Stock Incentive Plan.

Termination. The Stock Incentive Plan will terminate on December , 2007, unless sooner terminated by the Board of Directors.

Registration Statement on Form S-8. The Company will file with the Securities and Exchange Commission a Registration Statement on Form S-8 covering the shares of Common Stock underlying options granted under the Stock Incentive Plan and restricted shares of Common Stock.

401(K) PLAN

Effective upon the consummation of the Offering, the Company intends to establish its Section 401(k) Savings/Retirement Plan (the "Section 401(k) Plan") to cover eligible employees of the Company and any designated affiliate. The Section 401(k) Plan, which is expected to succeed to the Section 401(k) Plan currently maintained by AMBI, will permit eligible employees of the Company to defer up to 10% of their annual compensation, subject to certain limitations imposed by the Code. The employees' elective deferrals will be immediately vested and non-forfeitable upon contribution to the Section 401(k) Plan. The Company currently intends to make matching contributions to the Section 401(k) Plan in an amount equal to 50% of the first 3.5% of annual compensation deferred by each employee; however, it reserves the right to make greater matching contributions or discretionary profit sharing contributions in the future.

LIMITATION OF DIRECTORS' AND OFFICERS' LIABILITY

The Company's officers and directors will be indemnified under Maryland law, its Articles of Incorporation and the Partnership Agreement against certain liabilities. The Articles of Incorporation and Bylaws will require the Company to indemnify its directors and officers to the fullest extent permitted from time to time by the MGCL. See "Certain Provisions of Maryland Law and of the Company's Articles of Incorporation and Bylaws."

INDEMNIFICATION AGREEMENTS

The Company will enter into indemnification agreements with each of its executive officers and directors. The indemnification agreements will require, among other matters, that the Company indemnify its executive officers and directors to the fullest extent permitted by law and reimburse the executive officers and directors

for all related expenses as incurred, subject to return if it is subsequently determined that indemnification is not permitted. Under the agreements, the Company must also indemnify and reimburse all expenses as incurred by executive officers and directors seeking to enforce their rights under the indemnification agreements and may cover executive officers and directors under the Company's directors' and officers' liability insurance. Although the form of indemnification agreement offers substantially the same scope of coverage afforded by law, it provides greater assurance to directors and executive officers that indemnification will be available, because, as a contract, it

cannot be modified unilaterally in the future by the Board of Directors or the stockholders to eliminate the rights it provides.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In addition to the Formation Transactions described under "Formation and Structure of the Company -- Formation Transactions," the Company has engaged in the following transactions and relationships with certain of its executive officers, directors and director nominees, and persons who will hold more than 5% of the outstanding shares of Common Stock upon consummation of the Offering.

During 1990, 1991, 1994, 1995 and 1996, Craig A. Severance, John H. Diserens, S. Davis Carniglia, Barbara J. Linn, Jean C. Hurley and Bruce H. Freedman issued notes to AMB in consideration of the acquisition of shares of AMB common stock in the principal amounts of \$189,472, \$243,866, \$132,237, \$132,237, \$342,806 and \$307,071, respectively. The notes bore interest at an annual rate of prime plus 1.0%. The principal amount of the notes and accrued interest thereon were repaid in full by Mr. Severance, Mr. Diserens, Mr. Carniglia and Ms. Linn. The notes issued by Ms. Hurley and Mr. Freedman are expected to be repaid prior to consummation of the Formation Transactions.

In January 1993, AMBI, AMB, AMBCREA, AMB Properties L.P., AMB Development, Inc. and AMB Institutional Housing Partners entered into an agreement for the purpose of the parties thereto to work together to accomplish separate business purposes while sharing certain support and other resources. The Intercompany Agreement was amended in August 1994 to add AMB Mortgage Advisors, Inc. (now dormant) as a party thereto and amended in February 1995 to add AMB Rosen Partners (now dormant) as a party thereto. Under the Intercompany Agreement, each party to the agreement (each, an "AMB Intercompany Party") is permitted to use the term "AMB" as a part of its name. Each AMB Intercompany Party also agreed, among other things, to do business in a specified aspect of real estate and finance; to use its best efforts to refer business opportunities outside of its own line of business to other AMB Intercompany Parties; to provide intercompany loans; and to utilize personnel of another AMB Intercompany Party for a fee. In addition, under the Intercompany Agreement, AMBI agreed to: (i) provide common business services, resources and support, including employees, benefits, services contracts and financial management and reporting to each AMB Intercompany Party; (ii) purchase all fixed assets and rent them to the AMB Intercompany Parties for a fee; act as lessee for office space for each AMB Intercompany Party; (iii) employ all employees of each AMB Intercompany Party, fix such employees' salaries, bonuses and benefits, and charge such costs to the appropriate AMB Intercompany Party; and (iv) pay for the direct and indirect costs of operation of each AMB Intercompany Party and charge each AMB Intercompany Party its allocated share. The total amount paid to AMBI by AMB during the years ended December 31, 1994, 1995 and 1996 and the six months ended June 30, 1997 was \$9,940,762, \$13,564,178, \$16,842,615 and \$8,318,692, respectively, which equaled the expenses incurred by AMBI allocable to AMB for each such period. Messrs. Abbey, Moghadam and Burke each own one-third of the stock of AMBI. As part of the Formation Transactions, the Company will acquire AMBI's assets and employ the employees utilized in its business, and all other AMBI employees will be transferred to AMBCREA.

The Intercompany Agreement will be terminated upon consummation of the Offering. However, it is anticipated that following the Offering, AMBCREA, AMB Institutional Housing Partners, AMB Development Inc. and AMB Properties L.P. will continue to use the name "AMB" pursuant to royalty-free license arrangements with the Company. In addition, AMBCREA, which is in the process of winding down operations, will continue to sublease space from the Company at a rental rate equal to the Company's average cost for space in its headquarters location, and the Company may continue to provide certain administrative services to AMBCREA for arm's-length charges. It is presently anticipated that AMBCREA will cease operations during the first six months of 1998. See "Risk Factors -- Conflicts of Interest -- Continued Involvement in Other Real Estate Activities and Investments."

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PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of shares of Common Stock (or shares of Common Stock for which Units are exchangeable) by (i) each director and director nominee, (ii) each Named Executive Officer, (iii) all directors (including director nominees) and executive officers of the Company as a group and (iv) each person or entity which is expected to be the beneficial owner of 5% or more of the outstanding shares of Common Stock immediately following the completion of the Offering. Except as indicated below, all of such shares of Common Stock (or Units) are owned directly, and the indicated person or entity has sole voting and investment power. The table reflects the ownership interests each of the following persons would have if such person exchanged all of his Units for shares of Common Stock at an initial exchange ratio of one share of Common Stock for each Unit (without regard to the Ownership Limit and the prohibition on redemption or exchange of Units until one year after the date of the Offering), but it does not reflect the effect of any Performance Units. See "Description of Certain Provisions of the Partnership Agreement of the Operating Partnership

Redemption/Exchange Rights." The extent to which a person will hold Units as opposed to shares of Common Stock is set forth in the footnotes below.

<TABLE>
<CAPTION>

NAME AND ADDRESS OF BENEFICIAL OWNER (1)	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED (2)	NUMBER OF UNITS BENEFICIALLY OWNED	PERCENTAGE OF COMMON STOCK PRIOR TO OFFERING (3)	PERCENTAGE OF COMMON STOCK FOLLOWING COMPLETION OF OFFERING (3) (4)
<S>	<C>	<C>	<C>	<C>
T. Robert Burke.....				
Hamid R. Moghadam.....				
Douglas D. Abbey.....				
S. Davis Carniglia.....				
Craig A. Severance.....				
John H. Diserens.....				
Daniel H. Case III.....				
Robert H. Edelstein, Ph.D.....				
Lynn M. Sedway.....				
Paul P. Shepherd.....				
Jeffrey L. Skelton, Ph.D.....				
Thomas W. Tusher.....				
Caryl B. Welborn, Esq.....				
Ameritech Corporation(5).....				
City and County of San Francisco Employees' Retirement System(6).....				
Southern Company Services, Inc.(7).....				
All directors, nominated directors and executive officers as a group(persons).....				

</TABLE>

* Less than 1%.

- (1) Unless otherwise indicated, the address of each named person is c/o AMB Property Corporation, 505 Montgomery Street, San Francisco, California 94111.
- (2) Excludes (i) the grants to each of the Executive Officers and directors of options to purchase Common Stock upon consummation of the Offering and (ii) shares of Common Stock to be purchased, if any, by such Executive Officers and directors at the initial offering price in the Offering. See "Management -- Compensation of the Board of Directors" and "-- Executive Compensation."
- (3) Assumes that all Units beneficially held by the identified person (and no other person) are exchanged for shares of Common Stock. See "Description of Certain Provisions of the Partnership Agreement of the Operating Partnership -- Redemption/Exchange Rights" and "Shares Available for Future Sale."
- (4) Assumes shares of Common Stock outstanding immediately following completion of the Offering.
- (5) The address of Ameritech Corporation is 225 W. Randolph, Chicago, Illinois 60606.
- (6) The address of the City and County of San Francisco Employees' Retirement System is 1155 Market Street, San Francisco, California 94103.
- (7) The address of Southern Company Services, Inc. is 64 Perimeter Center East, Atlanta, Georgia 06831.

FORMATION AND STRUCTURE OF THE COMPANY

OPERATING ENTITIES OF THE COMPANY

The Operating Partnership is the principal vehicle through which the Company will own the Properties. See "Policies with Respect to Certain Activities -- Policies with Respect to Other Activities." The ownership and management structure of the Company is intended to (i) enable the Company to continue and grow the real estate operations of AMB and the Continuing Investors, (ii) facilitate the Offering, (iii) enable the Company to acquire assets in transactions that may defer some or all of the sellers' tax

consequences, including in connection with the Company's formation and (iv) enable the Company to comply with certain technical and complex requirements under the Federal tax rules and regulations relating to the assets and income permitted for a REIT.

The Investment Management Subsidiary will continue to provide real estate investment management services to certain of AMB's current clients which are not participating in the Formation Transactions to certain other clients. In order to comply with Federal tax requirements for REIT status, the Investment Management Subsidiary will be a taxable corporation, in which the Company will own 100% of the non-voting preferred stock (representing 95% of its economic interest) and former stockholders of AMB will own all of the outstanding voting common stock (representing 5% of its economic interest). The amount of such advisory fees otherwise available for distribution to the Operating Partnership and the Company will be substantially reduced due to the payment of income taxes thereon. See "Risk Factors -- Investment Management Subsidiary."

The Joint Ventures are held through joint ventures, limited liability companies and partnerships. Pursuant to the existing agreements with respect to each Joint Venture, the Company will hold a greater than 50% interest in seven of the Joint Ventures and a 50% interest in the eighth Joint Venture, but in certain cases such agreements provide that the Company is a limited partner or that the non-affiliated participant will be principally responsible for management control of the property.

FORMATION TRANSACTIONS

Background. The Company will be formed in connection with the consolidation of the Properties owned by CIF, VAF, WPF and the Individual Account Investors and the investment management business owned by AMB. CIF and VAF are each private REITs and WPF is a limited partnership.

The Formation Transactions include the following:

- (i) CIF, VAF and the Company's predecessor, AMB, will effect a series of mergers pursuant to which such entities will merge into the Company, with the institutional stockholders of CIF and VAF and the current stockholders of AMB receiving shares of Common Stock, or, in the case of CIF stockholders and VAF stockholders, to a limited extent, cash; (ii) WPF Interests will be contributed to the Company in exchange for shares of Common Stock, or, to a limited extent, cash; (iii) the real property interests of the Individual Account Investors will be contributed to either the Company in exchange for shares of Common Stock or to the Operating Partnership in exchange for Units, or, to a limited extent, cash; (iv) the interests of certain current owners of joint venture interests in the properties will be contributed to the Operating Partnership in exchange for Units; (v) the Company will contribute substantially all of its assets, subject to its liabilities, to the Operating Partnership, in exchange for the general partnership interest therein; and (vi) the Operating Partnership and the Executive Officers will contribute certain assets and cash to the Investment Management Subsidiary in exchange for its stock. A portion of the cash available to CIF stockholders, VAF stockholders and holders of WPF interests will be provided by three institutional accredited investors who have irrevocably committed to acquire certain interests of such persons in respect to the Formation Transactions.
- The Company will sell shares of Common Stock in the Offering.
- The Company will contribute the Properties and the net proceeds of the Offering to the Operating Partnership in exchange for a % interest therein represented by a number of units of general

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partnership interest ("GP Units") equal to the total number of shares of Common Stock to be outstanding after the Offering.

- The Executive Officers during the second year following the Offering may receive a profits interest in the Operating Partnership in the form of units ("Performance Units"), depending on the trading price of and dividends on the shares of Common Stock. The issuance of any Performance Units is subject to a share escrow agreement with certain Continuing Investors and will not dilute the interests of purchasers of Common Stock in the Offering. The maximum number of Performance Units which may be issued is expected to be .
- Cash in an amount equal to the net working capital balances of the AMB Predecessors as of the consummation of the Formation Transactions will be distributed to the applicable investors in the AMB Predecessors approximately 60 days thereafter.

All persons and entities receiving shares of Common Stock or Units in the Formation Transactions (i.e., the Continuing Investors), and all persons who may receive Performance Units are "accredited investors" as defined in Regulation D

under the Securities Act. Irrevocable consent of the Continuing Investors to the Formation Transactions was received before September 18, 1997 pursuant to a private solicitation thereof in compliance with Regulation D.

Consequences of the Offering and Formation Transactions. Following the consummation of the Offering, the Operating Partnership will directly or indirectly own interests in all of the Properties. All of the outstanding shares of Common Stock will be owned by the purchasers of the Common Stock in the Offering and the Continuing Investors. As a consequence of the Formation Transactions, the Company will be the general partner of, and will own % of the ownership interests in, the Operating Partnership. The remaining % ownership interest in the Operating Partnership will be owned by Individual Account Investors which elected to receive Units in lieu of shares of Common Stock and certain owners of joint venture interests in the Properties which have agreed to contribute their interests in the joint ventures to the Operating Partnership in the Formation Transactions.

ESCROWS OF SHARES; PERFORMANCE UNITS AND PERFORMANCE SHARES

Performance Units and Performance Shares. Certain Continuing Investors (the "Performance Investors") own assets (either directly or through CIF, VAF or WPF) which are subject to advisory agreements with AMB that include "incentive fee" provisions or in the case of WPF, a "catch-up adjustment." An aggregate of shares of Common Stock and Units (the "Performance Shares") issuable to the Performance Investors in the Formation Transactions will be escrowed for possible transfer to the Company or the Operating Partnership (as applicable), depending on the trading price of the shares of Common Stock as of the 15th, 18th, 21st and 24th month anniversaries of the consummation of the Offering (each a "Measurement Date"). The Executive Officers, in their capacity as limited partners of the Operating Partnership, may receive a profits interest in the Operating Partnership expressed as a number of units (the "Performance Units"). The Performance Units will be similar to Units in many respects, including (i) the right to share in operating distributions and allocations of operating income and loss of the Operating Partnership on a pro rata basis with Units and (ii) certain redemption or exchange rights, including limited rights to cause the Operating Partnership to redeem such Performance Units for cash or, at the Company's option, to exchange such units for shares of Common Stock. Depending on the trading price of, and accumulated dividends on, the shares of Common Stock on each Measurement Date, the Executive Officers, in their capacity as limited partners of the Operating Partnership, may be entitled to receive Performance Units.

If any Performance Units are issued to the Executive Officers, in their capacity as limited partners of the Operating Partnership, an equal number of GP Units allocable to the Company, and Units allocable to Performance Investors who are limited partners in the Operating Partnership, will be transferred to the Operating Partnership. In addition, if any of the Company's Units are transferred to the Operating Partnership as a result of the issuance of Performance Units, an equal number of Performance Shares will be transferred by Company stockholders to the Company from the applicable escrow. Accordingly, no Company stockholder or limited partner in the Operating Partnership (other than the Performance Investors, to the extent of their

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obligations to transfer Performance Shares to the Company or the Operating Partnership (as applicable)) will be diluted as a result of the issuance of Performance Units to the Executive Officers.

While Performance Shares are held in escrow, each Performance Investor will receive all distributions with respect to its Performance Shares and will be permitted to vote such shares unless and until such shares are required to be transferred to the Company. Within 15 days following the determination of the number of Performance Shares, if any, to be transferred to the Company or Operating Partnership, as applicable, with respect to the final Measurement Date, any Performance Shares not required to be transferred to the Company or the Operating Partnership will be released from escrow and distributed to the applicable Performance Investor, free of any future obligation to transfer such shares to the Company or the Operating Partnership.

Indemnity Escrow. In connection with the Formation Transactions, each of CIF, VAF, AMB and WPF and each Individual Account Investor has made certain representations and warranties regarding its Properties and business. These representations and warranties include such matters as compliance with laws, the existence of material leases and other contracts with respect to the Properties and certain other matters. CIF, VAF, WPF and AMB have also made certain representations and warranties as to certain corporate and tax matters in connection with the Formation Transactions. Each of CIF, VAF, WPF and AMB and each Individual Account Investor will indemnify the Company and the Operating Partnership for any breach of such representations and warranties subject to a maximum liability equal to 1% of the value of the shares of Common Stock, Units and cash received in the Formation Transactions by the Investors in the entity responsible for the indemnification, or the applicable Individual Account Investor. To assure that any indemnification obligation is borne only by investors in an entity, or the Individual Account Investor, which made the

applicable representations and warranties, rather than other stockholders of the Company or limited partners of the Operating Partnership, 1% of the shares of Common Stock or Units issued, or cash paid (the "Indemnity Consideration"), to each investor upon consummation of the Formation Transactions will be deposited in an escrow available to provide for this indemnification commitment (the "Indemnity Escrow"). Dividends, distributions and interest on Common Stock, Units or cash deposited in the escrow will be paid as received to the applicable investor. The representations and warranties will survive for a period ending on the later of the first anniversary of the consummation of the Offering or the sixtieth day following the completion of the audited financial statements of the Company of the year ending December 31, 1998. If any claim of a breach of any such representation or warranty has been made within such period, all or a portion of the Indemnity Consideration will be held in the Indemnity Escrow until resolution of such claim, at which time any Indemnity Consideration not utilized in connection with satisfaction of any such claims will be returned to the investors which would have received such consideration at the time of the Offering. Any shares of Common Stock or Units used to satisfy claims through the Indemnity Escrow shall be valued at the value per share or unit at the time of the Offering, irrespective of the Common Stock or Unit value when such shares are transferred out of the Indemnity Escrow.

BENEFITS OF THE FORMATION TRANSACTIONS AND THE OFFERING TO THE EXECUTIVE OFFICERS AND AFFILIATES OF THE COMPANY

Certain Executive Officers and affiliates of the Company will realize certain material benefits in connection with the Formation Transactions, including the following:

- The current stockholders of AMB, who are comprised entirely of the Executive Officers and certain of their affiliated trusts, will be the beneficial owners of an aggregate of _____ shares of Common Stock, with a total value of \$ _____ million (based on the assumed initial public offering price of \$ _____ per share). Such shares will be issued in respect of the shares of AMB in the Formation Transactions. The aggregate net book value of such shares of AMB common stock as of June 30, 1997, was approximately \$3.7 million. The Company does not believe that the net book value of such shares of AMB common stock (which reflects the historical cost of such interests and assets of AMB and does not reflect the value of its client base, management portfolio business systems or employees) is equivalent to the fair market value of such shares, but the fair market value of such shares may vary from the value of the shares of Common Stock issued in exchange therefor.
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- The Executive Officers, in their capacity as limited partners of the Operating Partnership, may during the second year following the Offering become the beneficial owners of Performance Units which under the applicable arrangements will not exceed _____. Any issuance of these Performance Units will not dilute the interests of the purchasers of Common Stock in the Offering. The maximum number of Performance Units which may be issued is expected to be _____.
 - The Continuing Investors will realize an immediate accretion in the net tangible book value of their investment in the Company of \$ _____ per share, representing an aggregate accretion amount of \$ _____.
 - The former AMB stockholders will serve as the Executive Officers of the Company, will enter into employment agreements and receive the compensation and will participate in the Stock Incentive Plan, including receiving grants of options to purchase an aggregate of _____ shares of Common Stock at the initial offering price, all as set forth under "Management -- Executive Compensation."
 - Commencing on the first anniversary of the Offering, Continuing Investors who received Units in the Formation Transactions, and officers and employees who receive Performance Units, will have certain registration rights with respect to shares of Common Stock that may be issued in exchange for such Units and Performance Units.
 - The Company will assume a line of credit balance of AMB of not more than \$1.1 million in connection with AMB's purchase of furniture, fixtures and equipment, leasehold interests, and other assets historically used in connection with the Company's business from AMBI, a corporation owned entirely by certain executive officers. The total purchase price of the assets (equal to the approximate net book value) will be paid partly with the proceeds of the above indebtedness and partly through the reduction of an inter-company debt owed by AMBI to AMB. The Company will also assume a note payable of AMBI to WPF in the amount of \$790,329 as consideration for the transfer to the Company of AMBI's general partner interest in WPF (which the Company believes has a value equal to or greater than the amount of the note).
 - Certain Executive Officers will be relieved of their respective

guarantees of a portion of a \$4.0 million revolving line of credit of AMB.

- A portion of the incentive fees earned and paid to the Investment Management Subsidiary after the consummation of the Offering, in respect of assets subject to such arrangements at the time of the Formation Transactions, will be allocated to certain officers and employees of the Company as follows. At the time that such fees are actually earned and paid to the Investment Management Subsidiary, certain officers and employees of the Company will be allocated an amount equal to such fees, subject to an aggregate cap equal to the amount which would have been paid had all of such assets for all such clients been sold for the "net asset value" thereof as of the consummation of the Formation Transactions.

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DESCRIPTION OF CAPITAL STOCK

The following summary of the terms of the Company's capital stock does not purport to be complete and is subject to and qualified in its entirety by reference to the Articles of Incorporation and Bylaws, copies of which are filed as exhibits to the Registration Statement of which this Prospectus is a part. See "Additional Information."

GENERAL

Under the Articles of Incorporation, the authorized capital stock of the Company consists of 500,000,000 shares of common stock, par value \$.01 per share ("Common Stock"), and 100,000,000 shares of preferred stock, par value \$.01 per share ("Preferred Stock"). No shares of Preferred Stock will be issued and outstanding.

COMMON STOCK

Each outstanding share of Common Stock will entitle the holder to one vote on all matters presented to stockholders for a vote, including the election of directors, and, except as otherwise required by law and except as provided in any resolution adopted by the Board of Directors with respect to any other class or series of stock establishing the designation, powers, preferences and relative, participating, optional or other special rights and powers of such series, the holders of such shares will possess the exclusive voting power, subject to the provisions of the Company's Articles of Incorporation regarding the ownership of shares of Common Stock in excess of the Ownership Limit or such other limit as provided in the Company's Articles of Incorporation or as otherwise permitted by the Board of Directors. Holders of shares of Common Stock will not have any conversion, exchange, sinking fund, redemption or appraisal rights or any preemptive rights to subscribe for any securities of the Company or cumulative voting rights in the election of directors. All shares of Common Stock to be issued and outstanding following the consummation of the Offering will be duly authorized, fully paid and nonassessable. Subject to the preferential rights of any other shares or series of stock and to the provisions of the Articles of Incorporation regarding ownership of shares of Common Stock in excess of the Ownership Limit, or such other limit as provided in the Company's Articles of Incorporation or as otherwise permitted by the Board of Directors, distributions may be paid to the holders of shares of Common Stock if and when authorized and declared by the Board of Directors of the Company out of funds legally available therefor. The Company intends to make quarterly distributions, beginning with distributions for the portion of the quarter from the consummation of the Offering. See "Distributions."

Under the Maryland General Corporation Law ("MGCL"), stockholders are generally not liable for the Company's debts or obligations. If the Company is liquidated, subject to the right of any holders of Preferred Stock to receive preferential distributions, each outstanding share of Common Stock will be entitled to participate pro rata in the assets remaining after payment of, or adequate provision for, all known debts and liabilities of the Company, including debts and liabilities arising out of its status as general partner of the Operating Partnership.

Subject to the provisions of the Articles of Incorporation regarding the ownership of shares of Common Stock in excess of the Ownership Limit, or such other limit as provided in the Company's Articles of Incorporation or as otherwise permitted by the Board of Directors described below, all shares of Common Stock will have equal distribution, liquidation and voting rights, and will have no preference or exchange rights. See "-- Restrictions on Ownership and Transfer."

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. Under the MGCL, the

term "substantially all of the Company's assets" is not defined and is, therefore, subject to Maryland common law and to judicial interpretation and review in the context of the unique facts and circumstances of any particular transaction. The Articles of Incorporation do not provide for a lesser percentage in any such situation.

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The Articles of Incorporation authorize the Board of Directors to reclassify any unissued shares of Common Stock into other classes or series of classes of stock and to establish the number of shares in each class or series and to set the preferences, conversion and other rights, voting powers, restrictions, limitations and restrictions on ownership, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each such class or series.

PREFERRED STOCK

Preferred Stock may be issued from time to time, in one or more classes or series, as authorized by the Board of Directors. No Preferred Stock is currently issued or outstanding. Prior to the issuance of shares of each class or series, the Board of Directors is required by the MGCL and the Company's Articles of Incorporation to fix for each class or series the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms or conditions of redemption, as permitted by Maryland law. Because the Board of Directors has the power to establish the preferences, powers and rights of each class or series of Preferred Stock, it may afford the holders of any class or series of Preferred Stock preferences, powers and rights, voting or otherwise, senior to the rights of holders of shares of Common Stock. The issuance of Preferred Stock could have the effect of delaying or preventing a change of control of the Company that might involve a premium price for holders of shares of Common Stock or otherwise be in their best interest. The Board of Directors has no present plans to issue any Preferred Stock.

RESTRICTIONS ON OWNERSHIP AND TRANSFER

For the Company to qualify as a REIT under the Code, no more than 50% in value of its outstanding shares of stock may be owned, actually or constructively, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first year for which an election to be treated as a REIT has been made). In addition, if the Company, or an owner of 10% or more of the Company, actually or constructively owns 10% or more of a tenant of the Company (or a tenant of any partnership in which the Company is a partner), the rent received by the Company (either directly or through any such partnership) from such tenant will not be qualifying income for purposes of the gross income tests for REITs contained in the Code. A REIT's stock must also be beneficially owned by 100 or more persons during at least 335 days of a taxable year of twelve months or during a proportionate part of a shorter taxable year (other than the first year for which an election to be treated as a REIT has been made).

Because the Company expects to qualify as a REIT, the Articles of Incorporation contain restrictions on the ownership and transfer of shares of Common Stock which are intended to assist the Company in complying with these requirements. The Ownership Limit set forth in the Company's Articles of Incorporation provides that, subject to certain specified exceptions, no person or entity may own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (by number or value, whichever is more restrictive) of the outstanding shares of Common Stock. The constructive ownership rules are complex, and may cause shares of Common Stock owned actually or constructively by a group of related individuals and/or entities to be constructively owned by one individual or entity. As a result, the acquisition of less than 9.8% of the shares of Common Stock (or the acquisition of an interest in an entity that owns, actually or constructively, shares of Common Stock) by the individual or entity, could, nevertheless cause that individual or entity, or another individual or entity, to own constructively in excess of 9.8% of the outstanding shares of Common Stock and thus violate the Ownership Limit, or such other limit permitted by the Board of Directors. The Board of Directors may, but in no event will be required to, waive the Ownership Limit with respect to a particular stockholder if it determines that such ownership will not jeopardize the Company's status as a REIT and the Board of Directors otherwise decides such action would be in the best interest of the Company. As a condition of such waiver, the Board of Directors may require an opinion of counsel satisfactory to it and/or undertakings or representations from the applicant with respect to preserving the REIT status of the Company. The Board of Directors currently expects to waive the Ownership Limit with respect to _____, allowing _____ to own up to _____ % of the Common Stock. However, such waiver will be conditioned upon the receipt of undertakings or representations from _____ requested by the Board of Directors which are reasonably necessary to conclude that such ownership will not cause the Company to fail to qualify as a REIT.

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The Company's Articles of Incorporation further prohibit any person from

(i) actually or constructively owning shares of stock of the Company that would result in the Company being "closely held" under Section 856(h) of the Code or otherwise cause the Company to fail to qualify as a REIT or (ii) transferring shares of stock of the Company if such transfer would result in shares of stock of the Company being owned by fewer than 100 persons. Any person who acquires or attempts or intends to acquire actual or constructive ownership of shares of stock of the Company that will or may violate any of the foregoing restrictions on transferability and ownership is required to give notice immediately to the Company and provide the Company with such other information as the Company may request in order to determine the effect of such transfer on the Company's status as a REIT. The foregoing restrictions on transferability and ownership will not apply if the Board of Directors determines that it is no longer in the best interest of the Company to attempt to qualify, or to continue to qualify, as a REIT. Except as otherwise described above, any change in the Ownership Limit would require an amendment to the Articles of Incorporation which requires the affirmative vote of holders owning at least two-thirds of the shares of the Company's capital stock outstanding and entitled to vote thereon.

Pursuant to the Articles of Incorporation, if any purported transfer of shares of Common Stock of the Company or any other event would otherwise result in any person violating the Ownership Limit or such other limit as permitted by the Board of Directors, then any such purported transfer will be void and of no force or effect with respect to the purported transferee (the "Prohibited Transferee") as to that number of shares of Common Stock in excess of the Ownership Limit or such other limit, and the Prohibited Transferee shall acquire no right or interest (or, in the case of any event other than a purported transfer, the person or entity holding record title to any such excess shares of Common Stock (the "Prohibited Owner") shall cease to own any right or interest) in such excess shares. Any such excess shares described above will be transferred automatically, by operation of law, to a trust, the beneficiary of which will be a qualified charitable organization selected by the Company (the "Beneficiary"). Such automatic transfer shall be deemed to be effective as of the close of business on the business day prior to the date of such violative transfer. Within 20 days of receiving notice from the Company of the transfer of shares of Common Stock to the trust, the trustee of the trust (who shall be designated by the Company and be unaffiliated with the Company and any Prohibited Transferee or Prohibited Owner) will be required to sell such excess shares of Common Stock to a person or entity who could own such shares without violating the Ownership Limit, or such other limit as permitted by the Board of Directors, and distribute to the Prohibited Transferee or Prohibited Owner, as applicable, an amount equal to the lesser of the price paid by the Prohibited Transferee or Prohibited Owner for such excess shares or the sales proceeds received by the trust for such excess shares. In the case of any excess shares of Common Stock resulting from any event other than a transfer, or from a transfer for no consideration (such as a gift), the trustee will be required to sell such excess shares to a qualified person or entity and distribute to the Prohibited Owner or Prohibited Transferee, as applicable, an amount equal to the lesser of the Market Price (as defined in the Company's Articles of Incorporation) of such excess shares of Common Stock as of the date of such event or the sales proceeds received by the trust for such excess shares. In either case, any proceeds in excess of the amount distributable to the Prohibited Transferee or Prohibited Owner, as applicable, will be distributed to the Beneficiary. Prior to a sale of any such excess shares of Common Stock by the trust, the trustee will be entitled to receive, in trust for the Beneficiary, all dividends and other distributions paid by the Company with respect to such excess shares, and also will be entitled to exercise all voting rights with respect to such excess shares. Subject to Maryland law, effective as of the date that such shares of Common Stock have been transferred to the trust, the trustee shall have the authority (at the trustee's sole discretion) (i) to rescind as void any vote cast by a Prohibited Transferee or Prohibited Owner, as applicable, prior to the discovery by the Company that such shares of Common Stock should have been automatically transferred to the trust and (ii) to recast such vote in accordance with the desires of the trustee acting for the benefit of the Beneficiary. However, if the Company has already taken irreversible corporate action, then the trustee shall not have the authority to rescind and recast such vote. Any dividend or other distribution paid to the Prohibited Transferee or Prohibited Owner (prior to the discovery by the Company that such shares of Common Stock had been automatically transferred to a trust as described above) will be required to be repaid to the trustee upon demand for distribution to the Beneficiary. In the event that the transfer to the trust as described above is not automatically effective (for any reason) to prevent violation of the Ownership Limit or such other limit as provided in the Company's Articles of Incorporation or

as otherwise permitted by the Board of Directors, then the Articles of Incorporation provide that the transfer of the excess shares will be void ab initio.

In addition, shares of Common Stock held in the trust shall be deemed to have been offered for sale to the Company, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the trust (or, in the case of a devise or gift, the market price at the time of such devise or gift) and (ii) the market price on the date

the Company, or its designee, accepts such offer. The Company shall have the right to accept such offer until the trustee has sold the shares held in the trust. Upon such a sale to the Company, the interest of the Beneficiary in the shares sold shall terminate and the trustee shall distribute the net proceeds of the sale to the Prohibited Transferee or Prohibited Owner.

If any purported transfer of shares would cause the Company to be beneficially owned by fewer than 100 persons, such transfer will be null and void in its entirety and the intended transferee will acquire no rights to the stock.

All certificates representing shares will bear a legend referring to the restrictions described above. The foregoing ownership limitations could delay, defer or prevent a transaction or a change in control of the Company that might involve a premium price for the shares or otherwise be in the best interest of stockholders.

Under the Articles of Incorporation, every owner of at least a specified percentage of the outstanding shares must file a completed questionnaire with the Company containing information regarding ownership of such shares, as set forth in the Treasury Regulations. Under current Treasury Regulations, the percentage will be set between 0.5% and 5.0%, depending upon the number of record holders of the Common Stock. In addition, each stockholder shall upon demand be required to disclose to the Company in writing such information as the Company may request in order to determine the effect, if any, of such stockholder's actual and constructive ownership of shares of Common Stock on the Company's status as a REIT and to ensure compliance with the Ownership Limit, or such other limit as provided in the Articles of Incorporation or as otherwise permitted by the Board of Directors.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Stock is .

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CERTAIN PROVISIONS OF MARYLAND LAW AND OF THE COMPANY'S ARTICLES OF INCORPORATION AND BYLAWS

The following paragraphs summarize certain provisions of the MGCL and the Company's Articles of Incorporation and Bylaws. Such paragraphs do not, however, purport to be complete and are subject to and qualified in their entirety by reference to the MGCL and the Articles of Incorporation and Bylaws.

BOARD OF DIRECTORS

The Articles of Incorporation provide that the number of directors of the Company shall be established by the Bylaws but shall not be less than the minimum number required by the MGCL, which in the case of the Company is three. The Bylaws currently provide that the Board of Directors will consist of not fewer than five nor more than 13 members and will be elected to a one-year term at each annual meeting of the Company's stockholders. Any vacancy (except for a vacancy caused by removal) will be filled by a majority of the entire Board of Directors. The Bylaws provide that a majority of the Board must be "Independent Directors." An "Independent Director" is a director who is not an employee, officer or affiliate of the Company or a subsidiary or division thereof, or a relative of a principal executive officer, or who is not an individual member of an organization acting as advisor, consultant or legal counsel, receiving compensation on a continuing basis from the Company in addition to director's fees.

REMOVAL OF DIRECTORS

While the Articles of Incorporation and the MGCL empower the stockholders to fill vacancies in the Board of Directors that are caused by the removal of a director, the Articles of Incorporation preclude stockholders from removing incumbent directors except upon a substantial affirmative vote. Specifically, the Articles of Incorporation provide that a director may be removed only for cause and only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors. Under the MGCL, the term "cause" is not defined and is, therefore, subject to Maryland common law and to judicial interpretation and review in the context of the unique facts and circumstances of any particular situation. This provision, when coupled with the provision in the Bylaws authorizing the Board of Directors to fill vacant directorships, precludes stockholders from removing incumbent directors except upon a substantial affirmative vote and filling the vacancies created by such removal with their own nominees.

OPT OUT OF BUSINESS COMBINATIONS AND CONTROL SHARE ACQUISITION STATUTES

The Company will elect in its Bylaws not to be governed by the "control share acquisition" provisions of the MGCL (Sections 3-701 through 3-709), and the Board of Directors will adopt, by irrevocable resolution of the Board of Directors, not to be governed by the "business combination" provision of the MGCL (Section 3-602), each of which could have the effect of delaying or

preventing a change of control of the Company. The Bylaws will provide that the Company cannot at a future date determine to be governed by either such provision without the approval of a majority of the outstanding shares entitled to vote. In addition, such irrevocable resolution adopted by the Board of Directors may only be changed by the approval of a majority of the outstanding shares entitled to vote.

AMENDMENT TO THE ARTICLES OF INCORPORATION AND BYLAWS

The Articles of Incorporation may not be amended without the affirmative vote of at least two-thirds of the shares of capital stock outstanding and entitled to vote thereon voting together as a single class. Other than provisions of the Bylaws (i) opting out of the control share acquisition statute, (ii) requiring approval by the Independent Directors of transactions involving executive officers, directors or any limited partners of the Operating Partnership and their affiliates and (iii) those governing amendment of the Bylaws, each of which may be amended only with the approval of a majority of the shares of capital stock entitled to vote, the Bylaws may be amended by the vote of a majority of the Board of Directors or the shares of the Company's capital stock entitled to vote thereon.

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MEETINGS OF STOCKHOLDERS

The Bylaws provide for annual meetings of stockholders, commencing in 1998, to elect the Board of Directors and transact such other business as may properly be brought before the meeting. Special meetings of stockholders may be called by the President, the Board of Directors, the Chairman of the Board and/or at the request in writing of the holders of 50% or more of the outstanding stock of the Company entitled to vote.

The MGCL provides that any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting by unanimous written consent, if such consent sets forth such action and is signed by each stockholder entitled to vote on the matter and a written waiver of any right to dissent is signed by each stockholder entitled to notice of the meeting but not entitled to vote at it.

ADVANCE NOTICE OF DIRECTOR NOMINATIONS AND NEW BUSINESS

The Bylaws provide that (i) with respect to an annual meeting of stockholders, nominations of persons for election to the Board of Directors and the proposal of business to be considered by stockholders may be made only (a) pursuant to the Company's notice of the meeting, (b) by or at the direction of the Board of Directors or (c) by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in the Bylaws, and (ii) with respect to special meetings of stockholders, only the business specified in the Company's notice of meeting may be brought before the meeting of stockholders.

The provisions in the Articles of Incorporation on amendments to the Articles of Incorporation and the advance notice provisions of the Bylaws could have the effect of discouraging a takeover or other transaction in which holders of some, or a majority, of the shares of Common Stock might receive a premium for their shares of Common Stock over the then prevailing market price or which such holders might believe to be otherwise in their best interests.

DISSOLUTION OF THE COMPANY

Under the MGCL, the Company may be dissolved by (i) the affirmative vote of a majority of the entire Board of Directors declaring such dissolution to be advisable and directing that the proposed dissolution be submitted for consideration at any annual or special meeting of stockholders and (ii) upon proper notice, stockholder approval by the affirmative vote of the holders of two-thirds of the total number of shares of capital stock outstanding and entitled to vote thereon voting as a single class.

LIMITATION OF DIRECTORS' AND OFFICERS' LIABILITY

The Company's officers and directors will be indemnified under the MGCL, the Articles of Incorporation and the Partnership Agreement against certain liabilities. The Articles of Incorporation and Bylaws require the Company to indemnify its directors and officers to the fullest extent permitted from time to time by the MGCL.

The MGCL permits a corporation to indemnify its directors and officers and certain other parties against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, (ii) the director or officer actually received an improper personal benefit in money, property or services or (iii) in the case of any criminal proceeding, the

director or officer had reasonable cause to believe that the act or omission was unlawful. Indemnification may be made against judgments, penalties, fines, settlements and reasonable expenses actually incurred by the director or officer in connection with the proceeding; provided, however, that if the proceeding is one by or in the right of the corporation, indemnification may not be made with respect to any proceeding in which the director or officer has been adjudged to be liable to the corporation. In addition, a director or officer may not be indemnified with respect to any proceeding charging improper personal benefit to the director or officer in which the director or officer was adjudged to be liable on the basis that personal benefit was received. The termination of any proceeding by conviction, or upon a plea of nolo contendere or its

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equivalent, or an entry of any order of probation prior to judgment, creates a rebuttable presumption that the director or officer did not meet the requisite standard of conduct required for indemnification to be permitted.

The MGCL permits the articles of incorporation of a Maryland corporation to include a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages, subject to specified restrictions, and the Articles of Incorporation of the Company contain this provision. The MGCL does not, however, permit the liability of directors and officers to the corporation or its stockholders to be limited to the extent that (i) it is proved that the person actually received an improper personal benefit in money, property or services, (ii) a judgment or other final adjudication is entered in a proceeding based on a finding that the person's action, or failure to act, was committed in bad faith or was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding or (iii) in the case of any criminal proceeding, the director had reasonable cause to believe that the act or failure to act was unlawful. This provision does not limit the ability of the Company or its stockholders to obtain other relief, such as an injunction or rescission.

The Partnership Agreement also provides for indemnification of the Company, as general partner, and its officers and directors to the same extent indemnification is provided to officers and directors of the Company in its Articles of Incorporation, and limits the liability of the Company and its officers and directors to the Operating Partnership and the partners of the Operating Partnership to the same extent liability of officers and directors of the Company to the Company and its stockholders is limited under the Articles of Incorporation. See "Description of Certain Provisions of the Partnership Agreement of the Operating Partnership -- Exculpation and Indemnification of the Company."

Insofar as indemnification for liability arising under the Securities Act may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

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DESCRIPTION OF CERTAIN PROVISIONS OF THE PARTNERSHIP AGREEMENT OF THE OPERATING PARTNERSHIP

Substantially all of the Company's assets will be held, and all of its operations will be conducted, by or through the Operating Partnership. The Company is the general partner of the Operating Partnership and expects at all times to own a majority interest in the Operating Partnership. The right and power to manage the Operating Partnership will be vested exclusively in the Company, as general partner. The interests in the Operating Partnership allocated to the Company will be designated as a general partner interest. Except with respect to distributions of cash and allocations of income and loss, and except as otherwise noted herein and elsewhere in this Prospectus, the description herein of Units is applicable also to Performance Units, and holders of Performance Units will be treated as limited partners. The following summary of the Amended and Restated Agreement of Limited Partnership of the Operating Partnership (the "Partnership Agreement") and the descriptions of certain provisions set forth elsewhere in this Prospectus are qualified in their entirety by reference to the Partnership Agreement, which is filed as an exhibit to the Registration Statement of which this Prospectus is a part.

GENERAL

Holders of Units will hold limited partnership interests in the Operating Partnership, and all holders of partnership interests (including the Company in its capacity as general partner) will be entitled to share in cash distributions from, and in the profits and losses of, the Operating Partnership. The number of GP Units held by the Company will be equal to the total number of shares of Common Stock outstanding. Accordingly, the distributions paid by the Company per share outstanding are expected to be equal to the distributions per Unit paid on the outstanding Units. At the time of the Offering, the Units will not be registered pursuant to Federal or state securities laws, and they will not be listed on the NYSE or any other exchange or quoted on any national market

system. However, the shares of Common Stock that may be issued by the Company upon redemption of the Units may be sold in registered transactions, or transactions exempt from registration under the Securities Act. The limited partners of the Operating Partnership will have the rights to which limited partners are entitled under the Partnership Agreement and the Partnership Act. The Partnership Agreement imposes certain restrictions on the transfer of Units, as described below.

PURPOSE, BUSINESS AND MANAGEMENT

The Operating Partnership is organized as a Delaware limited partnership pursuant to the terms of the Partnership Agreement. The Company will be the sole general partner of the Operating Partnership and will conduct substantially all of its business through the Operating Partnership, except for investment advisory services (which will be conducted through the Investment Management Subsidiary). The Operating Partnership will own 100% of the nonvoting preferred stock of the Investment Management Subsidiary (representing 95% of its economic interest) and former stockholders of AMB will own all of the outstanding voting common stock of the Investment Management Subsidiary (representing 5% of its economic interest).

The primary purpose of the Operating Partnership is, in general, to acquire, purchase, own, operate, manage, develop, redevelop, invest in, finance, refinance, sell, lease and otherwise deal with industrial and retail properties and assets related thereto, and interests therein. The Operating Partnership is authorized to conduct any business that may be lawfully conducted by a limited partnership formed under the Partnership Act, except that the Partnership Agreement requires the business of the Operating Partnership to be conducted in such a manner that will permit the Company to be classified as a REIT under Section 856 of the Code, unless the Company ceases to qualify as a REIT for reasons other than the conduct of the business of the Operating Partnership. Subject to the foregoing limitation, the Operating Partnership may enter into partnerships, joint ventures or similar arrangements and may own interests directly or indirectly in any other entity.

The Company, as the general partner of the Operating Partnership, has the exclusive power and authority to conduct the business of the Operating Partnership, subject to the consent of the limited partners in certain limited circumstances (as discussed below) and except as expressly limited in the Partnership Agreement. The Company has the right to make all decisions and take all actions with respect to the Operating

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Partnership's acquisition and operation of the Properties and all other assets and businesses of or related to the Partnership. No limited partner may take part in the conduct or control of the business or affairs of the Operating Partnership by virtue of being a holder of Units. In particular, each limited partner expressly acknowledges in the Partnership Agreement that the Company, as general partner, is acting on behalf of the Operating Partnership's limited partners and the Company's stockholders collectively, and is under no obligation to consider the tax consequences to limited partners when making decisions for the benefit of the Operating Partnership. The Company intends to make decisions in its capacity as general partner of the Operating Partnership so as to maximize the profitability of the Company and the Operating Partnership as a whole, independent of the tax effects on the limited partners. The Company and the Operating Partnership will have no liability to a limited partner as a result of any liabilities or damages incurred or suffered by, or benefits not derived by, a limited partner as a result of an action or inaction of the Company as general partner of the Operating Partnership as long as the Company acted in good faith. Limited partners will have no right or authority to act for or to bind the Operating Partnership.

Investors who receive Units in connection with the Formation Transactions, as limited partners of the Operating Partnership, will have no authority to transact business for, or participate in the management activities or decisions of, the Operating Partnership, except as provided in the Partnership Agreement and as required by applicable law.

ENGAGING IN OTHER BUSINESSES; CONFLICTS OF INTEREST

The Company may not conduct any business other than in connection with the ownership, acquisition and disposition of Operating Partnership interests as a general partner and the management of the business of the Operating Partnership, its operation as a public reporting company with a class (or classes) of securities registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), its operation as a REIT and such activities as are incidental to such activities (including, without limitation, ownership of any interest in the Investment Management Subsidiary or a management or finance subsidiary organized as a partnership, limited liability company or corporation) without the consent of the holders of a majority of the limited partnership interests. Except as may otherwise be agreed to in writing, each limited partner, and its affiliates, is free to engage in any business or activity, even if such business or activity competes with or is enhanced by the business of the Operating Partnership. The Partnership Agreement does not prevent another person or entity

that acquires control of the Company in the future from conducting other businesses or owning other assets, even though such businesses or assets may be ones that it would be in the best interests of the limited partners for the Operating Partnership to own. The Company, in the exercise of its power and authority under the Partnership Agreement, may contract and otherwise deal with or otherwise obligate the Operating Partnership to entities in which the Company or any one or more of the officers, directors or stockholders of the Company may have an ownership or other financial interest, whether direct or indirect.

REIMBURSEMENT OF THE COMPANY; TRANSACTIONS WITH THE COMPANY AND ITS AFFILIATES

The Company will not receive any compensation for its services as general partner of the Operating Partnership. The Company, however, as a partner in the Operating Partnership, has the same right to allocations and distributions as other partners of the Operating Partnership. In addition, the Operating Partnership will reimburse the Company for all expenses it incurs relating to its activities as general partner, its continued existence and qualification as a REIT and all other liabilities incurred by the Company in connection with the pursuit of its business and affairs. The Company may retain such persons or entities as it shall determine (including itself, any entity in which the Company has an interest, or any entity with which it is affiliated) to provide services to or on behalf of the Operating Partnership. The Company will be entitled to reimbursement from the Operating Partnership for its out of pocket expenses (other than amounts paid or payable to the Company or any entity in which the Company has an interest or with which it is affiliated) incurred in connection with Operating Partnership business. Such expenses include those incurred in connection with the administration and activities of the Operating Partnership, such as the maintenance of the Operating Partnership books and records, management of the Operating Partnership property and assets, and preparation of information regarding the Operating Partnership provided to the partners in the preparation of their individual tax returns. Except as expressly permitted by the Operating Partnership Agreement, however,

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affiliates of the Company will not engage in any transactions with the Operating Partnership except on terms that are fair and reasonable and no less favorable to the Operating Partnership than would be obtained from an unaffiliated third party.

EXCULPATION AND INDEMNIFICATION OF THE COMPANY

The Partnership Agreement generally provides that the Company, as general partner of the Operating Partnership, will incur no liability to the Operating Partnership or any limited partner for losses sustained, liabilities incurred, or benefits not derived as a result of errors in judgment or for any mistakes of fact or law or for anything which it may do or refrain from doing in connection with the business and affairs of the Operating Partnership if the Company carried out its duties in good faith. The Company's liability in any event is limited to its interest in the Operating Partnership. Without limiting the foregoing, the Company has no liability for the loss of any limited partner's capital. In addition, the Company is not responsible for any misconduct, negligent act or omission of any consultant, contractor or agent of the Operating Partnership or of the Company and has no obligation other than to use good faith in the selection of all such contractors, consultants and agents. The Company may consult with counsel, accountants, appraisers, management consultants, investment bankers, and other consultants and advisors selected by it. An opinion by any such consultant on a matter which the Company believes to be within such consultant's professional or expert competence is deemed to be complete protection as to any action taken or omitted to be taken by the Company based on such opinion and in good faith.

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

SALES OF ASSETS; LIQUIDATION

Under the Partnership Agreement, the Company, as general partner, generally has the exclusive authority to determine whether, when and on what terms the assets of the Operating Partnership (including the Properties) will be sold. However, the Company anticipates that it will agree, in connection with the contribution of Properties from taxable Investors in the Formation Transactions (with an estimated aggregate of approximately \$34 million), not to dispose of

such assets in a taxable sale or exchange prior to the fourth anniversary of the consummation of the Formation Transactions and, thereafter, to use commercially reasonable efforts to minimize the adverse tax consequences of any such sale. The Company may enter into similar agreements in connection with other acquisitions of properties for Units.

A merger of the Operating Partnership with another entity generally requires an affirmative vote of the holders of a majority of the outstanding percentage interest (including that held directly or indirectly by the Company), subject to certain consent rights of holders of Units as described below under "Amendment of the Partnership Agreement." A dissolution or liquidation of the Operating Partnership, including a sale or disposition of all or substantially all of the Operating Partnership's assets and properties, also requires the consent of a majority of all Units held by limited partners, including Performance Units.

CAPITAL CONTRIBUTION

The Partnership Agreement provides that if the Operating Partnership requires additional funds at any time or from time to time in excess of funds available to the Operating Partnership from borrowings or capital contributions, the Company may borrow such funds from a financial institution or other lender or through public or private debt offerings and lend such funds to the Operating Partnership on the same terms and conditions as are applicable to the Company's borrowing of such funds. As an alternative to borrowing funds

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required by the Operating Partnership, the Company may contribute the amount of such required funds as an additional capital contribution to the Operating Partnership. If the Company so contributes additional capital to the Operating Partnership, the Company's partnership interest in the Operating Partnership will be increased on a proportionate basis. Conversely, the partnership interests of the limited partners will be decreased on a proportionate basis in the event of additional capital contributions by the Company. See "Policies With Respect to Certain Activities -- Financing Policies."

REMOVAL OF THE GENERAL PARTNER; TRANSFERABILITY OF THE COMPANY'S INTERESTS; TREATMENT OF UNITS IN SIGNIFICANT TRANSACTIONS

The general partner may not be removed by the limited partners, with or without cause, other than with the consent of the general partner. The Partnership Agreement provides that the Company may voluntarily withdraw from the Operating Partnership, without the consent of the limited partners. However, except as set forth below, the Company may transfer or assign its general partner interest in connection with a merger, consolidation or sale of substantially all the assets of the Company without limited partner consent.

Neither the Company nor the Operating 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 Company may not sell all or substantially all of its assets (each a "Termination Transaction") unless in connection with the Termination Transaction all holders of Units either will receive, or will have the right to elect to receive, for each Unit an amount of cash, securities or other property equal to the product of the number of shares of Common Stock into which each Unit is then exchangeable and the greatest amount of cash, securities or other property paid to the holder of one Share in consideration of one 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 shares of Common Stock, each holder of 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 right to redemption and received shares of Common Stock in exchange for its Units immediately prior to the expiration of such purchase, tender or exchange offer and had thereupon accepted such purchase, tender or exchange offer. Performance Units issued or to be issued will also have the benefit of such provisions, irrespective of the capital account then applicable thereto.

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 Operating Partnership or another limited partnership or limited liability company which is the survivor of a merger, consolidation or combination of assets with the Operating Partnership (in each case, the "Surviving Partnership"); (ii) the holders of 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 Operating 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 Units regarding liquidation, redemption or exchange as are described 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 the preceding paragraph; or (b) the right to redeem their Units for cash on terms equivalent to those in effect 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 relative fair market value of such securities and the Common Stock. For purposes of this paragraph, the determination of relative fair market values and rights, preferences and privileges of the limited partners shall be reasonably determined by the Company'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 Units than the relative values reflected in the terms of the Termination Transaction.

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The foregoing provisions may not be amended or waived without the consent of a majority of all Units held by limited partners including Performance Units.

In addition, 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 shares are exchanged for consideration other than publicly traded common equity, the transfer or release of remaining Performance Shares, and resulting issuance of any Performance Units, as of the consummation of the Termination Transaction or set forth in the applicable Supplement.

RESTRICTIONS ON TRANSFER OF UNITS BY LIMITED PARTNERS

The Partnership Agreement provides that no limited partner shall, without the prior written consent of the Company as general partner (which may be withheld in the sole discretion of the Company), sell, assign, distribute or otherwise transfer all or any part of his or its interest in the Operating Partnership except by operation of law, gift (outright or in trust) or by sale, in each case to or for the benefit of his spouse or descendants, except for pledges or other collateral transfers effected by a limited partner to secure the repayment of a loan, or the redemption of Units in accordance with the Partnership Agreement. All other transfers are subject to the general partner's right of first refusal. All transfers must also be in compliance with certain provisions relating to legal, tax and regulatory matters.

An assignee, legatee, distributee or other transferee ("Transferee") of all or any portion of a partner's interest in the Operating Partnership shall be entitled to receive profits, losses and distributions under the Partnership Agreement attributable to such interest, from and after the effective date of the transfer of such interest; provided, however, (i) no transfer by a limited partner shall be effective until such transfer has been consented to by the Company, (ii) no Transferee shall be considered a substituted limited partner unless the Company, in its sole and absolute discretion, shall consent to the admission of such Transferee as a substituted limited partner and (iii) the Operating Partnership and the Company shall be entitled to treat the transferor of such interest as the absolute owner thereof in all respects, and shall incur no liability for the allocation of profits, losses or distributions which are made to such transferor until such time as the written instrument of transfer has been received by the Company and the effective date of the transfer is passed. The "effective date" of any transfer shall be the last day of the month set forth on the written instrument of transfer or such other date consented to in writing by the Company as the "effective date." Notwithstanding the foregoing, no transfer shall be effective to the extent it would, by treating the Units so transferred as if they had been exchanged for shares of Common Stock, violate the limitations on ownership set forth in the Articles of Incorporation in order to protect and preserve the Company's status as a REIT.

NO WITHDRAWAL BY LIMITED PARTNERS

No limited partner has the right to withdraw from or reduce his or its capital contribution to the Operating Partnership, except as a result of the redemption, exchange, or transfer of Units in accordance with the Partnership Agreement.

ISSUANCE OF ADDITIONAL UNITS AND/OR PREFERENCE UNITS

The Company is authorized at any time, without the consent of the limited partners, to cause the Operating Partnership to issue additional partnership interests to the Company, to the limited partners or to other persons for such consideration and upon such terms and conditions as the Company deems appropriate. If interests are issued to the Company, then the Company must issue a corresponding number of shares of Common Stock and must contribute to the Operating Partnership the proceeds, if any, received by the Company from such issuance. Upon the issuance of additional interests, the percentage interest of all the partners in the Operating Partnership would be diluted. In addition, the

Partnership Agreement provides that the Operating Partnership may also issue preferred units and other partnership interests of different classes and series (collectively, "Preference Units") having such rights, preferences and other privileges, variations and designations as may be determined by the Company. Any such Preference Units may have terms, provisions and rights which are preferential to the terms, provisions and rights of the Units. Preference Units, however, may be issued to the Company only in connection with an offering of securities of the Company having substantially similar rights and the contribution of the proceeds therefrom to the Operating Partnership. Consideration for partnership interests may be cash or any property or other assets permitted by

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the Partnership Act. No limited partner has preemptive, preferential or similar rights with respect to capital contributions to the Operating Partnership or the issuance or sale of any partnership interests therein.

AWARDS UNDER STOCK INCENTIVE PLAN

If options granted in connection with the Stock Incentive Plan are exercised at any time or from time to time, or restricted shares of Common Stock are issued under the Stock Incentive Plan, the Partnership Agreement requires the Company to contribute to the Operating Partnership as an additional contribution the exercise price received by the Company in connection with the issuance of shares of Common Stock to such exercising participant or the proceeds received by the Company upon issuance of such shares of Common Stock. Upon such contribution the Company will be issued a number of Units in the Operating Partnership equal to the number of shares of Common Stock so issued.

REDEMPTION/EXCHANGE RIGHTS

Holders of Units will have the right, commencing on the first anniversary of becoming a limited partner of the Operating Partnership, to require the Operating Partnership to redeem part or all of their Units for cash (based upon the fair market value of an equivalent number of shares of Common Stock at the time of such redemption) or the Company may elect to exchange such Units for shares of 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 Company presently anticipates that it will elect to issue shares of Common Stock in exchange for Units in connection with each such redemption request, rather than having the Operating Partnership pay cash. With each such redemption or exchange, the Company's percentage ownership interest in the Operating Partnership will increase. This redemption/exchange right may be exercised by limited partners from time to time, in whole or in part, subject to the limitations that such right may not be exercised at any time to the extent such exercise would result in any person actually or constructively owning shares of Common Stock in excess of the Ownership Limit or such other amount as permitted by the Board of Directors, as applicable, assuming common stock was issued in such exchange. See "Description of Capital Stock -- Restrictions on Ownership and Transfer." Holders of Performance Units also have limited redemption/exchange rights, as discussed in "-- Performance Units" below.

PERFORMANCE UNITS

Notwithstanding the foregoing discussion of distributions and allocations of income or loss of the Operating Partnership, depending on the trading price of the Common Stock after the first anniversary of the Offering, the Executive Officers, in their capacity as limited partners of the Operating Partnership, may receive Performance Units. The Performance Units will be similar to Units in many respects, including (i) the right to share in operating distributions, and allocations of operating income and loss, of the Operating Partnership on a pro rata basis with Units; and (ii) certain redemption and exchange rights, including limited rights to cause the Operating Partnership to redeem such Performance Units for cash or, at the Company's option, to exchange such units for shares of Common Stock. Any such redemption rights, however, will be dependent upon an increase in the value of the assets of the Operating Partnership (in some cases measured by reference to the trading price of the shares of Common Stock) subsequent to the issuance of such Performance Units. Without such an increase, the holders of Performance Units will not be entitled to receive any proceeds upon the liquidation of the Operating Partnership or the redemption of their Performance Units.

If any Performance Units are issued to the Executive Officers, in their capacity as limited partners of the Operating Partnership, an equal number of GP Units allocable to the Company and Units allocable to Performance Investors who are limited partners in the Operating Partnership will be transferred to the Operating Partnership. In addition, if any of the Company's GP Units are transferred to the Operating Partnership as a result of the issuance of Performance Units, an equal number of Performance Shares will be transferred by Company stockholders to the Company from the applicable Performance Investors. Accordingly, no Company stockholder or limited partner in the Operating Partnership (other than Performance Investors, to the extent of their obligations to transfer Performance Shares to the Company or the Operating

Partnership, as applicable) will be diluted as a result of the issuance of Performance Units to the Executive Officers. See "Formation and Structure of the Company -- Escrow Shares; Performance Units and Performance Shares."

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REGISTRATION RIGHTS

The Company will grant to Investors receiving Units in connection with the Formation Transactions certain registration rights (collectively, the "Registration Rights") with respect to the shares of Common Stock issuable upon exchange of Units or otherwise (the "Registrable Shares"). The Company has agreed to file and generally keep continuously effective beginning one year after the completion of the Offering a registration statement covering the issuance of shares of Common Stock upon exchange of Units and the resale thereof. Pursuant to the terms and conditions of such Registration Rights, prior to the date upon which shares of Common Stock issued as of the date of the consummation of the Offering would be eligible for resale under Rule 144(k) under the Securities Act, as such rule may be amended from time to time (or any similar rule or regulation hereafter adopted by the SEC), each Investor will be limited to resales of Registrable Shares to the number of Registrable Shares which otherwise would be eligible for resale by such Investor pursuant to Rule 144, assuming such Registrable Shares were issued as of the date of the consummation of the Offering. The shelf registration statement will also cover Shares issuable upon exchange of Performance Units. The Company may also agree to provide the Registration Rights to any other person who may become an owner of Units, provided such person provides the Company with satisfactory undertakings. The Company will bear expenses incident to its registration obligations upon exercise of the Registration Rights, including the payment of Federal securities law and state Blue Sky registration fees, except that it will not bear any underwriting discounts or commissions or transfer taxes relating to registration of Registrable Shares.

OTHER TAX MATTERS

Pursuant to the Partnership Agreement, the Company will be the tax matters partner of the Operating Partnership and, as such, will have authority to make tax elections under the Code on behalf of the Operating Partnership.

The Partnership Agreement requires that the Operating Partnership be operated in a manner that will enable the Company to satisfy the requirements for being classified as a REIT and to avoid any Federal income tax liability. Pursuant to the Partnership Agreement, the Operating Partnership will assume and pay when due, or reimburse the Company for payment of, all expenses it incurs relating to the ownership and operation of, or for the benefit of, the Operating Partnership and all costs and expenses relating to the operations of the Company.

DUTIES AND CONFLICTS

Except as otherwise set forth in "Policies with Respect to Certain Activities -- Conflicts of Interest Policies" and "Management -- Employment Agreements," any limited partner of the Operating Partnership may engage in other business activities outside the Operating Partnership, including business activities that directly compete with the Operating Partnership.

MEETINGS; VOTING

Meetings of the limited partners may be called by the Company, on its own motion, or upon written request of limited partners owning at least 25% of the then outstanding Units. Limited partners may vote either in person or by proxy at meetings. Any action that is required or permitted to be taken by the limited partners may be taken either at a meeting of the limited partners or without a meeting if consents in writing setting forth the action so taken are signed by limited partners owning not less than the minimum number of Units that would be necessary to authorize or take such action at a meeting of the limited partners at which all limited partners entitled to vote on such action were present. On matters for which limited partners are entitled to vote, each limited partner will have a vote equal to the number of Units the limited partner holds. A transferee of Units who has not been admitted as a substituted limited partner with respect to such Units will have no voting rights with respect to such Units, even if such transferee holds other Units as to which it has been admitted as a limited partner. The Partnership Agreement does not provide for annual meetings of the limited partners, and the Company does not anticipate calling such meetings.

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AMENDMENT OF THE PARTNERSHIP AGREEMENT

Amendments to the Partnership Agreement may be proposed by the Company or by limited partners owning at least 25% of the then outstanding Units. Generally, the Partnership Agreement may be amended with the approval of the Company, as general partner, and partners (including the Company) holding a majority of the percentage interest of the partnership. Certain provisions

regarding, among other things, the rights and duties of the Company as general partner (e.g., restrictions on the Company's power to conduct businesses other than as denoted herein) or the dissolution of the Operating Partnership, may not be amended without the approval of a majority of the percentage interests of the partnership. Notwithstanding the foregoing, the Company, as general partner, will have the power, without the consent of the limited partners, to amend the Partnership Agreement as may be required to, among other things, (i) add to the obligations of the Company as general partner or surrender any right or power granted to the Company as general partner, (ii) reflect the admission, substitution, termination or withdrawal of partners in accordance with the terms of the Partnership Agreement, (iii) establish the rights, powers, duties and preferences of any additional partnership interests issued in accordance with the terms of the Partnership Agreement, (iv) reflect a change of an inconsequential nature that does not materially adversely affect any limited partner, or cure any ambiguity, correct or supplement any provisions of the Partnership Agreement not inconsistent with law or with other provisions of the Partnership Agreement, or make other changes concerning matters under the Partnership Agreement that are not otherwise inconsistent with the Partnership Agreement or applicable law or (v) satisfy any requirements of Federal, state or local law.

Certain amendments, including amendments effected directly or indirectly through a merger or sale of assets of the Operating Partnership or otherwise, that would, among other things, (i) convert a limited partner's interest into a general partner's interest, (ii) modify the limited liability of a limited partner, (iii) alter the interest of a partner in profits or losses, or the rights to receive any distributions (except as permitted under the Partnership Agreement with respect to the admission of new partners or the issuance of additional Units, either of which actions will have the effect of changing the percentage interests of the partners and thus altering their interests in profits, losses and distributions) or (iv) alter the limited partner's redemption right, must be approved by the Company and each limited partner that would be adversely affected by such amendment. Such protections apply to both holders of Units and holders of Performance Units. In addition, no amendment may be effected, directly or indirectly, through a merger or sale of assets of the Operating Partnership or otherwise, which would adversely affect the rights of former stockholders of AMBIRA to receive Performance Units as described herein.

BOOKS AND REPORTS

The Operating Partnership's books and records are maintained at the principal office of the Operating Partnership, which is located at 505 Montgomery Street, San Francisco, California 94111. All elections and options available to the Operating Partnership for Federal or state income tax purposes may be taken or rejected by the Operating Partnership in the sole discretion of the Company. The limited partners will have the right, subject to certain limitations, to receive copies of the most recent SEC filings by the Company, the Operating Partnership's Federal, state and local income tax returns, a list of limited partners, the Partnership Agreement, the partnership certificate and all amendments thereto and certain information about the capital contributions of the partners. The Company may keep confidential from the limited partners any information that the Company believes to be in the nature of trade secrets or other information the disclosure of which the Company in good faith believes is not in the best interests of the Operating Partnership or which the Operating Partnership is required by law or by agreements with unaffiliated third parties to keep confidential.

The Company will use reasonable efforts to furnish to each limited partner, within 90 days after the close of each taxable year, the tax information reasonably required by the limited partners for Federal and state income tax reporting purposes.

TERM

The Operating Partnership will continue in full force and effect for approximately 99 years or until sooner dissolved pursuant to the terms of the Partnership Agreement.

SHARES AVAILABLE FOR FUTURE SALE

Upon the completion of the Offering, the Company will have outstanding _____ shares of Common Stock (_____ shares if the Underwriters' over-allotment option is exercised in full). In addition, _____ shares of Common Stock are reserved for issuance upon exchange of Units. The _____ shares of Common Stock issued in the Offering will be freely tradeable by persons other than "affiliates" of the Company without restriction under the Securities Act, subject to the limitations on ownership set forth in this Prospectus. The shares of Common Stock received by the Investors in the Formation Transactions and any shares of Common Stock acquired in redemption of Units (the "Restricted Shares") will be "restricted" securities under the meaning of Rule 144 promulgated under the Securities Act ("Rule 144") and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including exemptions contained in Rule

144. As described below under "Registration Rights," the Company has granted certain holders registration rights with respect to their shares of Common Stock.

In general, under Rule 144 as currently in effect, if one year has elapsed since the later of the date of acquisition of Restricted Shares from the Company or from any "affiliate" of the Company, as that term is defined under the Securities Act, the acquiror or subsequent holder thereof is entitled to sell within any three-month period a number of shares that does not exceed the greater of 1% of the then outstanding shares of Common Stock or the average weekly trading volume of the shares of Common Stock during the four calendar weeks immediately preceding the date on which notice of the sale is filed with the SEC. Sales under Rule 144 also are subject to certain manner of sales provisions, notice requirements and the availability of current public information about the Company. If two years have elapsed since the date of acquisition of Restricted Shares from the Company or from any "affiliate" of the Company, and the acquiror or subsequent holder thereof is deemed not to have been an affiliate of the Company at any time during the 90 days immediately preceding a sale, such person is entitled to sell such shares in the public market under Rule 144(k) without regard to the volume limitations, manner of sale provisions, public information requirements or notice requirements.

Each of the Executive Officers of the Company has agreed that, during the period ending two years after the date of this Prospectus, and the Company and the Independent Directors have agreed that, during the period ending one year after the date of this Prospectus, without the prior written consent of Morgan Stanley & Co. Incorporated, on behalf of the Underwriters, they will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock (provided that such shares or securities are either now owned by such party or are hereafter acquired prior to or in connection with the offering of the Common Stock offered hereby) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, other than (x) the shares of Common Stock to be purchased by the Underwriters under the Underwriting Agreement, (y) the issuance by the Company of shares of Common Stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this Prospectus of which the Underwriters have been advised in writing and (z) the issuance of shares of Common Stock by the Company upon conversion or redemption of Units.

The Company will adopt the Stock Incentive Plan for the purpose of attracting and retaining highly qualified directors, executive officers and other key employees. See "Management -- Stock Incentive Plan" and "-- Compensation of Board of Directors." The Company intends to issue options to purchase approximately _____ shares of Common Stock to its directors, executive officers, certain key employees concurrent with the Offering and has reserved additional shares for future issuance under the Stock Incentive Plan. Following completion of the Offering, the Company expects to file a registration statement with the SEC with respect to the shares of Common Stock issuable under the Stock Incentive Plan, which shares may be resold without restriction, unless held by affiliates, subject to the above contractual restrictions.

Prior to the Offering, there has been no public market for the shares of Common Stock. Trading of the shares of Common Stock on the New York Stock Exchange is expected to commence immediately following

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the completion of the Offering. No prediction can be made as to the effect, if any, that future sales of shares or the availability of shares for future sale, will have on the market price prevailing from time to time. Sales of substantial amounts of shares of Common Stock (including shares of Common Stock issued upon the exercise of options), or the perception that such sales could occur, could adversely affect prevailing market prices of the shares of Common Stock. See "Risk Factors -- Risks of Ownership of Common Stock" and "Partnership Agreement -- Transfer of Interests."

REDEMPTION/EXCHANGE RIGHTS/REGISTRATION RIGHTS

Each limited partner of the Operating Partnership has the right, commencing on the first anniversary of becoming a limited partner, to require the Operating Partnership to redeem part or all of such limited partner's Units for cash (based on the fair market value of an equivalent number of shares of Common Stock at the time of such redemption) or, at the election of the Company, to exchange such Units for shares of Common Stock. See "Formation and Structure of the Company -- Formation Transactions." If the Company elects to exchange Units for Common Stock, each Unit will be exchangeable for one share of Common Stock, subject to adjustment in the event of stock splits, distribution of rights, extraordinary dividends and similar events.

In order to protect the Company's status as a REIT, a holder of Units is prohibited from exchanging such Units for shares of Common Stock, to the extent that as a result of such exchange any person would own or would be deemed to own, actually or constructively, more than 9.8% of the Common Stock, except to the extent such holder has been granted an exception to the Ownership Limit. See "Description of Capital Stock -- Restrictions on Ownership and Transfer."

The Company has granted the Unitholders certain registration rights (collectively, the "Registration Rights") with respect to the shares of Common Stock acquired upon exchange of Units or otherwise (the "Registrable Shares"). The Company has agreed to file and generally keep continuously effective beginning on the first anniversary of the Offering a registration statement covering the issuance of shares of Common Stock upon exchange of Units and the resale thereof, provided that such resale complies with the volume and manner of sale limitations of Rule 144 as if the shares had been held beginning on the date of the Offering. Such registration rights will also apply with respect to Performance Units. The Company also has agreed to provide the Registration Rights to any other person who may become an owner of Units, provided such person provides the Company with satisfactory undertakings. The Company will bear expenses incident to its registration obligations upon exercise of the Registration Rights, including the payment of Federal securities law and state Blue Sky registration fees, except that it will not bear any underwriting discounts or commissions or transfer taxes relating to registration of Registrable Shares.

REINVESTMENT AND SHARE PURCHASE PLAN

The Company is considering the adoption of a Dividend Reinvestment and Share Purchase Plan that would allow stockholders to automatically reinvest cash distributions on their outstanding shares of Common Stock and/or Units to purchase additional shares of Common Stock at a discounted price and without the payment of any brokerage commission or service charge. Stockholders would also have the option of investing limited additional amounts by making cash payments. No decision has been made yet by the Company whether or not to adopt such a plan and there can be no assurance that such a plan will ever be adopted by the Company.

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CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following summary of certain material Federal income tax considerations regarding the Company and the Offering is based on current law, is for general information only and is not tax advice. The information set forth below, to the extent that it constitutes matters of law, summaries of legal matters or legal conclusions, is the opinion of Latham & Watkins, tax counsel to the Company, as to the material Federal income tax considerations relevant to purchasers of the Common Stock. This discussion does not purport to deal with all aspects of taxation that may be relevant to particular stockholders in light of their personal investment or tax circumstances, or to certain types of stockholders subject to special treatment under the Federal income tax laws, including, without limitation, certain financial institutions, life insurance companies, dealers in securities or currencies, stockholders holding Common Stock as part of a conversion transaction, as part of a hedge or hedging transaction, or as a position in a straddle for tax purposes, tax-exempt organizations (except to the extent discussed under the heading "-- Taxation of Tax-Exempt Stockholders") or foreign corporations, foreign partnerships and persons who are not citizens or residents of the United States (except to the extent discussed under the heading "-- Taxation of Non-U.S. Stockholders"). In addition, the summary below does not consider the effect of any foreign, state, local or other tax laws that may be applicable to prospective stockholders.

EACH PROSPECTIVE PURCHASER IS ADVISED TO CONSULT HIS OR HER OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES TO HIM OR HER OF THE PURCHASE, OWNERSHIP AND SALE OF THE COMMON STOCK, INCLUDING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF SUCH PURCHASE, OWNERSHIP AND SALE AND OF POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

TAXATION OF THE COMPANY

General. The Company intends to make an election to be taxed as a REIT under Sections 856 through 860 of the Code, commencing with its taxable year ending December 31, 1997. The Company believes that, commencing with its taxable year ending December 31, 1997, it will be organized and will operate in such a manner as to qualify for taxation as a REIT under the Code, and the Company intends to continue to operate in such a manner, but no assurance can be given that it will operate in a manner so as to qualify or remain qualified. Depending on the timing of the closing of the Formation Transactions, it is possible that the Company will not attempt to qualify as a REIT until 1998. In such case, (i) the Company would intend to make an election to be taxed as a REIT commencing with its taxable year ending December 31, 1998 and (ii) the tax opinion regarding the Company's status as a REIT discussed below would be effective for the Company's taxable year ending on December 31, 1998 (rather than on December 31, 1997) .

These sections of the Code and the corresponding Treasury Regulations are highly technical and complex. The following sets forth the material aspects of the rules that govern the Federal income tax treatment of a REIT and its stockholders. This summary is qualified in its entirety by the applicable Code provisions, rules and regulations promulgated thereunder, and administrative and judicial interpretations thereof.

Latham & Watkins has acted as tax counsel to the Company in connection with the Formation Transactions, the Offering and the Company's election to be taxed as a REIT. The Company expects that Latham & Watkins will provide to the Company at the consummation of the Formation Transactions and the Offering an opinion to the effect that, commencing with the Company's taxable year ending December 31, 1997, the Company will be organized in conformity with the requirements for qualification as a REIT, and its proposed method of operation will enable it to meet the requirements for qualification and taxation as a REIT under the Code. It must be emphasized that this opinion will be based on various assumptions and will be conditioned upon certain representations made by the Company, AMBIRA, the Private REITs and certain other persons as to factual matters. In addition, this opinion will be based upon the factual representations of the Company concerning its business and properties as set forth in this Prospectus, and will assume that the actions described in this Prospectus are completed in a timely fashion. Moreover, such qualification and taxation as a REIT will depend upon the Company's ability to meet (through actual annual operating results, distribution levels and diversity of share ownership) the various qualification tests imposed under the Code

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discussed below, the results of which will not be reviewed by Latham & Watkins. Accordingly, no assurance can be given that the actual results of the Company's operations for any particular taxable year will satisfy such requirements. Further, the anticipated income tax treatment described in this Prospectus may be changed, perhaps retroactively, by legislative, administrative or judicial action at any time. See "-- Failure of the Company to Qualify as a REIT."

If the Company qualifies for taxation as a REIT, it generally will not be subject to Federal corporate income taxes on its net income that is currently distributed to stockholders. This treatment substantially eliminates the "double taxation" (at the corporate and stockholder levels) that generally results from investment in a regular corporation. However, the Company will be subject to Federal income tax as follows. First, the Company will be taxed at regular corporate rates on any undistributed "REIT taxable income," including undistributed net capital gains. Second, under certain circumstances, the Company may be subject to the "alternative minimum tax" on its items of tax preference. Third, if the Company has (i) net income from the sale or other disposition of "foreclosure property" (defined generally as property acquired by the Company through foreclosure or otherwise after a default on a loan secured by the property or a lease of the property) which is held primarily for sale to customers in the ordinary course of business or (ii) other nonqualifying income from foreclosure property, it will be subject to tax at the highest corporate rate on such income. Fourth, if the Company has net income from prohibited transactions (which are, in general, certain sales or other dispositions of property held primarily for sale to customers in the ordinary course of business other than foreclosure property), such income will be subject to a 100% tax. Fifth, if the Company should fail to satisfy the 75% gross income test or the 95% gross income test (as discussed below), but has nonetheless maintained its qualification as a REIT because certain other requirements have been met, it will be subject to a 100% tax on an amount equal to (a) the gross income attributable to the greater of the amount by which the Company fails the 75% or 95% test multiplied by (b) a fraction intended to reflect the Company's profitability. Sixth, if the Company should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain net income for such year and (iii) any undistributed taxable income from prior periods, the Company would be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed. Seventh, with respect to any asset (a "Built-In Gain Asset") acquired by the Company from a corporation which is or has been a C corporation (i.e., generally a corporation subject to full corporate-level tax) in a transaction in which the basis of the Built-In Gain Asset in the hands of the Company is determined by reference to the basis of the asset in the hands of the C corporation, if the Company recognizes gain on the disposition of such asset during the ten-year period (the "Recognition Period") beginning on the date on which such asset was acquired by the Company, then, to the extent of the Built-In Gain (i.e., the excess of (a) the fair market value of such asset over (b) the Company's adjusted basis in such asset, determined as of the beginning of the Recognition Period), such gain will be subject to tax at the highest regular corporate rate pursuant to Treasury Regulations that have not yet been promulgated. The results described above with respect to the recognition of Built-In Gain assume that the Company will make an election pursuant to IRS Notice 88-19.

Requirements for Qualification. The Code defines a REIT as a corporation, trust or association (i) which is managed by one or more trustees or directors; (ii) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest; (iii) which would be

taxable as a domestic corporation, but for Sections 856 through 859 of the Code; (iv) which is neither a financial institution nor an insurance company subject to certain provisions of the Code; (v) the beneficial ownership of which is held by 100 or more persons; (vi) during the last half of each taxable year not more than 50% in value of the outstanding stock of which is owned, actually or constructively, by five or fewer individuals (as defined in the Code to include certain entities); and (vii) which meets certain other tests, described below, regarding the nature of its income and assets and the amount of its distributions. The Code provides that conditions (i) to (iv), inclusive, must be met during the entire taxable year and that condition (v) must be met during at least 335 days of a taxable year of twelve months, or during a proportionate part of a taxable year of less than twelve months. Conditions (v) and (vi) will not apply until after the first taxable year for which an election is made to be taxed as a REIT. For purposes of conditions (v) and (vi), pension funds and certain other tax-exempt entities are treated as individuals, subject to a "look-through" exception in the case of condition (vi).

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The Company believes that it will issue sufficient shares of Common Stock with sufficient diversity of ownership pursuant to the Formation Transactions and the Offering to allow it to satisfy conditions (v) and (vi). In addition, the Articles of Incorporation provide for restrictions regarding the transfer and ownership of shares, which restrictions are intended to assist the Company in continuing to satisfy the share ownership requirements described in (v) and (vi) above. Such ownership and transfer restrictions are described in "Description of Capital Stock -- Restrictions on Ownership and Transfer." These restrictions, however, may not ensure that the Company will, in all cases, be able to satisfy the share ownership requirements described above. If the Company fails to satisfy share ownership requirements, the Company's status as a REIT will terminate; provided, however, if the Company complies with the rules contained in the applicable Treasury Regulations requiring the Company to ascertain the actual ownership of its Shares but the Company does not know, or would not have known through the exercise of reasonable diligence, whether it failed to meet the requirement in condition (vi) above, the Company will be treated as having met such requirement. See "-- Failure of the Company to Qualify as a REIT." In addition, a corporation may not elect to become a REIT unless its taxable year is the calendar year. The Company will have a calendar taxable year.

Termination of S Status. AMB believes that it validly elected to be taxed as an S corporation beginning with its 1989 taxable year and that such election has not been revoked and has not otherwise terminated since such year. In order to become a REIT, AMB must revoke its S election. Under Section 1362(d) of the Code, AMB may voluntarily revoke its S election as of a specified date, provided that stockholders of AMB owning more than one-half of its issued and outstanding shares on the day of the revocation consent to such revocation. It is expected that AMB will revoke its S election shortly before the consummation of the Formation Transactions. In such event, AMB will qualify as an S corporation for the period (the "Short S Year") beginning on January 1 of such year and ending on the day before the revocation is effective, and will be taxable as a C corporation (and eligible to elect to be taxed as a REIT) for the period beginning with its short taxable year (the "Short C Year") beginning on the effective date of the revocation and ending on the following December 31. It is expected that AMB's books will be closed at the end of its Short S Year, which will allow AMB's income and loss attributable to its Short S Year and Short C Year to be allocated solely to the short year to which it is attributable. This treatment requires the unanimous approval of the persons who are AMB's stockholders on the first day of the Short C Year (i.e., the historic AMB stockholders). If AMB is not an S corporation in the calendar year in which the Formation Transactions occur, AMB would not be permitted to have a Short S Year and a Short C Year, as described above. In such case, the Company likely would not qualify as a REIT for its year including the Formation Transactions and perhaps subsequent years. See "Failure of the Company to Qualify as a REIT."

The Company expects that Latham & Watkins will provide to the Company at the consummation of the Formation Transactions and the Offering an opinion to the effect that, commencing with AMB's 1989 taxable year and through the termination of its S status as a part of the Formation Transactions, AMB has been an S corporation for Federal income tax purposes. This opinion will be based on certain representations made by AMB as to factual matters.

Ownership of a Partnership Interest. In the case of a REIT which is a partner in a partnership, Treasury Regulations provide that the REIT will be deemed to own its proportionate share of the assets of the partnership and will be deemed to be entitled to the income of the partnership attributable to such share. In addition, the character of the assets and gross income of the partnership shall retain the same character in the hands of the REIT for purposes of Section 856 of the Code, including satisfying the gross income tests and the asset tests. Thus, the Company's proportionate share of the assets and items of income of the Operating Partnership (including the Operating Partnership's share of such items of any subsidiary partnerships including the Joint Ventures) will be treated as assets and items of income of the Company for purposes of applying the requirements described herein. A summary of the rules governing the Federal income taxation of partnerships and their partners is

provided below in "-- Tax Aspects of the Operating Partnership." The Company will have direct control of the Operating Partnership and will operate it consistent with the requirements for qualification as a REIT. The Company, however, will not have control of certain of the Joint Ventures. If a Joint Venture takes or expects to take actions which could jeopardize the Company's status as a REIT or subject the Company to tax, the Company may be forced to dispose of its interest in such Joint Venture, if possible.

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Income Tests. In order to maintain qualification as a REIT, the Company annually must satisfy two gross income requirements. First, at least 75% of the Company's gross income (excluding gross income from prohibited transactions) for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property (including "rents from real property" and, in certain circumstances, interest) or from certain types of temporary investments. Second, at least 95% of the Company's gross income (excluding gross income from prohibited transactions) for each taxable year must be derived from such real property investments, dividends, interest and gain from the sale or disposition of stock or securities (or from any combination of the foregoing).

Rents received by the Company will qualify as "rents from real property" in satisfying the gross income requirements for a REIT described above only if several conditions are met. First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, the Code provides that rents received from a tenant will not qualify as "rents from real property" in satisfying the gross income tests if the REIT, or an owner of 10% or more of the REIT, actually or constructively owns 10% or more of such tenant (a "Related Party Tenant"). Third, if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as "rents from real property." Finally, for rents received to qualify as "rents from real property," the REIT generally must not operate or manage the property or furnish or render services to the tenants of such property, other than through an independent contractor from whom the REIT derives no revenue (subject to a 1% de minimis exception); provided, however, the Company may directly perform certain services that are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not otherwise considered "rendered to the occupant" of the property. The Company will not, and, as general partner of the Operating Partnership, will not, permit the Operating Partnership (or any subsidiary partnerships) to (i) charge rent for any property that is based in whole or in part on the income or profits of any person (except by reason of being based on a percentage of receipts or sales, as described above), (ii) rent any property to a Related Party Tenant, (iii) derive rental income attributable to personal property (other than personal property leased in connection with the lease of real property, the amount of which is less than 15% of the total rent received under the lease), or (iv) perform services considered to be rendered to the occupant of the property, other than through an independent contractor from whom the Company derives no revenue. Notwithstanding the foregoing, the Company may take certain of the actions set forth in (i) through (iv) above to the extent such actions will not, based on the advice of tax counsel to the Company, jeopardize the Company's status as a REIT.

The term "interest" generally does not include any amount received or accrued (directly or indirectly) if the determination of such amount depends in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "interest" solely by reason of being based on a fixed percentage or percentages of receipts or sales. The Company does not expect to derive significant amounts of interest that will not qualify under the 75% and 95% gross income tests.

The Investment Management Subsidiary will conduct the asset management business and receive fees (including incentive fees) in exchange for the provision of certain services to continuing asset management clients. Such fees will not accrue to the Company, but the Company will derive its allocable share of dividend income from the Investment Management Subsidiary through its interest in the Operating Partnership. Such dividend income will qualify under the 95%, but not the 75%, REIT gross income test. The Operating Partnership may provide certain management or administrative services to the Investment Management Subsidiary. The fees derived by the Operating Partnership as a result of the provision of such services will be nonqualifying income to the Company under both the 95% and 75% REIT income tests. The amount of such income will depend on a number of factors which cannot be determined with certainty, including the level of services provided. The Company will monitor the amount of this fee income and take actions intended to keep this income (and any other nonqualifying income) within the limitations of the REIT income tests. However, there can be no assurance that such actions will in all cases prevent the Company from violating a REIT income test.

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If the Company fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it may nevertheless qualify as a REIT for such year if it is entitled to relief under certain provisions of the Code. These relief provisions will be generally available if the Company's failure to meet such tests was due to reasonable cause and not due to willful neglect, the Company attaches a schedule of the sources of its income to its Federal income tax return, and any incorrect information on the schedule was not due to fraud with intent to evade tax. It is not possible, however, to state whether in all circumstances the Company would be entitled to the benefit of these relief provisions. For example, if the Company fails to satisfy the gross income tests because nonqualifying income that the Company intentionally incurs exceeds the limits on such income, the IRS could conclude that the Company's failure to satisfy the tests was not due to reasonable cause. If these relief provisions are inapplicable to a particular set of circumstances involving the Company, the Company would not qualify as a REIT. As discussed above in "Federal Income Tax Consequences -- Taxation of the Company -- General," even if these relief provisions apply, a 100% tax would be imposed on an amount equal to (a) the gross income attributable to the greater of the amount by which the Company failed the 75% or 95% test multiplied by (b) a fraction intended to reflect the Company's profitability.

Any gain realized by the Company on the sale of any property held as inventory or other property held primarily for sale to customers in the ordinary course of business (including the Company's share of any such gain realized by the Operating Partnership) will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Such prohibited transaction income may also have an adverse effect upon the Company's ability to satisfy the income tests for qualification as a REIT. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances with respect to the particular transaction. The Operating Partnership expects to hold the Properties for investment with a view to long-term appreciation, engage in the business of acquiring, developing, owning, and operating the Properties (and other properties) and make such occasional sales of the Properties as are consistent with the Operating Partnership's investment objectives. There can be no assurance, however, that the IRS might not contend that one or more of such sales is subject to the 100% penalty tax.

Asset Tests. The Company, at the close of each quarter of its taxable year, must also satisfy three tests relating to the nature of its assets. First, at least 75% of the value of the Company's total assets must be represented by real estate assets (including (i) its allocable share of real estate assets held by partnerships in which the Company owns an interest and (ii) stock or debt instruments held for not more than one year purchased with the proceeds of a stock offering or long-term (at least five years) debt offering of the Company), cash, cash items and government securities. Second, not more than 25% of the Company's total assets may be represented by securities other than those in the 75% asset class. Third, of the investments included in the 25% asset class, the value of any one issuer's securities owned by the Company may not exceed 5% of the value of the Company's total assets and the Company may not own more than 10% of any one issuer's outstanding voting securities.

As described above, the Operating Partnership will own 100% of the non voting preferred stock of the Investment Management Subsidiary, and by virtue of its ownership of interests in the Operating Partnership, the Company will be considered to own its pro rata share of such stock. See "Formation and Structure of the Company." The stock of the Investment Management Subsidiary held by the Operating Partnership will not be a qualifying real estate asset. The Operating Partnership will not own any of the voting securities of the Investment Management Subsidiary, and therefore the Company (through the Operating Partnership) will not be considered to own more than 10% of the voting securities of the Investment Management Subsidiary. However, the value of the Investment Management Subsidiary stock held by the Company (through the Operating Partnership) also could not exceed 5% of the value of the Company's total assets. Latham & Watkins will rely on the Company's representation as to the value of the stock of such corporation. There can be no assurance, however, that the IRS would not take a contrary position. The 5% value test must be satisfied not only on the date that the Company (directly or through the Operating Partnership) acquires securities in the Investment Management Subsidiary, but also each time the Company increases its ownership of securities of the Investment Management Subsidiary (including as a result of increasing its interest in the Operating Partnership as a result of Company capital contributions to the Operating Partnership or as limited partners exercise their redemption/exchange rights). Although the Company will take steps to ensure that it satisfies

the 5% value test for any quarter with respect to which retesting is to occur, there can be no assurance that such steps will always be successful, or will not require a reduction in the Operating Partnership's overall interest in the Investment Management Subsidiary.

After initially meeting the asset tests at the close of any quarter, the

Company will not lose its status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If the failure to satisfy the asset tests results from an acquisition of securities or other property during a quarter (including as a result of the Company increasing its interest in the Operating Partnership), the failure can be cured by the disposition of sufficient nonqualifying assets within 30 days after the close of that quarter. The Company intends to maintain adequate records of the value of its assets to ensure compliance with the asset tests and to take such other actions within 30 days after the close of any quarter as may be required to cure any noncompliance. If the Company fails to cure noncompliance with the asset tests within such time period, the Company would cease to qualify as a REIT.

Annual Distribution Requirements. The Company, in order to qualify as a REIT, is required to distribute dividends (other than capital gain dividends) to its stockholders in an amount at least equal to (i) the sum of (a) 95% of the Company's "REIT taxable income" (computed without regard to the dividends paid deduction and by excluding the Company's net capital gain) and (b) 95% of the excess of the net income, if any, from foreclosure property over the tax imposed on such income, minus (ii) the excess of the sum of certain items of non-cash income over 5% of "REIT taxable income." In addition, if the Company disposes of any Built-In Gain Asset during its Recognition Period, the Company will be required, pursuant to Treasury Regulations which have not yet been promulgated, to distribute at least 95% of the Built-in Gain (after tax), if any, recognized on the disposition of such asset. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before the Company timely files its tax return for such year and if paid on or before the first regular dividend payment after such declaration. Such distributions are taxable to holders of Common Stock (other than tax-exempt entities, as discussed below) in the year in which paid, even though such distributions relate to the prior year for purposes of the Company's 95% distribution requirement. The amount distributed must not be preferential -- i.e., each holder of shares of Common Stock must receive the same distribution per share. To the extent that the Company does not distribute all of its net capital gain or distributes at least 95%, but less than 100%, of its "REIT taxable income," as adjusted, it will be subject to tax thereon at regular ordinary and capital gain corporate tax rates. The Company expects to make timely distributions sufficient to satisfy these annual distribution requirements. In this regard, the Partnership Agreement authorizes the Company, as general partner, to take such steps as may be necessary to cause the Operating Partnership to distribute to its partners an amount sufficient to permit the Company to meet these distribution requirements.

It is expected that the Company's REIT taxable income will be less than its cash flow due to the allowance of depreciation and other non-cash charges in computing REIT taxable income. Accordingly, the Company anticipates that it will generally have sufficient cash or liquid assets to enable it to satisfy the distribution requirements described above. It is possible, however, that the Company, from time to time, may not have sufficient cash or other liquid assets to meet these distribution requirements due to timing differences between (i) the actual receipt of income and actual payment of deductible expenses and (ii) the inclusion of such income and deduction of such expenses in arriving at taxable income of the Company. In the event that such timing differences occur, in order to meet the distribution requirements, the Company may find it necessary to arrange for short-term, or possibly long-term, borrowings or to pay dividends in the form of taxable stock dividends.

Under certain circumstances, the Company may be able to rectify a failure to meet the distribution requirement described above for a year by paying "deficiency dividends" to stockholders in a later year, which may be included in the Company's deduction for dividends paid for the earlier year. Thus, the Company may be able to avoid being taxed on amounts distributed as deficiency dividends; however, the Company will be required to pay interest based upon the amount of any deduction taken for deficiency dividends.

Furthermore, if the Company should fail to distribute during each calendar year (or in the case of distributors with declaration and record dates falling in the last three months of the calendar year, by the end of January immediately following such year) at least the sum of (i) 85% of its REIT ordinary income for such

year, (ii) 95% of its REIT capital gain income for such year and (iii) any undistributed taxable income from prior periods, the Company would be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed. Any REIT taxable income and net capital gain on which this excise tax is imposed for any year is treated as an amount distributed during that year for purposes of calculating such tax.

Earnings and Profits Distribution Requirement. In order to qualify as a REIT, the Company cannot have at the end of any taxable year any undistributed "earnings and profits" that are attributable to a "C corporation" taxable year. In the Mergers, the Company will succeed to various tax attributes of AMB and the Private REITs (if the Private REIT Mergers are treated as tax-free

reorganizations under the Code), including any undistributed C corporation earnings and profits of such corporations. If AMB has qualified as an S corporation for each year in which its activities would have created C corporation earnings and profits, and each of the Private REITs has qualified as a REIT during its existence and its Merger into the Company was treated as a tax-free reorganization under the Code, then such corporations would not have any undistributed C corporation earnings and profits. If, however, (i) one or more of the Private REITs has failed to qualify as a REIT throughout the duration of its existence, or (ii) AMB failed to qualify as an S corporation for any year in which its activities would have created C corporation earnings and profits, then the Company would acquire undistributed C corporation earnings and profits that, if not distributed by the Company prior to the end of its first taxable year, would prevent the Company from qualifying as a REIT.

The Company and the Private REITs believe that each of the Private REITs has qualified as a REIT throughout the duration of its existence and that, in any event, neither Private REIT should be considered to have any undistributed C corporation earnings and profits at the time of the applicable Private REIT Merger. The Company and AMB believe that AMB has qualified as an S corporation since its 1989 taxable year and that its activities prior to such year did not create any C corporation earnings and profits. There can be no assurance, however, that the IRS would not contend otherwise on a subsequent audit of one or more of AMB or the Private REITs. Although not free from doubt, it appears pursuant to Treasury Regulations that the Company may be able to use certain "deficiency dividend" procedures to distribute any earnings and profits deemed to have been acquired in the Mergers. In order to use this procedure, the Company would have to make an additional dividend distribution to its stockholders (in addition to distributions made for purposes of satisfying the normal REIT distribution requirements) within 90 days of the IRS determination. In addition, the Company would have to pay to the IRS an interest charge on 50% of the acquired earnings and profits that were not distributed prior to the end of the taxable year in which the Formation Transactions occurred. The availability of this deficiency dividend procedure under these circumstances is not entirely clear, and there can be no assurance that this procedure would be available (in which case the Company would fail to qualify as a REIT for each year in which it failed to satisfy the earnings and profits distribution requirement). In addition, even if the procedure is available, if the Company had C corporation earnings and profits at the end of the taxable year in which the Formation Transactions occur, such a distribution may only allow the Company to qualify as a REIT for subsequent years (and it may not be permitted to qualify as a REIT in the year of the Formation Transactions).

Finally, in the event that either Private REIT were determined not to qualify as a REIT, the Company would not be eligible to elect REIT status for up to five years after the year in which such Private REIT failed to qualify as a REIT, if the Company were considered a "successor" to such Private REIT. The Company would be considered a "successor" for these purposes, however, only if (i) persons who own 50 percent or more of the shares of Common Stock of the Company at any time during the taxable year ending after the Formation Transactions occur owned, directly or indirectly, 50% or more in value of the shares of such Private REIT during the first year in which it ceased to qualify as a REIT, and (ii) a significant portion of the Company's assets were assets owned by such Private REIT. The Company does not believe that the ownership portion of this test will be met.

Morrison & Foerster has acted as tax counsel to each of CIF and VAF in connection with their formation and operation prior to the Formation Transactions. The Company expects that Morrison & Foerster will provide to each of CIF and VAF at the consummation of the Formation Transactions and the Offering an opinion to the effect that, commencing with each of CIF's and VAF's first taxable year and through the closing of the Formation Transactions, each of such corporations has been organized in conformity with the

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requirements for qualification as a REIT, and its method of operation as set forth in certain representations has enabled each such corporation to qualify as a REIT under the Code. It is anticipated that these opinions will be subject to limitations which are similar to the limitations described above with respect to the opinion of Latham & Watkins regarding the Company's tax status as a REIT. See "-- General."

As set forth under the caption "-- Taxation of the Company -- Termination of S Status" above, the Company expects that Latham & Watkins will provide to the Company at the consummation of the Formation Transactions and the Offering an opinion regarding AMB's tax status as an S corporation.

FAILURE OF THE COMPANY TO QUALIFY AS A REIT

If the Company fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, the Company will be subject to tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Distributions to stockholders in any year in which the Company fails to qualify will not be deductible by the Company nor will they be required to be made. As a result, the Company's failure to qualify as a REIT

would substantially reduce the cash available for distribution to stockholders. In addition, if the Company fails to qualify as a REIT, all distributions to stockholders will be taxable as ordinary income to the extent of current and accumulated earnings and profits, and, subject to certain limitations of the Code, corporate distributees may be eligible for the dividends received deduction. Unless entitled to relief under specific statutory provisions, the Company would also be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. It is not possible to state whether in all circumstances the Company would be entitled to such statutory relief.

TAXATION OF TAXABLE U.S. STOCKHOLDERS GENERALLY

As used herein, the term "U.S. Stockholder" means a holder of shares of Common Stock who (for United States Federal income tax purposes) (i) is a citizen or resident of the United States, (ii) is a corporation, partnership, or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) is an estate, the income of which is subject to United States Federal income taxation regardless of its source or (iv) is a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States fiduciaries have the authority to control all substantial decisions of the trust.

As long as the Company qualifies as a REIT, distributions made by the Company out of its current or accumulated earnings and profits (and not designated as capital gain dividends) will constitute dividends taxable to its taxable U.S. Stockholders as ordinary income. Such distributions will not be eligible for the dividends received deduction otherwise available with respect to dividends received by U.S. Stockholders that are corporations. Distributions made by the Company that are properly designated by the Company as capital gain dividends will be taxable to taxable U.S. Stockholders as gains (to the extent that they do not exceed the Company's actual net capital gain for the taxable year) from the sale or disposition of a capital asset held for more than one year without regard to the period for which a U.S. Stockholder has held his shares of Common Stock. U.S. Stockholders that are corporations may, however, be required to treat up to 20% of certain capital gain dividends as ordinary income. To the extent that the Company makes distributions (not designated as capital gain dividends) in excess of its current and accumulated earnings and profits, such distributions will be treated first as a tax-free return of capital to each U.S. Stockholder, reducing the adjusted basis which such U.S. Stockholder has in his shares of Common Stock for tax purposes by the amount of such distribution (but not below zero), with distributions in excess of a U.S. Stockholder's adjusted basis in his shares taxable as capital gain, provided that the shares have been held as a capital asset (which, with respect to a non-corporate U.S. Stockholder, will be taxable as long-term capital gain if the shares have been held for more than eighteen months, mid-term capital gain if the shares have been held for more than one year but not more than eighteen months, or short-term capital gain if the shares have been held for one year or less). Dividends declared by the Company in October, November, or December of any year and payable to a stockholder of record on a specified date in any such month shall be treated as both paid by the Company and received by the stockholder on December 31st of such year; provided that the dividend is actually paid by the Company on or before January 31st of the following calendar year. Stockholders may not include in their own income tax returns any net operating losses or capital losses of the Company.

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Distributions made by the Company and gain arising from the sale or exchange by a U.S. Stockholder of shares of Common Stock will not be treated as passive activity income, and, as a result, U.S. Stockholders generally will not be able to apply any "passive losses" against such income or gain. Distributions made by the Company (to the extent they do not constitute a return of capital) generally will be treated as investment income for purposes of computing the investment income limitation. Gain arising from the sale or other disposition of Common Stock (or distributions treated as such), however, will not be treated as investment income under certain circumstances.

The Company may elect to retain, rather than distribute as a capital gain dividend, its net long-term capital gains. In such event, the Company would pay tax on such retained net long-term capital gains. In addition to the extent designated to the Company, a U.S. Stockholder generally would (i) include its proportionate share of such undistributed long-term capital gains in computing its long-term capital gains in its return for its taxable year in which the last day of the Company's taxable year falls (subject to certain limitations as to the amount so includable), (ii) be deemed to have paid the capital gains tax imposed on the Company on the designated amounts included in such U.S. Stockholder's long-term capital gains, (iii) receive a credit or refund for such amount of tax deemed paid by it, (iv) increase the adjusted basis of its Shares by the difference between the amount of such includable gains and the tax deemed to have been paid by it, and (v), in the case of a U.S. Stockholder that is a corporation, appropriately adjust its earnings and profits for the retained capital gains in accordance with Treasury Regulations to be prescribed by the IRS.

Upon any sale or other disposition of Common Stock, a U.S. Stockholder will recognize gain or loss for Federal income tax purposes in an amount equal to the difference between (i) the amount of cash and the fair market value of any property received on such sale or other disposition and (ii) the holder's adjusted basis in such shares of Common Stock for tax purposes. Such gain or loss will be capital gain or loss if the shares have been held by the U.S. Stockholder as a capital asset and, with respect to a non-corporate U.S. Stockholder, will be mid-term or long-term gain or loss if such shares have been held for more than one year or eighteen months, respectively. In general, any loss recognized by a U.S. Stockholder upon the sale or other disposition of shares of Common Stock that have been held for six months or less (after applying certain holding period rules) will be treated as a long-term capital loss, to the extent of capital gain dividends received by such U.S. Stockholder from the Company which were required to be treated as long-term capital gains.

BACKUP WITHHOLDING

The Company reports to its U.S. Stockholders and the IRS the amount of dividends paid during each calendar year, and the amount of tax withheld, if any. Under the backup withholding rules, a stockholder may be subject to backup withholding at the rate of 31% with respect to dividends paid unless such holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. A U.S. Stockholder that does not provide the Company with his correct taxpayer identification number may also be subject to penalties imposed by the IRS. Any amount paid as backup withholding will be creditable against the stockholder's income tax liability. In addition, the Company may be required to withhold a portion of capital gain distributions to any stockholders who fail to certify their non-foreign status to the Company. See "-- Taxation of Non-U.S. Stockholders."

TAXATION OF TAX-EXEMPT STOCKHOLDERS

The IRS has ruled that amounts distributed as dividends by a qualified REIT do not constitute unrelated business taxable income ("UBTI") when received by a tax-exempt entity. Based on that ruling, provided that a tax-exempt stockholder (except certain tax-exempt stockholders described below) has not held its shares of Common Stock as "debt financed property" within the meaning of the Code and such shares are not otherwise used in a trade or business, the dividend income from the Company will not be UBTI to a tax-exempt stockholder. Similarly, income from the sale of Common Stock will not constitute UBTI unless such tax-exempt stockholder has held such shares as "debt financed property" within the meaning of the Code or has used the shares in a trade or business.

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For tax-exempt stockholders which are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from Federal income taxation under Code Sections 501(c)(7), (c)(9), (c)(17) and (c)(20), respectively, income from an investment in the Company will constitute UBTI unless the organization is able to properly deduct amounts set aside or placed in reserve for certain purposes so as to offset the income generated by its investment in the Company. Such prospective investors should consult their own tax advisors concerning these "set aside" and reserve requirements.

Notwithstanding the above, however, a portion of the dividends paid by a "pension held REIT" shall be treated as UBTI as to any trust which (i) is described in Section 401(a) of the Code, (ii) is tax-exempt under Section 501(a) of the Code and (iii) holds more than 10% (by value) of the interests in the REIT. Tax-exempt pension funds that are described in Section 401(a) of the Code are referred to below as "qualified trusts."

A REIT is a "pension held REIT" if (i) it would not have qualified as a REIT but for the fact that Section 856(h)(3) of the Code provides that stock owned by qualified trusts shall be treated, for purposes of the "not closely held" requirement, as owned by the beneficiaries of the trust (rather than by the trust itself), and (ii) either (a) at least one such qualified trust holds more than 25% (by value) of the interests in the REIT, or (b) one or more such qualified trusts, each of which owns more than 10% (by value) of the interests in the REIT, hold in the aggregate more than 50% (by value) of the interests in the REIT. The percentage of any REIT dividend treated as UBTI is equal to the ratio of (i) the UBTI earned by the REIT (treating the REIT as if it were a qualified trust and therefore subject to tax on UBTI) to (ii) the total gross income of the REIT. A de minimis exception applies where the percentage is less than 5% for any year. The provisions requiring qualified trusts to treat a portion of REIT distributions as UBTI will not apply if the REIT is able to satisfy the "not closely held" requirement without relying upon the "look-through" exception with respect to qualified trusts. As a result of certain limitations on transfer and ownership of Common Stock contained in the Articles of Incorporation, the Company does not expect to be classified as a "pension held REIT."

TAXATION OF NON-U.S. STOCKHOLDERS

The rules governing United States Federal income taxation of the ownership and disposition of stock by persons that are, for purposes of such taxation, nonresident alien individuals, foreign corporations, foreign partnerships or foreign estates or trusts (collectively, "Non-U.S. Stockholders") are complex, and no attempt is made herein to provide more than a brief summary of such rules. Accordingly, the discussion does not address all aspects of United States Federal income tax and does not address state, local or foreign tax consequences that may be relevant to a Non-U.S. Stockholder in light of its particular circumstances, including, for example, if the investment in the Company is connected to the conduct by a Non-U.S. Stockholder of a U.S. trade or business. In addition, this discussion is based on current law, which is subject to change, and assumes that the Company qualifies for taxation as a REIT. Prospective Non-U.S. Stockholders should consult with their own tax advisers to determine the impact of Federal, state, local and foreign income tax laws with regard to an investment in Common Stock, including any reporting requirements.

Distributions. Distributions by the Company to a Non-U.S. Stockholder that are neither attributable to gain from sales or exchanges by the Company of United States real property interests nor designated by the Company as capital gains dividends will be treated as dividends of ordinary income to the extent that they are made out of current or accumulated earnings and profits of the Company. Such distributions ordinarily will be subject to withholding of United States Federal income tax on a gross basis (that is, without allowance of deductions) at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, unless the dividends are treated as effectively connected with the conduct by the Non-U.S. Stockholder of a United States trade or business. Dividends that are effectively connected with such a trade or business will be subject to tax on a net basis (that is, after allowance of deductions) at graduated rates, in the same manner as domestic stockholders are taxed with respect to such dividends and are generally not subject to withholding. Any such dividends received by a Non-U.S. Stockholder that is a corporation may also be subject to an additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

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Pursuant to current Treasury Regulations, dividends paid to an address in a country outside the United States are generally presumed to be paid to a resident of such country for purposes of determining the applicability of withholding discussed above and the applicability of a tax treaty rate. Under proposed Treasury Regulations, not currently in effect, however, a Non-U.S. Stockholder who wished to claim the benefit of an applicable treaty rate would be required to satisfy certain certification and other requirements. Under certain treaties, lower withholding rates generally applicable to dividends do not apply to dividends from a REIT, such as the Company. Certain certification and disclosure requirements must be satisfied to be exempt from withholding under the effectively connected income exemption discussed above.

Distributions in excess of current or accumulated earnings and profits of the Company will not be taxable to a Non-U.S. Stockholder to the extent that they do not exceed the adjusted basis of the stockholder's Common Stock, but rather will reduce the adjusted basis of such stock. For FIRPTA withholding purposes (discussed below), such distributions (i.e., distributions that are not made out of earnings and profits) will be treated as consideration for the sale or exchange of shares of Common Stock. To the extent that such distributions exceed the adjusted basis of a Non-U.S. Stockholder's Common Stock, they will give rise to gain from the sale or exchange of his stock, the tax treatment of which is described below. If it cannot be determined at the time a distribution is made whether or not such distribution will be in excess of current or accumulated earnings and profits, the distribution will generally be treated as a dividend for withholding purposes. However, amounts thus withheld are generally refundable if it is subsequently determined that such distribution was, in fact, in excess of current or accumulated earnings and profits of the Company.

Distributions to a Non-U.S. Stockholder that are designated by the Company at the time of distribution as capital gains dividends (other than those arising from the disposition of a United States real property interest) generally will not be subject to United States Federal income taxation, unless (i) investment in the Common Stock is effectively connected with the Non-U.S. Stockholder's United States trade or business, in which case the Non-U.S. Stockholder will be subject to the same treatment as domestic stockholders with respect to such gain (except that a stockholder that is a foreign corporation may also be subject to the 30% branch profits tax, as discussed above) or (ii) the Non-U.S. Stockholder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, in which case the nonresident alien individual will be subject to a 30% tax on the individual's capital gains.

Distributions to a Non-U.S. Stockholder that are attributable to gain from sales or exchanges by the Company of United States real property interests will cause the Non-U.S. Stockholder to be treated as recognizing such gain as income

effectively connected with a United States trade or business. Non-U.S. Stockholders would thus generally be entitled to offset its gross income by allowable deductions and would pay tax on the resulting taxable income at the same rates applicable to domestic stockholders (subject to a special alternative minimum tax in the case of nonresident alien individuals). Also, such gain may be subject to a 30% branch profits tax in the hands of a Non-U.S. Stockholder that is a corporation and is not entitled to treaty relief or exemption, as discussed above. The Company is required to withhold 35% of any such distribution. That amount is creditable against the Non-U.S. Stockholder's United States Federal income tax liability. To the extent that such withholding exceeds the actual tax owed by the Non-U.S. Stockholder, the Non-U.S. Stockholder may claim a refund from the IRS.

The Company or any nominee (e.g., a broker holding shares in street name) may rely on a certificate of non-foreign status on Form W-8 or Form W-9 to determine whether withholding is required on gains realized from the disposition of United States real property interests. A domestic person who holds shares of Common Stock on behalf of a Non-U.S. Stockholder will bear the burden of withholding, provided that the Company has properly designated the appropriate portion of a distribution as a capital gain dividend.

Sale of Common Stock. Gain recognized by a Non-U.S. Stockholder upon the sale or exchange of shares of Common Stock generally will not be subject to United States taxation unless such shares constitute a "United States real property interest" within the meaning of the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA"). The Common Stock will not constitute a "United States real property interest" so long as the Company is a "domestically controlled REIT." A "domestically controlled REIT" is a REIT in which at all times during a specified testing period less than 50% in value of its stock is held directly or indirectly by

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Non-U.S. Stockholders. The Company believes that is a "domestically controlled REIT," and therefore that the sale of shares of Common Stock are not subject to taxation under FIRPTA. However, because the shares of Common Stock are publicly traded, no assurance can be given that the Company will continue to be a "domestically-controlled REIT." Notwithstanding the foregoing, gain from the sale or exchange of shares of Common Stock not otherwise subject to FIRPTA will be taxable to a Non-U.S. Stockholder if the Non-U.S. Stockholder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States. In such case, the nonresident alien individual will be subject to a 30% tax on the amount of such individual's gain.

If the Company does not qualify as or ceases to be a "domestically-controlled REIT," gain arising from the sale or exchange by a Non-U.S. Stockholder of shares of Common Stock would be subject to United States taxation under FIRPTA as a sale of a "United States real property interest" unless the shares are "regularly traded" (as defined by applicable Treasury Regulations) on an established securities market (e.g., the New York Stock Exchange) and the selling Non-U.S. Stockholder held no more than 5% (after applying certain constructive ownership rules) of the shares of Common Stock during the shorter of (i) the period during which the taxpayer held such shares or (ii) the 5-year period ending on the date of the disposition of such shares. If gain on the sale or exchange of shares of Common Stock were subject to taxation under FIRPTA, the Non-U.S. Stockholder would be subject to regular United States income tax with respect to such gain in the same manner as a U.S. Stockholder (subject to any applicable alternative minimum tax, a special alternative minimum tax in the case of nonresident alien individuals and the possible application of the 30% branch profits tax in the case of foreign corporations), and the purchaser of the stock would be required to withhold and remit to the IRS 10% of the purchase price. The 10% withholding tax will not apply if the shares are "resale traded" in an established securities market.

Backup Withholding Tax and Information Reporting. Backup withholding tax (which generally is a withholding tax imposed at the rate of 31% on certain payments to persons that fail to furnish certain information under the United States information reporting requirements) and information reporting will generally not apply to distributions paid to Non-U.S. Stockholders outside the United States that are treated as (i) dividends subject to the 30% (or lower treaty rate) withholding tax discussed above, (ii) capital gains dividends or (iii) distributions attributable to gain from the sale or exchange by the Company of United States real property interests. As a general matter, backup withholding and information reporting will not apply to a payment of the proceeds of a sale of Common Stock by or through a foreign office of a foreign broker. Information reporting (but not backup withholding) will apply, however, to a payment of the proceeds of a sale of Common Stock by a foreign office of a broker that (a) is a United States person, (b) derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States or (c) is a "controlled foreign corporation" (generally, a foreign corporation controlled by United States stockholders) for United States tax purposes, unless the broker has documentary evidence in its records that the holder is a Non-U.S. Stockholder and certain other conditions are met, or the stockholder otherwise establishes an exemption. Payment to or through a United

States office of a broker of the proceeds of a sale of Common Stock is subject to both backup withholding and information reporting unless the stockholder certifies under penalty of perjury that the stockholder is a Non-U.S. Stockholder, or otherwise establishes an exemption. A Non-U.S. Stockholder may obtain a refund of any amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS.

New Proposed Regulations. The United States Treasury has recently issued proposed Treasury Regulations regarding the withholding and information reporting rules discussed above. In general, the proposed Treasury Regulations do not alter the substantive withholding and information reporting requirements but unify current certification procedures and forms and clarify and modify reliance standards. If finalized in their current form, the proposed Treasury Regulations would generally be effective for payments made after December 31, 1998, subject to certain transition rules.

TAX ASPECTS OF THE OPERATING PARTNERSHIP AND THE JOINT VENTURES

General. Substantially all of the Company's investments will be held indirectly through the Operating Partnership. In addition, the Operating Partnership will hold certain of its investments indirectly through the Joint Ventures. In general, partnerships are "pass-through" entities which are not subject to Federal income

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tax. Rather, partners are allocated their proportionate shares of the items of income, gain, loss, deduction and credit of a partnership, and are potentially subject to tax thereon, without regard to whether the partners receive a distribution from the partnership. The Company will include in its income its proportionate share of the foregoing partnership items for purposes of the various REIT income tests and in the computation of its REIT taxable income. Moreover, for purposes of the REIT asset tests, the Company will include its proportionate share of assets held through the Operating Partnership and the Joint Ventures. See "-- Taxation of the Company -- Ownership of Partnership Interests by a REIT."

Entity Classification. The Company's interests in the Operating Partnership and the Joint Ventures involve special tax considerations, including the possibility of a challenge by the IRS of the status of any of such partnerships as a partnership (as opposed to an association taxable as a corporation) for Federal income tax purposes. If the Operating Partnership or any of the Joint Ventures were treated as an association, it would be taxable as a corporation and therefore be subject to an entity-level tax on its income. In such a situation, the character of the Company's assets and items of gross income would change and preclude the Company from satisfying the asset tests and possibly the income tests (see "Taxation of the Company -- Requirements for Qualification" and "-- Asset Tests" and "-- Income Tests"), and, in turn, would prevent the Company from qualifying as a REIT. See "-- Taxation of the Company -- Failure of the Company to Qualify as a REIT" above for a discussion of the effect of the Company's failure to meet such tests for a taxable year. In addition, a change in the status of the Operating Partnership or any of the Joint Ventures for tax purposes might be treated as a taxable event, in which case the Company might incur a tax liability without any related cash distributions.

The IRS recently finalized and published certain Treasury Regulations (the "Final Regulations") which provide that a domestic business entity not otherwise classified as a corporation and which has at least two members (an "Eligible Entity") may elect to be taxed as a partnership for Federal income tax purposes. The Final Regulations apply for tax periods beginning on or after January 1, 1997 (the "Effective Date"). The Company has not requested, and does not intend to request, a ruling from the IRS that the Operating Partnership or any of the Joint Ventures will be treated as a partnership for Federal income tax purposes. However, the Company believes that the Operating Partnership and each of the Joint Ventures will be so treated. In addition, in connection with the closing of the Formation Transactions and the Offering, the Company expects that Latham & Watkins will deliver an opinion to the Company stating that based on the provisions of the Partnership Agreement, certain factual assumptions and representations described in the opinion and the Final Regulations, the Operating Partnership will be treated as a partnership for Federal income tax purposes (and not as an association or a publicly traded partnership taxable as a corporation). Unlike a private letter ruling, an opinion of counsel is not binding on the IRS, and no assurance can be given that the IRS will not challenge the status of the Operating Partnership as a partnership for Federal income tax purposes. If such a challenge were sustained by a court, the Operating Partnership could be treated as a corporation for Federal income tax purposes.

Allocations of Operating Partnership Income, Gain, Loss and Deduction. The Operating Partnership Agreement generally provides that all items of operating income and loss shall be allocated to its partners in proportion to the number of Units or Performance Units held by each Unitholder. The allocation of gain or loss relating to the disposition of the Operating Partnership's assets upon liquidation is allocated first to the partners in the amounts necessary, in general, to equalize the Company's and the limited partners' per unit capital

accounts, with any special allocation of gain to the PLPs being offset by a reduction in the gain allocation to the Company and Unitholders which were Performance Investors. Although a partnership agreement will generally determine the allocation of income and loss among partners, such allocations will be disregarded for tax purposes if they do not comply with the provisions of Section 704(b) of the Code and the Treasury Regulations promulgated thereunder. Generally, Section 704(b) and the Treasury Regulations promulgated thereunder require that partnership allocations respect the economic arrangement of the partners. Accordingly, as required by Section 704(b) of the Code, the Partnership Agreement provides for certain "regulatory" allocations which, among other things, may defer the allocation of losses to the limited partners of the Operating Partnership. If an allocation is not respected under Section 704(b) of the Code for Federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership, which will be determined by taking into account all of the facts and

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circumstances relating to the economic arrangement of the partners with respect to such item. The allocations of taxable income and loss provided for in the Partnership Agreement of the Operating Partnership are intended to comply with the requirements of Section 704(b) of the Code and the Treasury Regulations promulgated thereunder.

Pursuant to Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership, must be allocated in a manner such that the contributing partner is charged with, or benefits from, respectively, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of such unrealized gain or unrealized loss is generally equal to the difference between the fair market value of contributed property at the time of contribution and the adjusted tax basis of such property at such time (a "Book-Tax Difference"). Such allocations are solely for Federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. The Operating Partnership will be formed by way of contributions of property (such as the property contributed by certain Individual Account Investors and property contributed by the Company, which the Company acquired as successor to the Private REITs, if the Private REIT Mergers qualify as tax-free reorganizations) which may have a fair market value which differs from its adjusted tax basis at the time of contribution. Consequently, the Partnership Agreement of the Operating Partnership requires that such allocations be made in a manner consistent with Section 704(c) of the Code.

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

Treasury Regulations under Section 704(c) of the Code provide a partnership with a choice of several methods of accounting for Book-Tax Differences, including retention of the "traditional method" or the election of certain methods which would permit any distortions caused by a Book-Tax Difference to be entirely rectified on an annual basis or a specific taxable transaction such as a sale. The Operating Partnership and the Company intend to use the "traditional method" to account for Book-Tax Differences with respect to the Properties initially contributed to the Operating Partnership in connection with the Formation Transactions, but they have not yet determined which method they will use to account for Book-Tax Differences with respect to other properties to be contributed to the Operating Partnership.

With respect to any property purchased for cash by the Operating Partnership subsequent to the Formation Transactions and Offering, such property will initially have a tax basis equal to its fair market value, and Section 704(c) of the Code will not apply.

Basis in Operating Partnership Interest. The Company's adjusted tax basis in its interest in the Operating Partnership generally (i) will be equal to the

amount of cash and the basis of any other property contributed to the Operating Partnership by the Company, (ii) will be increased by (a) its allocable share of the Operating Partnership's income and (b) its allocable share of indebtedness of the Operating Partnership

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and (iii) will be reduced, but not below zero, by the Company's allocable share of (a) losses suffered by the Operating Partnership, (b) the amount of cash distributed to the Company and (c) by constructive distributions resulting from a reduction in the Company's share of indebtedness of the Operating Partnership.

If the allocation of the Company's distributive share of the Operating Partnership's loss exceeds the adjusted tax basis of the Company's partnership interest in the Operating Partnership, the recognition of such excess loss will be deferred until such time and to the extent that the Company has sufficient adjusted tax basis in its interest in the Operating Partnership to offset the loss. To the extent that the Operating Partnership's distributions, or any decrease in the Company's share of the indebtedness of the Operating Partnership (such decreases being considered a constructive cash distribution to the partners), exceeds the Company's adjusted tax basis in the Operating Partnership, such excess distributions (including such constructive distributions) will constitute taxable income to the Company.

TAX LIABILITIES AND ATTRIBUTES INHERITED FROM PREDECESSORS

Pursuant to the Formation Transactions, the Company will succeed to certain of the assets and liabilities of the entities included in the Formation Transactions, including potential tax liabilities of such entities. For instance, as a result of the Private REIT Mergers and the Reincorporation Merger, the Company will acquire all of the assets and liabilities of CIF, VAF, and AMB, including any tax liabilities of such corporations. The tax treatment of the Private REIT Mergers is the subject of certain proposed regulations which, as presently drafted, would not be effective for transfers occurring, or transfers pursuant to a written agreement which is binding, on or before the date final regulations on such subject are published. Therefore, the tax treatment of the Private REIT Mergers may depend, among other things, upon the timing of such mergers, the date on which the agreements regarding such mergers become binding and the timing of the publication of the final regulations (if, and in whatever form, ultimately issued) on this subject. If either of the Private REIT Mergers does not qualify as a tax-free reorganization under the Code, the Private REIT Merger would be treated as a taxable sale by the corresponding Private REIT of its assets to the Company in exchange for shares of Common Stock of the Company, followed by the Private REIT's distribution to its stockholders of such shares in a taxable liquidation of the Private REIT. In this case, such Private REIT would recognize gain on this deemed taxable sale. However, assuming each Private REIT has at all times qualified for taxation as a REIT, in calculating its taxable income, it should be entitled to a deduction in an amount equal to the lesser of (i) its earnings and profits for its taxable year ending with the Private REIT Merger (including the earnings and profits arising from the deemed sale of the assets to the Company) or (ii) the fair market value of the Private REIT Merger consideration it was deemed to distribute to its stockholders as a result of the Private REIT Merger. As a result of such deduction, it is expected that neither CIF nor VAF would be taxable on a material amount of gain for Federal income tax purposes as a result of such transactions. If either or both of CIF and VAF recognized any such gain or failed to qualify as a REIT, or if AMB failed to qualify as an S corporation, for any year prior to the Formation Transactions, the Company could assume a material Federal income tax liability. In addition, because many of the properties owned by CIF and VAF have fair market values in excess of their bases, if the Private REIT Mergers are treated as tax-free reorganizations under Section 368(a) of the Code, the Company's basis in the assets received pursuant to the applicable Private REIT Merger will be lower than it would have been had such Private REIT Merger not been so treated. This lower basis would cause the Company to have lower depreciation deductions and higher gain on sale with respect to such properties than would be the case if such properties had been acquired in a taxable transaction.

The Built-in Gain rules described under the caption "-- Taxation of the Company -- General" above would apply (i) with respect to any assets acquired by the Company from a Private REIT in connection with the Private REIT Mergers if such Private REIT Mergers qualified as tax-free reorganizations under the Code and if a Private REIT failed to qualify, for any reason, as a REIT at any time during its existence, and/or (ii) with respect to AMB's assets on the Company's election to be taxed as a REIT, if AMB failed to qualify, for any reason, as an S corporation at any time after its acquisition of any of its assets and prior to its revocation of such election in connection with the Formation Transactions. In such case, if the Company were not to make an election pursuant to Notice 88-19, a Private REIT would recognize taxable gain on the Private REIT Merger under the Built-in Gain rules, notwithstanding that the Private REIT Merger otherwise qualified as a tax-free reorganization under the Code, and the Company would be required to recognize

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taxable gain with respect to AMB's assets on its election to be taxed as a REIT under the Built-in Gain rules, notwithstanding that the Company otherwise qualified as a REIT. The liability for any tax due with respect to the gain described above would be assumed by the Company as a result of the Mergers. The Company believes that (i) each of the Private REITs has qualified as a REIT throughout its existence and (ii) AMB has qualified as an S corporation since its 1989 taxable year and that it did not own any assets prior to such date. However, the Company intends to make a protective election under Notice 88-19 with respect to each of the Private REIT Mergers, and its election to be taxed as a REIT, in order to avoid the adverse consequences that otherwise could result from such events.

OTHER TAX CONSEQUENCES

The Company and its stockholders may be subject to state or local taxation in various state or local jurisdictions, including those in which it or they transact business or reside. The state and local tax treatment of the Company and its stockholders may not conform to the Federal income tax consequences discussed above. Consequently, prospective stockholders should consult their own tax advisors regarding the effect of state and local tax laws on an investment in the Company. In addition, the Investment Management Subsidiary will not qualify as a REIT or as a partnership and, accordingly, will be subject to Federal, state and local income taxes on its taxable income at regular corporate rates. As a result, the Investment Management Subsidiary will only be able to distribute out its net after-tax earnings to its stockholders, including the Operating Partnership, thereby reducing the cash available for distribution by the Company to its stockholders.

ERISA CONSIDERATIONS

The following is a summary of material considerations arising under ERISA and the prohibited transaction provisions of Section 4975 of the Code that may be relevant to a prospective purchaser (including, with respect to the discussion contained in "-- Status of the Company under ERISA," a prospective purchaser that is not an employee benefit plan, another tax-qualified retirement plan or an individual retirement account ("IRA")). This discussion does not purport to deal with all aspects of ERISA or Section 4975 of the Code or, to the extent not preempted, state law that may be relevant to particular employee benefit plan stockholders (including plans subject to Title I of ERISA, other employee benefit plans and IRAs subject to the prohibited transaction provisions of Section 4975 of the Code, and governmental plans and church plans that are exempt from ERISA and Section 4975 of the Code but that may be subject to state law requirements) in light of their particular circumstances.

A FIDUCIARY MAKING THE DECISION TO INVEST IN SHARES OF COMMON STOCK ON BEHALF OF A PROSPECTIVE PURCHASER WHICH IS AN ERISA PLAN, A TAX QUALIFIED RETIREMENT PLAN, AN IRA OR OTHER EMPLOYEE BENEFIT PLAN IS ADVISED TO CONSULT ITS OWN LEGAL ADVISOR REGARDING THE SPECIFIC CONSIDERATIONS ARISING UNDER ERISA, SECTION 4975 OF THE CODE, AND (TO THE EXTENT NOT PRE-EMPTED) STATE LAW WITH RESPECT TO THE PURCHASE, OWNERSHIP OR SALE OF SHARES OF COMMON STOCK BY SUCH PLAN OR IRA. Plans should also consider the entire discussion under the heading "Federal Income Tax Consequences," as material contained therein is relevant to any decision by an employee benefit plan, tax-qualified retirement plan or IRA to purchase the Common Stock.

EMPLOYEE BENEFIT PLANS, TAX-QUALIFIED RETIREMENT PLANS AND IRAS

Each fiduciary of an employee benefit plan subject to Title I of ERISA (an "ERISA Plan") should carefully consider whether an investment in shares of Common Stock is consistent with its fiduciary responsibilities under ERISA. In particular, the fiduciary requirements of Part 4 of Title I of ERISA require (i) an ERISA Plan's investments to be prudent and in the best interests of the ERISA Plan, its participants and beneficiaries, (ii) an ERISA Plan's investments to be diversified in order to reduce the risk of large losses, unless it is clearly prudent not to do so, (iii) an ERISA Plan's investments to be authorized under ERISA and the terms of the governing documents of the ERISA Plan and (iv) that the fiduciary not cause the ERISA

Plan to enter into transactions prohibited under Section 406 of ERISA. In determining whether an investment in shares of Common Stock is prudent for purposes of ERISA, the appropriate fiduciary of an ERISA Plan should consider all of the facts and circumstances, including whether the investment is reasonably designed, as a part of the ERISA Plan's portfolio for which the fiduciary has investment responsibility, to meet the objectives of the ERISA Plan, taking into consideration the risk of loss and opportunity for gain (or other return) from the investment, the diversification, cash flow and funding requirements of the ERISA Plan, and the liquidity and current return of the ERISA Plan's portfolio. A fiduciary should also take into account the nature of the Company's business, the length of the Company's operating history and other matters described under "Risk Factors."

The fiduciary of an IRA or of an employee benefit plan not subject to Title I of ERISA because it is a governmental or church plan or because it does not

cover common law employees (a "Non-ERISA Plan") should consider that such an IRA or Non-ERISA Plan may only make investments that are either authorized or not prohibited by the appropriate governing documents, not prohibited under Section 4975 of the Code and permitted under applicable state law.

STATUS OF THE COMPANY UNDER ERISA

A prohibited transaction may occur if the assets of the Company are deemed to be assets of the investing ERISA Plans and disqualified persons deal with such assets. In certain circumstances where an ERISA Plan holds an interest in an entity, the assets of the entity are deemed to be ERISA Plan assets (the "look-through rule"). Under such circumstances, any person that exercises authority or control with respect to the management or disposition of such assets is an ERISA Plan fiduciary. ERISA Plan assets are not defined in ERISA or the Code, but the United States Department of Labor has issued regulations, effective March 13, 1987 (the "Regulations"), that outline the circumstances under which an ERISA Plan's interest in an entity will be subject to the look-through rule.

The Regulations apply only to the purchase by an ERISA Plan of an "equity interest" in an entity, such as common stock of a REIT. However, the Regulations provide an exception to the look-through rule for equity interests that are "publicly-offered securities." The Regulations also provide exceptions to the look-through rule for equity interests in certain types of entities, including any entity which qualifies as either a "real estate operating company" (a "REOC") or a "venture capital operating company" (a "VCOC").

Under the Regulations, a "publicly-offered security" is a security that is (i) freely transferable, (ii) part of a class of securities that is widely-held and (iii) either (a) part of a class of securities that is registered under section 12(b) or 12(g) of the Exchange Act or (b) sold to an ERISA Plan as part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act and the class of securities of which such security is a part is registered under the Exchange Act within 120 days (or such longer period allowed by the SEC) after the end of the fiscal year of the issuer during which the offering of such securities to the public occurred. Whether a security is considered "freely transferable" depends on the facts and circumstances of each case. Under the Regulations, if the security is part of an offering in which the minimum investment is \$10,000 or less, then, (i) any restriction on or prohibition against any transfer or assignment of such security for the purposes of preventing a termination or reclassification of the entity for Federal or state tax purposes will not ordinarily prevent the security from being considered freely transferable and (ii) limitations or restrictions on the transfer or assignment of a security which are created or imposed by persons other than the issuer of the security or persons acting for or on behalf of the issuer will ordinarily not prevent the security from being considered freely transferable. A class of securities is considered "widely-held" if it is a class of securities that is owned by 100 or more investors independent of the issuer and of one another.

Under the Regulations, a REOC is defined as an entity (i) which on certain testing dates has at least 50% of its assets (other than short-term investments pending long-term commitment or distribution to investors), valued at cost, invested in real estate which is managed or developed and with respect to which the entity has the right to substantially participate directly in the management or development activities and (ii) which, in the ordinary course of its business, is engaged directly in real estate management or development activities. A VCOC is defined as an entity (i) which on certain testing dates has at least 50% of its assets (other than short-term investments pending long-term commitment or distribution to investors), valued at cost, invested in one

or more operating companies with respect to which the entity has management rights and (ii) which, in the ordinary course of its business, actually exercises its management rights with respect to one or more of the operating companies in which it invests.

The Common Stock of the Company is expected to meet the criteria of the publicly-offered securities exception to the look-through rule. First, the Common Stock should be considered to be freely transferable, as the minimum investment will be less than \$10,000 and the only restrictions upon its transfer are those required under Federal tax laws to maintain the Company's status as a REIT, resale restrictions under applicable Federal securities laws with respect to securities not purchased in the Offering and those owned by the Company's officers, directors and other affiliates, and voluntary restrictions agreed to by the Company's executive officers, directors and stockholders and Morgan Stanley & Co. Incorporated, on behalf of the Underwriters in connection with the Offering. Second, the Common Stock is expected to be held by 100 or more investors and it is expected that at least 100 or more of these investors will be independent of the Company and of one another. Third, the Common Stock will be part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act and will be registered under the Exchange Act within 120 days after the end of the fiscal year of the Company

during which the offering of such securities to the public occurs. In addition, the Company intends to obtain management rights with respect to the Operating Partnership and to conduct its affairs in such a manner that it will qualify as either a REOC or VCOC under the Regulations. Accordingly, the Company believes that if an ERISA Plan purchases the Common Stock, the Company's assets should not be deemed to be ERISA Plan assets and, therefore, that any person who exercises authority or control with respect to the Company's assets should not be an ERISA Plan fiduciary.

UNDERWRITING

Under the terms and subject to the conditions in the Underwriting Agreement dated the date hereof (the "Underwriting Agreement"), the U.S. Underwriters named below for whom Morgan Stanley & Co. Incorporated, BT Alex. Brown Incorporated, Lehman Brothers Inc., Montgomery Securities and Smith Barney Inc. are acting as U.S. Representatives, and the International Underwriters named below for whom Morgan Stanley & Co. International Limited, BT Alex. Brown International, division of Bankers Trust International PLC, Lehman Brothers International (Europe), Montgomery Securities and Smith Barney Inc. are acting as International Representatives, have severally agreed to purchase, and the Company has agreed to sell to them, severally, the respective number of shares of Common Stock set forth opposite the names of such Underwriters below:

<TABLE>
<CAPTION>

NAME	NUMBER OF SHARES
<hr/>	
<S>	<C>
U.S. Underwriters:	
Morgan Stanley & Co. Incorporated.....	
BT Alex. Brown Incorporated.....	
Lehman Brothers Inc.....	
Montgomery Securities.....	
Smith Barney Inc.	

Subtotal.....	-----
International Underwriters:	
Morgan Stanley & Co. International Limited.....	
BT Alex. Brown International, division of Bankers Trust International PLC.....	
Lehman Brothers International (Europe).....	
Montgomery Securities.....	
Smith Barney Inc.	

Subtotal.....	-----

Total.....	-----

</TABLE>

The U.S. Underwriters and the International Underwriters, and the U.S. Representatives and the International Representatives, are collectively referred to as the "Underwriters" and the "Representatives," respectively. The Underwriting Agreement provides that the obligations of the several Underwriters to pay for and accept delivery of the shares of Common Stock offered hereby are subject to the approval of certain legal matters by their counsel and to certain other conditions. The Underwriters are obligated to take and pay for all of the shares of Common Stock offered hereby (other than those covered by the U.S. Underwriters' over-allotment option described below) if any such shares are taken.

Pursuant to the Agreement between U.S. and International Underwriters, each U.S. Underwriter has represented and agreed that, with certain exceptions: (i) it is not purchasing any Shares (as defined herein) for the account of anyone other than a United States or Canadian Person (as defined herein) and (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any Shares or distribute any prospectus relating to the Shares outside the United States or Canada or to anyone other than a United States or Canadian Person. Pursuant to the Agreement between U.S. and International Underwriters, each International Underwriter has represented and agreed that, with certain exceptions: (i) it is not purchasing any Shares for the account of any United States or Canadian Person and (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any Shares or distribute any prospectus relating to the Shares in the United States or Canada or to any United States or Canadian Person. With respect to any Underwriter that is a U.S. Underwriter and an International Underwriter, the foregoing representations and agreements (i) made by it in its capacity as a U.S. Underwriter apply only to it in its capacity as a U.S. Underwriter and (ii) made by it in its capacity as an International Underwriter apply only to it in its capacity as an International Underwriter. The foregoing limitations do not apply to stabilization transactions or to certain other transactions specified in the Agreement between

U.S. and International Underwriters. As used herein, "United States or Canadian Person" means any national or resident of the United States or Canada, or any corporation, pension, profit-

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sharing or other trust or other entity organized under the laws of the United States or Canada or of any political subdivision thereof (other than a branch located outside the United States and Canada of any United States or Canadian Person), and includes any United States or Canadian branch of a person who is otherwise not a United States or Canadian Person. All shares of Common Stock to be purchased by the Underwriters under the Underwriting Agreement are referred to herein as the "Shares."

Pursuant to the Agreement between U.S. and International Underwriters, sales may be made between the U.S. Underwriters and International Underwriters of any number of Shares as may be mutually agreed. The per share price of any Shares sold shall be the public offering price set forth on the cover page hereof, in United States dollars, less an amount not greater than the per share amount of the concession to dealers set forth below.

Pursuant to the Agreement between U.S. and International Underwriters, each U.S. Underwriter has represented that it has not offered or sold, and has agreed not to offer or sell, any Shares, directly or indirectly, in any province or territory of Canada or to, or for the benefit of, any resident of any province or territory of Canada in contravention of the securities laws thereof and has represented that any offer or sale of Shares in Canada will be made only pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer or sale is made. Each U.S. Underwriter has further agreed to send to any dealer who purchases from it any of the Shares a notice stating in substance that, by purchasing such Shares, such dealer represents and agrees that it has not offered or sold, and will not offer or sell, directly or indirectly, any of such Shares in any province or territory of Canada or to, or for the benefit of, any resident of any province or territory of Canada in contravention of the securities laws thereof and that any offer or sale of Shares in Canada will be made only pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer is made, and that such dealer will deliver to any other dealer to whom it sells any of such Shares a notice containing substantially the same statement as is contained in this sentence.

Pursuant to the Agreement between U.S. and International Underwriters, each International Underwriter has represented and agreed that (i) it has not offered or sold and, prior to the date six months after the closing date for the sale of Shares to the International Underwriters, will not offer or sell, any Shares to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the offering of the Shares to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

Pursuant to the Agreement between U.S. and International Underwriters, each International Underwriter has further represented that it has not offered or sold, and has agreed not to offer or sell, directly or indirectly, in Japan or to or for the account of any resident thereof, any of the Shares acquired in connection with the distribution contemplated hereby, except for offers or sales to Japanese International Underwriters or dealers and except pursuant to any exemption from the registration requirements of the SEC and otherwise in compliance with applicable provisions of Japanese law. Each International Underwriter has further agreed to send to any dealer who purchases from it any of the Shares a notice stating in substance that, by purchasing such Shares, such dealer represents and agrees that it has not offered or sold, and will not offer or sell, any of such Shares, directly or indirectly, in Japan or to or for the account of any resident thereof except for offers or sales to Japanese International Underwriters or dealers and except pursuant to any exemption from the registration requirements of the SEC and otherwise in compliance with applicable provisions of Japanese law, and that such dealer will send to any other dealer to whom it sells any of such Shares a notice containing substantially the same statement as is contained in this sentence.

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The Underwriters initially propose to offer part of the shares of Common Stock directly to the public at the public offering price set forth on the cover page hereof and part to certain dealers at a price that represents a concession not in excess of \$. a share under the public offering price. The

Underwriters may allow, and such dealers may reallocate, a concession not in excess of \$. a share to other Underwriters or other Underwriters or to certain dealers. After the initial offering of the shares of Common Stock, the offering price and other selling terms may from time to time be varied by the Representatives.

Pursuant to the Underwriting Agreement, the Company has granted to the U.S. Underwriters an option, exercisable for 30 days from the date of this Prospectus, to purchase up to an aggregate of additional shares of Common Stock at the public offering price set forth on the cover page hereof, less underwriting discounts and commissions. The U.S. Underwriters may exercise such option to purchase solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of Common Stock offered hereby. To the extent such option is exercised, each U.S. Underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares of Common stock as the number set forth next to such U.S. Underwriter's name in the preceding table bears to the total number of shares of Common Stock set forth next to the names of all U.S. Underwriters in the preceding table.

At the request of the Company, the Underwriters have reserved for sale, at the initial public offering price, up to shares offered hereby for directors, officers and employees of the Company. The number of shares of Common Stock available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares which are not so purchased will be offered by the Underwriters to the general public on the same basis as the other shares offered hereby.

The shares of Common Stock have been approved for listing, subject to official notice of issuance, on the NYSE under the symbol "AMB."

Each of the Executive Officers of the Company has agreed that, during the period ending two years after the date of this Prospectus, and the Company and the Independent Directors have agreed that, during the period ending one year after the date of this Prospectus, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the Underwriters, they will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock (provided that such shares or securities are either now owned by such party or are hereafter acquired prior to or in connection with the offering of the Common Stock offered hereby) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, other than (x) the Shares, (y) the issuance by the Company of shares of Common Stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this Prospectus of which the Underwriters have been advised in writing and (z) the issuance of shares of Common Stock by the Company upon conversion or redemption of Units.

The Underwriters have informed the Company that they do not intend sales to discretionary accounts to exceed five percent of the total number of shares of Common Stock offered by them.

In order to facilitate the offering of the shares of Common Stock, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the shares of Common Stock. Specifically, the Underwriters may over-allot in connection with the Offering, creating a short position in the shares of Common Stock for their own account. In addition, to cover over-allotments or to stabilize the price of the shares of Common Stock, the Underwriters may bid for, and purchase, shares of Common Stock in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an Underwriter or a dealer for distributing the shares of Common Stock in the Offering, if the syndicate repurchases previously distributed shares of Common Stock in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the shares of Common Stock above independent market levels. The Underwriters are not required to engage in these activities, and may end any of these activities at any time.

The Company and the Underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

Prior to the Offering, there has been no public market for the Common Stock. The initial public offering price will be determined by negotiations between the Company and the U.S. Underwriters. Among the factors considered in determining the initial public offering price will be the future prospects of the Company and its industry in general, sales, earnings and certain other financial and operating information of the Company in recent periods, and the price-earnings ratio, price-sales ratio, market prices of securities and certain

financial and operating information of companies engaged in activities similar to those of the Company.

Morgan Stanley Asset Management Inc. ("MSAM"), an affiliate of Morgan Stanley & Co. Incorporated, purchased on behalf of an affiliate and four other clients for which MSAM serves as an investment advisor an aggregate of _____ shares of Common Stock in the Formation Transactions at \$ _____ per share.

The Company has agreed to pay Morgan Stanley & Co. Incorporated an advisory fee equal to 0.65% of the gross proceeds received from the sale of Common Stock of the Offering for advisory services rendered in connection with the evaluation, analysis and structuring of the Formation Transactions and the Offering.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Company by Latham & Watkins, Los Angeles, California. Certain legal matters will be passed upon for the Underwriters by Gibson, Dunn & Crutcher LLP, Los Angeles, California. Certain legal matters relating to Maryland law, including the validity of the issuance of the shares of Common Stock offered hereby, will be passed upon for the Company by Ballard Spahr Andrews & Ingersoll, Baltimore, Maryland. Morrison & Foerster LLP, San Francisco, California will give certain legal opinions in connection with the Formation Transactions on behalf of CIF and VAF, each of which are AMB Predecessors. In addition, the description of Federal income tax consequences contained in this Prospectus under the caption "Federal Income Tax Consequences" is, to the extent that it constitutes matters of law, summaries of legal matters or legal conclusions, the opinion of Latham & Watkins, special tax counsel to the Company as to the material Federal income tax consequences of the Offering.

EXPERTS

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

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ADDITIONAL INFORMATION

The Company has filed with the Commission a Registration Statement on Form S-11 (of which this Prospectus is a part) under the Securities Act with respect to the securities offered hereby. This Prospectus does not contain all information set forth in the Registration Statement, certain portions of which have been omitted as permitted by the rules and regulations of the Commission. Statements contained in this Prospectus as to the content of any contract or other document are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement is qualified in all respects by such reference and the exhibits and schedules hereto. For further information regarding the Company and the shares of Common Stock offered hereby, reference is hereby made to the Registration Statement and such exhibits and schedules, which may be obtained from the Commission at its principal office at 450 Fifth Street, N.W., Washington, D.C. 20549, upon payment of the fees prescribed by the Commission. The Commission maintains a website at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants, including the Company, that file electronically with the Commission. In addition, the Company intends to file an application to list the shares of Common Stock on the NYSE and, if the shares of Common Stock are listed on the NYSE, similar information concerning the Company can be inspected and copied at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The Company intends to furnish its stockholders with annual reports containing audited financial statements and a report thereon by independent certified public accountants.

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GLOSSARY

"ACBM" means asbestos-containing building materials.

"ADA" means the Americans with Disabilities Act of 1990.

"affiliate" has the meaning given to it in the Securities Act.

"AMB" means AMB Institutional Realty Advisors, Inc., a California corporation.

"AMB Contributed Properties" means a collective reference to 92 properties

located throughout the U.S., which are owned by certain real estate investment funds, trusts and partnerships and which are managed by AMB under separate investment management agreements.

"AMB Intercompany Party" means a party to the Intercompany Agreement.

"AMB Predecessors" means collectively, AMB and certain real estate investment funds, trusts, corporations and partnerships that prior to the Offering owned the Properties, as identified in "Note 1. Organization and Basis of Presentation" to the historical financial statements of the AMB Contributed Properties, including CIF, VAF, WPF and the Individual Account Investors.

"AMB Property Corporation" means AMB Property Corporation, a Maryland corporation with its principal office at 505 Montgomery Street, San Francisco, California 94111.

"AMBCREA" means AMB Corporate Real Estate Advisors, Inc., a California corporation.

"AMBI" means AMB Investments, Inc., a California corporation.

"Anchor Tenants" means retail tenants occupying more than 10,000 square feet of rentable square feet and all grocery stores and drugstores.

"Annualized Base Rent" means the monthly contractual rent under existing leases at June 30, 1997, multiplied by 12. This amount excludes expense reimbursements and rental abatements for industrial and retail properties as well as percentage rents for retail properties.

"Articles of Incorporation" means the Articles of Incorporation of the Company.

"Beneficiary" means a qualified charitable organization selected by the Company which is the beneficiary of a trust to which will be transferred any shares of Common Stock in excess of the Ownership Limit or any other limit.

"Book-Tax Difference" means the difference between the fair market value of contributed property at the time of contribution and the adjusted tax basis of such property at such time.

"Built-in Gain Asset" means an asset acquired by the Company from a corporation which is or has been a C Corporation.

"Bylaws" means the bylaws of the Company.

"catch-up adjustment" means an adjustment found in certain advisory agreements, which is the equivalent of an incentive fee adjustment, as used in the Amended and Restated Agreement of Limited Partnership of WPF, dated as of December 15, 1990.

"CIF" means AMB Current Income Fund, Inc., a Maryland corporation.

"CIF Facility" means the unsecured \$200 million line of credit by and between CIF and Morgan Guaranty Trust Company of New York entered into on August 8, 1997.

"Code" means the Internal Revenue Code of 1986.

"Common Stock" means shares of common stock of the Company.

"Company" means AMB Property Corporation and its subsidiaries, including AMB Property, L.P. and AMB Institutional Realty Advisors, Inc., and with respect to the period prior to the Offering, the AMB Predecessors.

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"Continuing Investors" means persons and entities which beneficially own interests in the AMB Predecessors or in the Properties and will receive shares of Common Stock, or Units, in connection with the Formation Transactions.

"Core Portfolio" means Properties held by the Company during the entire period for the years being compared as set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

"Credit Facility" means the unsecured \$300 million line of credit with a consortium of national and international banks which the Company expects to enter into through the Operating Partnership.

"Debt-to-Total Market Capitalization Ratio" means a ratio calculated based on the total consolidated and unconsolidated debt of the Company as a percentage of the market value of outstanding shares of Common Stock and Units (not owned by the Company) plus total consolidated and unconsolidated debt, but excluding (i) all nonrecourse consolidated debt in excess of the Company's proportionate share of such debt and (ii) all nonrecourse unconsolidated debt of partnerships in which the Company is a limited partner.

"debt financed property" means debt financed property as defined in Section 514(b) of the Code.

"Eastern region" means the Eastern region of the United States as defined by the National Council of Real Estate Investment Fiduciaries, which contains the Properties located in Albany, Baltimore, Hartford, Northern New Jersey, Philadelphia, Washington, D.C. and Wilmington.

"Effective Date" means January 1, 1997.

"Eligible Entity" means a domestic business entity not otherwise classified as a corporation and which has at least two members.

"Environmental Laws" means the Federal, state and local laws and regulations relating to the protection of the environment.

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

"ERISA Plan" means a pension or welfare benefit plan subject to ERISA or Section 4975 of the Code.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Executive Officers" means the executive officers of the Company.

"expense reimbursements" means each tenant's proportionate share of taxes, insurance and operating expenses to be reimbursed to the Company.

"FASB" means the Financial Accounting Standards Board.

"Final Regulations" means certain recently finalized and published Treasury Regulations which provide that an Eligible Entity may elect to be taxed as a partnership for Federal income tax purposes.

"FIRPTA" means the Foreign Investment in Real Property Tax Act of 1980.

"Formation Transactions" means certain transactions which the Company, the Operating Partnership and the Investment Management Subsidiary will engage in to enable the Company to continue and grow the real estate operations of the AMB Predecessors, to facilitate the Offering, to enable the Company to qualify as a REIT for Federal income tax purposes commencing with its taxable year ending December 31, 1997 and to preserve certain tax advantages for the existing owners of the Properties.

"forward-looking statements" means statements relating to, without limitation, future economic performance, plans and objectives of management for future operations and projections of revenue and other financial items, which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "estimate" or "continue" or the negative thereof or other variations thereon or comparable terminology.

"Funds from Operations" or "FFO" means income (loss) from operations before disposal of real estate properties, minority interests and extraordinary items plus depreciation, amortization, excluding depreciation

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of furniture, fixtures and equipment less cash distributable to minority interests in certain Properties owned by the AMB Predecessors.

"GAAP" means generally accepted accounting principles.

"GP Units" means units of the Operating Partnership representing the general partnership interest therein, with generally identical rights to distributions as the Units.

"greater than 10% stockholder" means an individual owning (within the meaning of Section 424(d) of the Code) more than ten percent of the total combined voting power of all classes of stock of the Company, any subsidiary or any parent corporation.

"Incentive Stock Option" means the options which the Company expects to issue, upon consummation of the Offering, to certain officers and employees of the Company to purchase a specified number of shares of Common Stock at an exercise price equal to the price to the public in the Offering.

"Indemnity Consideration" means the shares of Common Stock or Units issued, or cash paid pursuant to any indemnification obligation.

"Indemnity Escrow" means an escrow available to provide for an indemnification commitment into which the Indemnity Consideration will be deposited.

"Independent Director" means a director who is not an employee, officer or affiliate of the Company or a subsidiary or division thereof, or a relative of a principal executive officer, or who is not an individual member of an organization acting as advisor, consultant or legal counsel, receiving compensation on a continuing basis from the Company in addition to director's fees.

"Individual Account Investors" means certain individual account investors, each of which has assets under management with AMB pursuant to an investment advisory agreement.

"Industrial Properties" means the industrial properties comprised principally of warehouse distribution facilities which are owned by the Company.

"in-fill" means those which are typified by significant population densities and low availability of land which could be developed into competitive retail properties. Such properties allow for a more precise analysis of their trade areas and competition than properties located in areas which are undergoing substantial real estate development.

"Intercompany Agreement" means that certain agreement dated January 1, 1993, as amended, entered into by and among AMBI, AMB, AMBCREA, AMB Properties, AMB Development, Inc., AMB Institutional Housing Partners and other related or commonly controlled business entities as may become parties thereto from time to time.

"International Prospectus" means the prospectus to be used in connection with an international offering of the shares of Common Stock.

"International Underwriters" means the underwriters named herein for whom Morgan Stanley & Co. International Limited, BT Alex. Brown International, division of Bankers Trust International PLC, Lehman Brothers International (Europe), Montgomery Securities and Smith Barney Inc. are acting as International Representatives.

"Investment Management Subsidiary" means AMB Institutional Realty Advisors, Inc., a Maryland corporation, of which the Company will own 100% of the non-voting preferred stock (representing 95% of its economic value) and the Executive Officers will own 100% of the outstanding voting common stock (representing 5% of its economic value) and which will provide the real estate advisory services to the Company and to certain of AMB's current clients which do not participate in the Consolidation.

"Investors" means the CIF Stockholders, VAF Stockholders, WPF Investors and the Individual Account Investors.

"IRA" means an individual retirement account.

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"IRS" means the United States Internal Revenue Service.

"Joint Ventures" means the joint ventures, limited liability companies and partnerships between affiliates of CIF, VAF and certain Individual Account Investors on the one hand, and certain third parties, on the other.

"look-through rule" means under certain circumstances, where an investing plan holds an interest in an entity and the assets of the entity are deemed to be Plan assets.

"Measurement Date" means each of the 15th, 18th, 21st and 24th month anniversaries of the consummation of the Offering.

"Merger Sub" means a newly-formed wholly-owned subsidiary of each of CIF and VAF.

"Mergers" means the mergers of CIF and VAF into the Merger Subs, the mergers of the survivors of such mergers into the Company, and the Reincorporation Merger.

"MGCL" means Maryland General Corporation Law.

"MGT" means Morgan Guaranty Trust Company of New York.

"Midwestern region," means the Midwestern region of the United States as defined by the National Council of Real Estate Investment Fiduciaries, which contains the Properties located in Chicago, Cleveland and Minneapolis.

"Morgan Stanley" means Morgan Stanley & Co. Incorporated

"Mortgages" means secured indebtedness as set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

"MSAM" means Morgan Stanley Asset Management Inc., an affiliate of Morgan Stanley & Co. Incorporated.

"Named Executive Officers" means the Company's Chief Executive Officer and the four other most highly compensated executive officers.

"NAIOP" means the National Association of Industrial and Office Parks.

"NAREIM" means the National Association of Real Estate Investment Managers.

"NAREIT" means the National Association of Real Estate Investment Trusts.

"NCREIF" means the National Council of Real Estate Investment Fiduciaries.

"Non-Anchor Tenant" refers to all tenants which are not Anchor Tenants.

"Non-ERISA Plan" means the fiduciary of an IRA or of an employee benefit plan not subject to Title I of ERISA because it is a governmental or church plan or because it does not cover common law employees.

"Non-U.S. Stockholders" means persons that are, for purposes of United States Federal income taxation, nonresident alien individuals, foreign corporations, foreign partnerships or foreign estates or trusts.

"NPI" means the NCREIF National Property Index.

"NYSE" means the New York Stock Exchange.

"Offering" means the initial public offering of the Company's common stock made hereby.

"Operating Partnership" means AMB Property, L.P., a Delaware limited partnership of which the Company is the general partner.

"Ownership Limit" means the Company generally will prohibit ownership, directly or by virtue of the constructive ownership provisions of the Code, by any single stockholder of more than 9.8% of the issued and outstanding shares of Common Stock (subject to certain exceptions) and generally will prohibit ownership, directly or by virtue of the constructive ownership provisions of the Code, by any single stockholder of more than 9.8% of the issued and outstanding shares of any class or series of the Company's Preferred Stock.

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"Partnership Act" means the Delaware Uniform Limited Partnership Act.

"Partnership Agreement" means the partnership agreement of the Operating Partnership.

"Pending Acquisitions" means those properties acquired, or in the process of being acquired by the Company, after June 30, 1997.

"percentage rents" means the rents calculated as a percentage of a tenant's gross sales above predetermined thresholds.

"Performance Investors" means those Investors which own assets (either directly or through CIF, VAF or WPF) which are subject to advisory agreements with AMB and include an incentive fee provision or, in the case of WPF, a "catch up adjustment."

"Performance Shares" means the specified portion of the Shares issuable in the Formation Transactions to Performance Investors.

"Performance Units" means units of the Operating Partnership issuable to certain officers and employees of the Operating Partnership.

"Plan" means an ERISA Plan, a tax-qualified retirement plan or other employee benefit plan.

"Preference Units" means the preferred units and other partnership interests of different classes and series of the Operating Partnership having such rights, preferences and other privileges, variations and designations as may be determined by the Company.

"Preferred Stock" means preferred shares of beneficial interest, \$0.01 par value per share, which the Articles of Incorporation of the Company authorize the Board of Directors to cause the Company to issue, in series, and to establish the preferences, rights and other terms of any series so issued.

"Private REIT(s)" means CIF and VAF individually or collectively, including the Merger Sub of each.

"Private REIT Mergers" means the mergers of the Private REITs with and into the Company.

"Prohibited Owner" means the person or entity holding shares in excess of the Ownership Limit or such other limit.

"Prohibited Transferee" means the purported transferee of a transfer of Shares of the Company or any other event that would result in any person violating the Ownership Limit or such other limit provided in the Company's Articles of Incorporation or as otherwise permitted by the Board of Directors of the Company.

"Properties" means the Industrial Properties and the Retail Properties.

"property operating expenses" means real estate taxes and insurance, repairs and maintenance and property operating expenses.

"Proposed Regulations" means certain proposed regulations concerning the tax treatment of the Private REIT Mergers.

"Prospectuses" means the International Prospectus and the U.S. Prospectus.

"R&D" means research and development.

"Recognition Period" means a 10-year period during which the Company recognizes gain on the disposition of a Built-in Gain Asset.

"Registrable Shares" means the Shares issuable upon exchange of Units or otherwise, the holder of which has certain registration rights with respect to those Shares.

"Registration Rights" means certain registration rights with respect to the Shares issuable upon exchange of Units or otherwise granted to Investors receiving Units in connection with the Formation Transactions.

"Regulations" means regulations issued by the United States Department of Labor, effective as of March 13, 1987.

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"Reincorporation Merger" means the merger by which AMB would merge into AMB Property Corporation for the purpose of reincorporating from California into Maryland.

"REIT" means a real estate investment trust under the Code.

"Related Party Tenant" means a tenant in which a REIT, or an owner of 10% or more of the REIT actually or constructively owns 10% or more of such tenant.

"Renovation and Expansion Projects" means those properties owned by the Company under development for completion after June 30, 1997.

"REOC" means an entity (i) which on certain testing dates has at least 50% of its assets (other than short-term investments pending long-term commitment or distribution to investors), valued at cost, invested in real estate which is managed or developed and with respect to which the entity has the right to substantially participate directly in the management or development activities and (ii) which, in the ordinary course of its business, is engaged directly in real estate management or development activities.

"Representatives" means the collective reference to the U.S. Representatives and the International Representatives.

"restricted securities" has the meaning given to it in Rule 144 under the Securities Act.

"Restricted Shares" means the "restricted securities" under the meaning of Rule 144 of the Securities Act consisting of the Shares held or to be held by Investors and the Shares reserved for issuance upon redemption of Units by Investors who elect to receive Units in exchange for their respective real property interests.

"Retail Properties" means the retail properties comprised principally of community shopping centers which are owned by the Company.

"Rule 144" means the rule adopted by the SEC that permits holders of restricted securities as well as affiliates of an issuer of the securities, pursuant to certain conditions and subject to certain restrictions, to sell their securities publicly without registration under the Securities Act.

"San Francisco Bay Area" means the area comprised of the nine counties in immediate proximity to the San Francisco Bay.

"SEC" or "Commission" means the Securities and Exchange Commission.

"Section 401(k) Plan" means the Company's Section 401(k) savings/retirement plan.

"Secured Facility" means a 12-year non-recourse secured financing facility entered into by CIF on December 12, 1996, which will become an obligation of the

Company upon consummation of the Formation Transactions.

"Securities Act" means the Securities Act of 1933, as amended.

"SFAS" means statements of financial accounting standards issued by the Financial Accounting Standards Board from time to time.

"Short C Year" means a period in which AMB will be taxable as a C Corporation beginning on the effective date of revocation of AMB's S Corporation status and ending on the following December 31.

"Short S Year" means the period prior to which AMB is expected to terminate its status as an S Corporation beginning on January 1 of such year and ending on the day before the revocation is effective.

"Southern region" means the Southern region of the United States as defined by the National Council of Real Estate Investment Fiduciaries, which contains the Properties located in Atlanta, Austin, Dallas/ Ft. Worth, Houston, Miami and Orlando.

"stabilization" or "stabilized" means with respect to property, that capital improvements for repositioning, development and redevelopment programs have been completed and in effect for a sufficient period of time (but in no case more than 12 months after shell completion) to achieve market occupancy.

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"Stock Incentive Plan" means the Stock Option and Incentive Plan established by the Company.

"Stockholders" means the collective reference to Stockholders of each of CIF, VAF and AMB.

"Subsidiaries" means the subsidiaries of AMB Property Corporation and AMB Property, L.P.

"Surviving Partnership" means a limited partnership or limited liability company which is the surviving entity of a merger, consolidation or combination of assets with the Operating Partnership.

"Tax-Exempt Stockholder" means a Stockholder exempt from taxation under the Code.

"Termination Transaction" means, with respect to the Company, any merger, consolidation or other combination with or into another person, a sale of all or substantially all of its assets or any reclassification, recapitalization or change of its outstanding equity interests, unless in connection with such transaction, all holders of Units either will receive, or will have the right to elect to receive, for each Unit an amount of cash, securities or other property equal to the product of the number of Shares into which each Unit is then exchangeable and the greatest amount of cash, securities or other property paid to the holder of one Share in consideration of one Share pursuant to such transaction.

"Transferee" means an assignee, legatee, distributee or other transferee of all or any portion of a partner's interest in the Operating Partnership.

"Treasury Regulations" means the IRS regulations.

"UBTI" or "unrelated business taxable income" means unrelated business taxable income as defined in Section 512 of the Code.

"Underwriters" means the collective reference to the U.S. Underwriters and the International Underwriters.

"Underwriting Agreement" means that certain underwriting agreement dated the date hereof pursuant to which the U.S. Underwriters and the International Underwriters have severally agreed to purchase, and the Company has agreed to sell to them, severally, the respective number of shares of Common Stock set forth on the table under the caption "Underwriting" herein.

"United States or Canadian Person" means any national or resident of the United States or Canada, or any corporation, pension, profit-sharing or other trust or other entity organized under the laws of the United States or Canada or of any political subdivision thereof (other than a branch located outside the United States and Canada of any United States or Canadian Person), and includes any United States or Canadian branch of a person who is otherwise not a United States or Canadian Person.

"Unitholder" means a holder of Units or Performance Units.

"Units" means units of the Operating Partnership.

"UPREIT" means an umbrella partnership real estate investment trust which is a REIT that holds all or substantially all of its properties through a

partnership in which the REIT holds an interest.

"U.S. Prospectus" means the prospectus to be used in connection with a United States offering of the Company's shares of Common Stock.

"U.S. Stockholder" means a holder of shares of Common Stock who (for United States Federal income tax purposes) (i) is a citizen or resident of the United States, (ii) is a corporation, partnership, or other entity created or organized in or under the laws of the United States or of any political subdivision thereof or (iii) is an estate or trust, the income of which is subject to United States Federal income taxation regardless of its source.

"U.S. Underwriters" means those underwriters named herein for whom Morgan Stanley & Co. Incorporated, BT Alex. Brown Incorporated, Lehman Brothers Inc., Montgomery Securities and Smith Barney Inc. are acting as U.S. Representatives.

"VAF" means AMB Value Added Fund, Inc., a Maryland corporation.

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"VCOC" means an entity (i) which on certain testing dates has at least 50% of its assets (other than short-term investments pending long-term commitment or distribution to investors), valued at cost invested in one or more operating companies with respect to which the entity has management rights and (ii) which, in the ordinary course of its business, actually exercises its management rights with respect to one or more of the operating companies in which it invests.

"Western region" means the Western region of the United States as defined by the National Council of Real Estate Investment Fiduciaries, which contains the Properties located in Denver, Los Angeles, Orange County, Reno, Sacramento, San Diego, the San Francisco Bay Area, Santa Barbara and Seattle.

"White Paper" means the White Paper on Funds from Operations approved by the Board of Governors of the NAREIT in March 1995.

"WPF" means AMB Western Properties Fund-I, a California limited partnership.

"WPF Interests" means the partnership interests in WPF.

"WPF Investors" means the partners of WPF.

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</TABLE>

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AMB PROPERTY CORPORATION

PRO FORMA FINANCIAL INFORMATION (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

BACKGROUND

The accompanying unaudited pro forma condensed consolidated balance sheet as of June 30, 1997 has been prepared to reflect: (i) the Pending Acquisitions, (ii) the disposition or partial disposition of properties subsequent to June 30, 1997, (iii) the Formation Transactions, (iv) the Offering and the application of the net proceeds therefrom and (v) certain other adjustments as if such transactions and adjustments had occurred on June 30, 1997. The accompanying unaudited pro forma condensed consolidated statements of operations have been prepared to reflect: (i) the incremental effect of the acquisition of properties during the six months ended June 30, 1997 and during the year ended December 31, 1996, (ii) the Pending Acquisitions, (iii) the incremental effect of the disposition or partial disposition of properties during 1997 and in 1996, (iv) the Formation Transactions, (v) pro forma debt adjustments resulting from the repayment of indebtedness with the net proceeds of the Offering and (vi) certain other adjustments as if such transactions and adjustments had occurred on January 1, 1996.

These unaudited pro forma condensed consolidated statements should be read in connection with the historical combined financial statements and notes thereto of the AMB Contributed Properties and the financial statements and notes thereto of AMB included elsewhere in this Prospectus. In the opinion of management, the pro forma condensed consolidated financial information provides for all adjustments necessary to reflect the effects of the Formation Transactions, the Offering, property acquisitions and dispositions and certain other transactions.

The pro forma information is unaudited and is not necessarily indicative of the consolidated results that would have occurred if the transactions and adjustments reflected therein had been consummated in the period or on the date presented, or on any particular date in the future, nor does it purport to represent the financial position, results of operations or changes in cash flows for future periods.

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AMB PROPERTY CORPORATION

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 1997 (UNAUDITED)
(IN THOUSANDS)

<TABLE> <CAPTION>	AMB CONTRIBUTED PROPERTIES	AMB	PENDING ACQUISITIONS	PROPERTY DISPOSITIONS	OTHER ADJUSTMENTS	FORMATION TRANSACTIONS	PRE- OFFERING AS ADJUSTED
(7)	(1)	(2)	(3)	(4)	(5)	(6)	(8)
OFFERING							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>							
ASSETS							
Investments in real estate, net.....	\$1,688,083	\$ --	\$282,300	\$(10,682)	\$ 4,239	\$ 251,630	\$2,215,570
Cash and cash equivalents.....	31,419	917	(3,200)	12,070	(10,300)	(16,915)	13,991
Financing and leasing costs, net.....	15,214	--	--	--	--	(15,214)	--
500							
Other assets.....	24,437	6,220	--	--	--	(8,017)	22,640

(2,291)								

Total								
assets....	\$1,759,153	\$7,137	\$279,100	\$ 1,388	\$ (6,061)	\$ 211,484	\$2,252,201	
\$ (1,791)								
=====								
LIABILITIES								
Secured line of								
credit.....	\$48,613	\$ --	\$(48,613)	\$ --	\$ --	\$ --	\$ --	
\$ --								
Secured debt								
facility.....	73,000	--	--	--	--	1,167	74,167	
--								
Credit Facility....	45,900	--	134,100	--	--	--	180,000	
(169,667)								
Mortgage loans.....	429,047	--	4,700	--	19,539	12,488	465,774	
(4,533)								
Other liabilities...	33,529	3,464	--	--	--	(362)	36,631	
(2,291)								

Total								
liabilities...	630,089	3,464	90,187	--	19,539	13,293	756,572	
(176,491)								

MINORITY								
INTERESTS.....	9,598	--	7,930	--	--	49,523	67,051	
--								

SHAREHOLDERS' EQUITY								
Common shares.....	--	--	--	--	--	--	--	
--								
Additional paid-in								
capital.....	--	--	--	--	--	1,428,578	1,428,578	
174,700								
Owners'								
equity/retained								
earnings.....	1,119,466	3,673	180,983	1,388	(25,600)	(1,279,910)	--	
--								

Total								
equity....	1,119,466	3,673	180,983	1,388	(25,600)	148,668	1,428,578	
174,700								

\$1,759,153	\$7,137	\$279,100	\$ 1,388	\$ (6,061)	\$ 211,484	\$2,252,201		
\$ (1,791)								
=====								

<CAPTION>

AMB PROPERTY
CORPORATION PRO
FORMA

<S>	<C>
ASSETS	
Investments in real	
estate, net.....	\$ 2,215,570
Cash and cash	
equivalents.....	13,991
Financing and	
leasing costs,	
net.....	500
Other assets.....	20,349

Total	
assets....	\$ 2,250,410
	=====
LIABILITIES	
Secured line of	
credit.....	\$ --
Secured debt	
facility.....	74,167
Credit Facility....	10,333
Mortgage loans.....	461,241
Other liabilities...	34,340

Total	

liabilities...	580,081

MINORITY	
INTERESTS.....	67,051

SHAREHOLDERS' EQUITY	
Common shares.....	--
Additional paid-in capital.....	1,603,278
Owners' equity/retained earnings.....	--

Total equity....	1,603,278

	\$ 2,250,410
	=====

</TABLE>

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

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AMB PROPERTY CORPORATION

NOTES TO PRO FORMA
CONDENSED CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 1997 (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

1. Reflects the historical combined balance sheet of the AMB Contributed Properties as of June 30, 1997. See the historical combined financial statements and notes thereto of the AMB Contributed Properties included elsewhere in this Prospectus.

2. Reflects the historical balance sheet of AMB as of June 30, 1997. See the historical financial statements and notes thereto of AMB included elsewhere in this Prospectus.

3. Reflects the Pending Acquisitions for an estimated total purchase price of approximately \$282,300, including estimated acquisition costs. See "Business and Properties -- Property Additions and Projects in Progress." The Company expects to fund these acquisitions with borrowings on its Credit Facility, assumption of a mortgage loan, capital contributions by the owners of the AMB Contributed Properties and cash on hand. The assumed mortgage loan of approximately \$4,700 bears interest at 8.0% and matures in December 1997.

Of the Pending Acquisitions described above, one transaction represents the acquisition of a property, and the formation of several joint ventures that will own the property, in which the Company will own a 90% interest. The joint venture will be accounted for on a consolidated basis and, accordingly, a 10% minority interest has been reflected relative to this pending acquisition. Additionally, one transaction represents an investment in a limited partnership interest that represents a 52% limited partnership interest in an existing partnership which will be accounted for under the equity method of accounting.

Also reflects the repayment of the secured line of credit with capital contributed by the owners of the AMB Contributed Properties of approximately \$48,613.

The net increase in owners' equity/retained earnings of \$180,983 represents the portion of the completed and pending acquisitions and paydown of the secured line of credit funded through capital contributions by the owners of the AMB Contributed Properties.

4. Reflects the effects of the disposition or partial disposition of four properties subsequent to June 30, 1997. These dispositions result in a net gain on disposition of approximately \$1,388.

5. Reflects the effects of certain debt transactions occurring subsequent to June 30, 1997, which result in a total increase in mortgage loans of approximately \$19,539, consisting of (i) construction loan draws of approximately \$2,539, (ii) the securing of new mortgage debt of approximately \$10,000 which bears interest at 7.84% and matures in 2007 (the proceeds of which were distributed to the owners of the AMB Contributed Properties) and (iii) the refinancing of a construction loan payable of approximately \$16,000 relative to a completed development project with a permanent mortgage loan of approximately \$23,000 resulting in additional debt of approximately \$7,000. The new mortgage loan bears interest at 7.78% and matures in August 2002.

Also, reflects the effects of development costs of approximately \$4,239 incurred subsequent to June 30, 1997, at properties currently under development, approximately \$2,539 of which were funded with draws the construction loan set

forth above, with the balance of \$1,700 funded by cash on hand.

The change in cash consists of cash used to fund development costs of \$1,700 and distributions of \$8,600 paid to certain owners of the AMB Contributed Properties.

6. Reflects the effect of the Formation Transactions which, in accordance with GAAP, will be accounted for as a purchase business combination with AMB as the acquiring company.

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AMB PROPERTY CORPORATION

NOTES TO PRO FORMA
CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS OF JUNE 30, 1997 (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

The following table sets forth the Company's calculation of such fair value and the allocation of the consideration paid in establishing the pro forma balances:

<S>		<C>
Shares and units issued for interests in Properties, CIF, VAF and WPF.....		
Fair value of shares and units.....	\$	
Fair value of interests acquired.....	\$	1,495,629
Fair value of debt assumed, including debt premium of approximately \$13,655.....		719,941
Fair value of minority interests in consolidated joint ventures.....		21,097

Total consideration paid by AMB.....	\$	2,236,667
		=====

</TABLE>

The application of the purchase accounting results in (i) an increase in the investments in real estate of approximately \$251,630 (based upon a pro forma value of approximately \$2,215,570, including certain acquisition costs), (ii) the write-off of financing and leasing costs associated with the AMB Contributed Properties of approximately \$15,214, (iii) the write-off of deferred rent receivables of approximately \$7,655, (iv) the distribution of estimated net working capital balances of approximately \$16,915 to the owners of the AMB Contributed Properties, and (v) the recording of debt assumed by AMB at its estimated fair value, resulting in debt premiums of approximately \$1,167 and \$12,488 on the secured debt facility and the mortgage loans, respectively. The estimated fair value of the debt assumed is based upon estimated borrowing rates available to the Company for similar debt instruments.

The Consolidation adjustments also reflect the effects of (i) certain eliminating entries as a result of the consolidation of the historical results of the AMB Contributed Properties and AMB, (ii) the purchase of furniture, fixtures and equipment from an affiliate, AMBI, for approximately \$1,400 and (iii) the Company's pro forma equity investment in the Investment Management Subsidiary of approximately \$400. It is anticipated that the Company will purchase these assets from AMBI contingent upon and concurrent with the completion of the Offering.

Also reflects the elimination of historical owner's equity/retained earnings balances and the establishing of the new capital structure of the Company based on the purchase accounting as described above.

The net change in other liabilities consists of (i) the elimination of intercompany payables of \$1,762 and (ii) a payable of \$1,400 incurred in connection with the Company's purchase of furniture, fixtures and equipment from AMBI.

The change in minority interests consists of (i) an increase to minority interests in consolidated joint ventures of \$3,569 resulting from recording the minority interests' share of the fair value of the properties and (ii) the Company's 2.63% interest in the Operating Partnership (based upon limited partner units) valued at \$45,954.

7. Reflects (i) the repayment of indebtedness of approximately \$174,200 and (ii) the acquisition of interests in certain properties from an Individual Account Investor for a purchase price of approximately \$41,670 with the net proceeds of the Offering of approximately \$215,870. Also reflects financing costs of approximately \$500 incurred in connection with the modification of the Credit Facility. The modification of the Credit Facility results in an increase in the total amount available from \$200,000 from \$300,000.

Also, reflects an adjustment to eliminate approximately \$2,291 of accrued Offering costs, which have been included in the historical financial statements

of AMB as deferred Offering costs and accrued liabilities.

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AMB PROPERTY CORPORATION

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 1997 (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	AMB CONTRIBUTED PROPERTIES	AMB	COMPLETED AND PENDING ACQUISITIONS	PROPERTY DISPOSITIONS	OTHER ADJUSTMENTS	FORMATION TRANSACTIONS
	(1)	(2)	(3)	(4)	(5)	(6)
PRE-OFFERING						
AS ADJUSTED						
-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>						
REVENUES						
Rental revenue.....	\$ 114,693	\$ --	\$ 13,354	\$ (902)	\$ --	\$ 244
127,389						
Net advisory income.....	--	11,008	--	--	(3,707)	(6,657)
644						
Interest and other income.....	715	75	3,060	--	--	--
3,850						
-----	-----	-----	-----	-----	-----	-----
Total revenues.....	115,408	11,083	16,414	(902)	(3,707)	(6,413)
131,883						
-----	-----	-----	-----	-----	-----	-----
OPERATING EXPENSES						
Property operating expenses....	21,651	--	1,884	(171)	--	(3,841)
19,523						
Real estate taxes.....	16,133	--	1,334	(151)	--	--
17,316						
Interest expense.....	22,751	--	--	(64)	2,338	--
25,025						
Depreciation and amortization.....	18,131	262	--	(100)	(33)	2,578
20,838						
General, administrative and other.....	415	8,057	--	--	(3,189)	(2,212)
3,071						
-----	-----	-----	-----	-----	-----	-----
Total operating expenses.....	79,081	8,319	3,218	(486)	(884)	(3,475)
85,773						
-----	-----	-----	-----	-----	-----	-----
Income from operations before disposal of real estate and minority interests.....	36,327	2,764	13,196	(416)	(2,823)	(2,938)
46,110						
-----	-----	-----	-----	-----	-----	-----
Gain on disposal of real estate.....	186	--	--	(186)	--	--
--						
-----	-----	-----	-----	-----	-----	-----
Income from operations before minority interests.....	36,513	2,764	13,196	(602)	(2,823)	(2,938)
46,110						
-----	-----	-----	-----	-----	-----	-----
Minority interests.....	(467)	--	(150)	--	--	(1,405)
(2,022)						
-----	-----	-----	-----	-----	-----	-----
Net income.....	\$ 36,046	\$2,764	\$ 13,046	\$ (602)	\$ (2,823)	\$ (4,343)
\$ 44,088						
=====	=====	=====	=====	=====	=====	=====
Net income per common share....						
Weighted average common shares outstanding.....						

<CAPTION>

	PRO FORMA DEBT AND OTHER ADJUSTMENTS (7)	AMB PROPERTY CORPORATION PRO FORMA
<S>	<C>	<C>
REVENUES		
Rental revenue.....	\$ --	\$ 127,389
Net advisory income.....	--	644
Interest and other income.....	--	3,850
	-----	-----
Total revenues.....	--	131,883
	-----	-----
OPERATING EXPENSES		
Property operating expenses....	--	19,523
Real estate taxes.....	--	17,316
Interest expense.....	(5,958)	19,067
Depreciation and amortization.....	--	20,838
General, administrative and other.....	--	3,071
	-----	-----
Total operating expenses.....	(5,958)	79,815
	-----	-----
Income from operations before disposal of real estate and minority interests.....	5,958	52,068
	-----	-----
Gain on disposal of real estate.....	--	--
	-----	-----
Income from operations before minority interests.....	5,958	52,068
	-----	-----
Minority interests.....	35	(1,987)
	-----	-----
Net income.....	\$ 5,993	\$ 50,081 (8)
	=====	=====
Net income per common share....		\$ (9)
		=====
Weighted average common shares outstanding.....		=====

</TABLE>

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

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AMB PROPERTY CORPORATION

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1996 (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	AMB CONTRIBUTED PROPERTIES	AMB	COMPLETED AND PENDING ACQUISITIONS	PROPERTY DISPOSITIONS	OTHER ADJUSTMENTS	FORMATION TRANSACTIONS
<S>	(1)	(2)	(3)	(4)	(5)	(6)
<C>	<C>	<C>	<C>	<C>	<C>	<C>
PRE-OFFERING						
AS ADJUSTED						
	-----	-----	-----	-----	-----	-----
REVENUES						
Rental revenue.....	\$ 174,695	\$ --	\$ 65,091	\$ (2,942)	\$ --	\$ 3,258
\$240,102						
Net advisory income.....	--	23,430	--	--	(7,574)	(14,357)
1,499						
Interest and other income.....	1,538	416	6,322	--	--	--
8,276						
	-----	-----	-----	-----	-----	-----
Total revenues.....	176,233	23,846	71,413	(2,942)	(7,574)	(11,099)
249,877						
	-----	-----	-----	-----	-----	-----
OPERATING EXPENSES						

Property operating expenses.... 37,626	33,916	--	8,921	(704)	--	(4,507)
Real estate taxes..... 32,202	23,676	--	8,977	(451)	--	--
Interest expense..... 50,050	27,076	--	--	(128)	23,102	--
Depreciation and amortization..... 41,676	29,191	--	--	(414)	(66)	12,965
General, administrative and other..... 6,142	838	16,843	--	--	(6,377)	(5,162)
-----	-----	-----	-----	-----	-----	-----
Total operating expenses..... 167,696	114,697	16,843	17,898	(1,697)	16,659	3,296
-----	-----	-----	-----	-----	-----	-----
Income from operations before disposal of real estate and minority interests..... 82,181	61,536	7,003	53,515	(1,245)	(24,233)	(14,395)
-----	-----	-----	-----	-----	-----	-----
Loss on disposal of real estate..... --	(1,471)	--	--	1,471	--	--
-----	-----	-----	-----	-----	-----	-----
Income from operations before minority interests..... 82,181	60,065	7,003	53,515	226	(24,233)	(14,395)
-----	-----	-----	-----	-----	-----	-----
Minority interests..... (3,332)	(465)	--	(363)	--	--	(2,504)
-----	-----	-----	-----	-----	-----	-----
Net income..... \$ 78,849	\$ 59,600	\$ 7,003	\$ 53,152	\$ 226	\$ (24,233)	\$ (16,899)
=====	=====	=====	=====	=====	=====	=====
Net income per common share....						
Weighted average common shares outstanding.....						

<CAPTION>

	PRO FORMA DEBT AND OTHER ADJUSTMENTS (7)	AMB PROPERTY CORPORATION PRO FORMA
<S>	<C>	<C>
REVENUES		
Rental revenue.....	--	\$ 240,102
Net advisory income.....	--	1,499
Interest and other income.....	--	8,276
Total revenues.....	--	249,877
OPERATING EXPENSES		
Property operating expenses....	--	37,626
Real estate taxes.....	--	32,202
Interest expense.....	(11,916)	38,134
Depreciation and amortization.....	--	41,676
General, administrative and other.....	--	6,142
Total operating expenses.....	(11,916)	155,780
Income from operations before disposal of real estate and minority interests.....	11,916	94,097
Loss on disposal of real estate.....	--	--
Income from operations before minority interests.....	11,916	94,097
Minority interests.....	28	(3,304)

Net income.....	----- \$11,944 =====	----- \$ 90,793 (8) =====
Net income per common share....		\$ (9) =====
Weighted average common shares outstanding.....		=====

</TABLE>

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

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AMB PROPERTY CORPORATION

NOTES TO PRO FORMA
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 1997
AND THE YEAR ENDED DECEMBER 31, 1996 (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

1. Reflects the historical combined operations of the AMB Contributed Properties. See the historical combined financial statements and notes thereto of the AMB Contributed Properties included elsewhere in this prospectus.

2. Reflects the historical operations of AMB. See the historical financial statements and notes thereto of AMB included elsewhere in this prospectus.

3. Reflects the incremental effects of (i) 22 properties acquired during 1996, (ii) six properties acquired during the six months ended June 30, 1997 and the Pending Acquisitions based on the historical operations of such properties and investments for periods prior to acquisition by the Company. Below is a summary of the incremental effect of such properties:

<TABLE>
<CAPTION>

	1997			1996		
	1997 ACQUIRED PROPERTIES	OTHER PROPERTIES	TOTAL	1996 AND 1997 ACQUIRED PROPERTIES	OTHER PROPERTIES	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Rental Revenues.....	\$11,268	\$2,086	\$13,354	\$50,111	\$ 14,980	\$65,091
Other income.....	16	3,044	3,060	118	6,204	6,322
Property operating expenses.....	(1,850)	(34)	(1,884)	(7,316)	(1,605)	(8,921)
Real estate taxes.....	(1,219)	(115)	(1,334)	(7,290)	(1,687)	(8,977)
Pro forma effect on net income before disposal of real estate and minority interests.....	\$ 8,215 =====	\$4,981 =====	\$13,196 =====	\$35,623 =====	\$ 17,892 =====	\$53,515 =====

</TABLE>

Of the Pending Acquisitions described above, one transaction represents the acquisition of a property, and the formation of several joint ventures that will own the property, in which the Company will own a 90% interest. The joint venture will be accounted for on a consolidated basis and, accordingly, a 10% minority interest has been reflected relative to this pending acquisition. Additionally, one transaction represents an investment in a limited partnership interest that represents a 52% limited partnership interest in an existing partnership, which will be accounted for under the equity method of accounting. Accordingly, the Company's portion of the partnership's net income of \$3,044 and \$6,089, respectively, for the six months ended June 30, 1997 and the year ended December 31, 1996 is included in interest and other income in the accompanying pro forma statements of operations.

4. Reflects the incremental effects of the disposition of one property during 1996 and the disposition or partial disposition of six properties during 1997, based upon the historical operations of such properties.

5. Reflects the effects of establishing the Company's investment in the Investment Management Subsidiary which results in the elimination of (i) advisory revenues of \$3,707 and \$7,574, respectively, (ii) general and administrative expenses of \$3,189 and \$6,377, respectively, and (iii) depreciation and amortization of \$33 and \$66, respectively, for the six months ended June 30, 1997 and the year ended December 31, 1996. The pro forma operations of the Investment Management Subsidiary and the Company's

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AMB PROPERTY CORPORATION

NOTES TO PRO FORMA
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30, 1997
AND THE YEAR ENDED DECEMBER 31, 1996 (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

share of the Investment Management Subsidiary's net income based upon its 95% economic interest are as follows:

<TABLE>
<CAPTION>

	1997	1996
	-----	-----
<S>	<C>	<C>
Advisory revenues.....	\$ 4,351	\$ 9,073
General and administrative expenses.....	(3,189)	(6,377)
Depreciation and amortization.....	(33)	(66)
	-----	-----
Income before income taxes.....	1,129	2,630
Income taxes (at assumed effective tax rate of 40%).....	(452)	(1,052)
	-----	-----
Net income.....	677	\$ 1,578
	-----	-----
Company's share of net income.....	\$ 644	\$ 1,499
	=====	=====

</TABLE>

Advisory revenues consist of actual fees earned by AMB during the six months ended June 30, 1997 and the year ended December 31, 1996 from the assets that are expected to be managed by the Investment Management Subsidiary.

General and administrative expenses consist of direct costs and indirect costs allocated to the Investment Management Subsidiary by the Company. Such indirect costs have been allocated based upon the percentage of total assets expected to be managed by the Investment Management Subsidiary.

Also, reflects an adjustment to historical interest expense to derive pre-Offering as adjusted interest expense, which has been based upon the pre-Offering as adjusted debt balances as of June 30, 1997. The calculation of pre-Offering as adjusted interest expense is as follows:

<TABLE>
<CAPTION>

	1997	1996
	-----	-----
<S>	<C>	<C>
Secured debt facility, pre-Offering balance of \$73,000 (before premium of \$1,167), assumed interest rate of 7.53%.....	\$ 2,748	\$ 5,497
Credit Facility, pre-Offering balance of \$180,000, assumed interest rate of 7.13%.....	6,417	12,834
Mortgage loans, pro forma balance of \$453,286 (before premium of \$12,488), assumed weighted average interest rate of 7.90%.....	17,904	35,809
Deferred financing fee amortization, \$500 balance, 2 year term.....	125	250
Amortization of debt premium, \$13,655 balance, 8 year term.....	(853)	(1,707)
Unused Credit Facility fees, unused balance of \$20,000, fee of 0.20%.....	20	40
Capitalized interest, pro forma construction in process of \$33,454, overall weighted average interest rate of 7.99%.....	(1,336)	(2,673)
	-----	-----
Pre-Offering as adjusted interest expense.....	\$25,025	\$50,050
	=====	=====

</TABLE>

In August 1997, CIF increased the amount available under the Credit Facility from \$100,000 to \$200,000. The Credit Facility bears interest at a variable rate and is subject to changes in LIBOR. A 1/8% increase or decrease in LIBOR would result in an increase or decrease in annual interest expense of approximately \$225.

6. Reflects the effects of the application of purchase accounting as a result of the Formation Transactions resulting in pro forma expense adjustments for the six months ended June 30, 1997, and the year ended December 31, 1996 as follows: (i) an increase in depreciation expense of \$2,578 and \$12,965, respectively (including the effect of depreciation in the amount of \$100 and \$200, respectively, on furniture, fixtures and

NOTES TO PRO FORMA
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30, 1997
AND THE YEAR ENDED DECEMBER 31, 1996 (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

equipment to be purchased by the Company from AMBI), (ii) the reclassification of certain property-related expenses from general and administrative expense to property operating expense (due to the internalization of management) of approximately \$2,501 and \$5,001, respectively, and (iii) an increase (decrease) in general, administrative and other expenses of \$289 and \$(161), respectively, as a result of the estimated change in costs due to operating as a public entity including investor relations, accounting and legal fees and other costs related to the internalization of management. Estimated depreciation and amortization has been based upon asset lives of 5 to 40 years.

The Consolidation adjustments also reflect the effects of certain eliminating entries as a result of the consolidation of the historical results of the AMB Contributed Properties and AMB for the six months ended June 30, 1997 and the year ended December 31, 1996, including: (i) the elimination of \$6,657 and \$14,357, respectively, in intercompany advisory revenues charged to the owners of the AMB Contributed Properties by AMB, (ii) the elimination of the corresponding advisory fee expense recorded by the owners of the AMB Contributed Properties of \$6,342 (excluding approximately \$315 in real estate acquisition fees paid to AMB which have been accounted for as acquisition costs by the owners of the AMB Contributed Properties and accordingly capitalized into Investments in Real Estate) and \$9,508 (excluding approximately \$4,849 in real estate acquisition fees), respectively.

Also reflects the effect of the Consolidation on minority interests. Such adjustment is based upon pre-Offering as adjusted income from operations of the Operating Partnership of approximately \$46,110 and \$82,181, respectively, for the six months ended June 30, 1997 and the year ended December 31, 1996 and pre-Offering minority interests in the Operating Partnership of approximately 3%.

Also, reflects an adjustment to record rental revenues on a straight line basis for the Properties, including the pending acquisitions, from January 1, 1996, the assumed date of acquisition by AMB. The pro forma straight-line rent adjustments for the six months ended June 30, 1997 and the year ended December 31, 1996 are calculated as the difference between (i) pro forma straight-line rental revenues of \$1,858 and \$5,692, respectively and (ii) historical straight-line rental revenues of \$1,614 and \$2,434, respectively.

The pro forma straight-line rents for the Properties and the pending acquisition have been based upon an assumed completion date of the Formation Transactions (the acquisition date of the Properties by AMB for pro forma accounting purposes) of January 1, 1996. The Company expects to complete the Formation Transactions and the Offering during November 1997. Based upon leases in place as of August 31, 1997, the Company expects that straight-line rents for the 12 months following the completion of the Formation Transactions and the Offering will be approximately \$6,570.

The pre-Offering as adjusted operations do not reflect any increases in real estate taxes that may result from potential tax reassessments that could occur as the result of the Formation Transactions. Based on the Company's analysis of potential tax increases, and its ability to pass through such increases to its tenants in the form of tax reimbursements, the Company believes that the impact on pro forma revenues and expenses is not material.

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AMB PROPERTY CORPORATION

NOTES TO PRO FORMA
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30, 1997
AND THE YEAR ENDED DECEMBER 31, 1996 (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

7. Reflects an adjustment to pre-Offering as adjusted interest expense to derive pro forma interest expense, which has been based upon the pro forma debt balances as of June 30, 1997. The calculation of pro forma interest expense is as follows:

<TABLE>
<CAPTION>

	1997	1996
	-----	-----
<S>	<C>	<C>
Secured debt facility, pro forma balance of \$73,000 (before premium of \$1,167), assumed interest rate of 7.53%.....	\$ 2,748	\$ 5,497
Credit Facility, pro forma balance of \$10,333, assumed interest rate of 7.13%.....	368	737

Mortgage loans, pro forma balance of \$448,753 (before premium of \$12,488), assumed weighted average interest rate of 7.90%.....	17,725	35,450
Deferred financing fee amortization, \$500 balance, 2 year term.....	125	250
Amortization of debt premium, \$13,655 balance, 8 year term.....	(853)	(1,707)
Unused Credit Facility fees, unused pro forma balance of \$289,667, fee of 0.20%.....	289	578
Capitalized interest, pro forma construction in process of \$33,454, overall weighted average interest rate of 7.99%.....	(1,335)	(2,671)
	-----	-----
Pro forma interest expense.....	\$19,067	\$38,134
	=====	=====

</TABLE>

In connection with the Offering, the Company expects to increase the amount available under the Credit Facility from \$200,000 to \$300,000. The Credit Facility bears variable interest at LIBOR plus 150 basis points (which may be lowered depending upon the credit rating of the Company), requires interest only payments and has a two-year term which may be extended at the option of the Company. A 1/8% increase or decrease in LIBOR would result in an increase or decrease in annual interest expense of approximately \$13.

Also reflects the effect of the Offering on minority interests. Such adjustment is based on pro forma income from operations of the Operating Partnership of \$52,068 and \$94,097, respectively, for the six months ended June 30, 1997 and the year ended December 31, 1996 and pro forma minority interests in the Operating Partnerships of approximately 2.63%.

8. The pro forma taxable income of the Company for the 12 months ended June 30, 1997 is approximately \$92,000 which is based upon pro forma income from operations before minority interest of the Operating Partnership of approximately \$100,000 plus book depreciation and amortization of approximately \$41,200 less other book/tax differences of approximately \$9,200 and less tax depreciation and amortization of approximately \$40,000.

9. Represents both primary and fully diluted earnings per share based upon pro forma shares outstanding of . The impact of options to purchase shares of Common Stock and the conversion of Units in the Operating Partnership into shares of Common Stock are not dilutive and as such are excluded from the calculation of primary and fully diluted earnings per share.

The impact on pro forma per share amounts resulting from the adoption of Statement of Financial Accounting Standards No. 128 -- "Earnings Per Share" is not expected to be material.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Owners of the
AMB Contributed Properties:

We have audited the accompanying combined balance sheets of the AMB Contributed Properties as of December 31, 1995 and 1996 and June 30, 1997, and the related combined statements of operations, owners' equity and cash flows for the years ended December 31, 1994, 1995 and 1996 and for the six months ended June 30, 1997. These combined financial statements and the schedule referred to below are the responsibility of the management of the AMB Contributed Properties. Our responsibility is to express an opinion on these combined financial statements and the schedule based on our audits.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the AMB Contributed Properties as of December 31, 1995 and 1996 and June 30, 1997, and the results of their operations and their cash flows for the years ended December 31, 1994, 1995 and 1996 and for the six months ended June 30, 1997, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule is presented for purposes of complying with the Securities and Exchange Commission rules and is not a part of the basic financial statements. The schedule has been subjected

to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements as a whole.

ARTHUR ANDERSEN LLP

San Francisco, California,
August 15, 1997

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AMB CONTRIBUTED PROPERTIES

COMBINED BALANCE SHEETS
AS OF DECEMBER 31, 1995 AND 1996
AND JUNE 30, 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
<S>	<C>	<C>	<C>
ASSETS			
Investments in real estate:			
Land and land improvements.....	\$ 271,727	\$ 450,969	\$ 466,526
Buildings and improvements.....	818,007	1,220,848	1,277,515
Construction in progress.....	11,431	26,758	22,847
	-----	-----	-----
Total investments in real estate.....	1,101,165	1,698,575	1,766,888
Less -- accumulated depreciation.....	(33,726)	(61,704)	(78,805)
	-----	-----	-----
Net investments in real estate.....	1,067,439	1,636,871	1,688,083
	-----	-----	-----
Cash and cash equivalents.....	110,474	33,120	31,419
Accounts receivable, net of reserves of \$403, \$877, and \$1,077, respectively.....	9,646	13,842	14,606
Deferred rent receivable.....	3,465	5,899	7,513
Deferred financing and leasing costs, net.....	6,281	13,840	15,214
Prepaid expenses and other assets.....	2,360	1,471	2,318
	-----	-----	-----
Total assets.....	\$1,199,665	\$1,705,043	\$1,759,153
	=====	=====	=====
LIABILITIES AND OWNERS' EQUITY			
Debt:			
Mortgage loans.....	\$ 257,597	\$ 406,851	\$ 429,047
Secured debt facility.....	--	73,000	73,000
Secured line of credit.....	--	46,313	48,613
Unsecured line of credit.....	--	25,500	45,900
	-----	-----	-----
Total debt.....	257,597	551,664	596,560
	-----	-----	-----
Accounts payable and other liabilities.....	11,395	14,298	9,942
Accounts payable to affiliates.....	529	2,713	2,139
Accrued real estate taxes.....	7,240	8,465	11,995
Security deposits payable.....	2,141	6,714	7,594
Unearned rental income.....	896	1,703	1,859
	-----	-----	-----
Total liabilities	279,798	585,557	630,089
	-----	-----	-----
Commitments and contingencies			
Minority interests.....	3,714	12,931	9,598
	-----	-----	-----
Owners' equity.....	916,961	1,107,331	1,120,191
Note receivable from owner.....	(808)	(776)	(725)
	-----	-----	-----
Total owners' equity.....	916,153	1,106,555	1,119,466
	-----	-----	-----
Total liabilities and owners' equity.....	\$1,199,665	\$1,705,043	\$1,759,153
	=====	=====	=====

</TABLE>

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

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AMB CONTRIBUTED PROPERTIES

COMBINED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996, AND

FOR THE SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED) AND 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
				(UNAUDITED)	
	<C>	<C>	<C>	<C>	<C>
REVENUES					
Rental income.....	\$51,217	\$110,418	\$174,695	\$81,715	\$114,693
Interest and other income.....	789	2,069	1,538	845	715
	-----	-----	-----	-----	-----
Total revenues.....	52,006	112,487	176,233	82,560	115,408
	-----	-----	-----	-----	-----
OPERATING EXPENSES					
Rental expenses.....	7,266	15,947	24,408	11,352	15,309
Real estate taxes.....	6,412	15,853	23,676	11,212	16,133
Interest expense, including amortization of financing costs.....	12,068	20,902	27,076	13,016	22,751
Depreciation and amortization.....	8,845	18,124	29,191	14,410	18,131
Asset management fees to affiliate.....	3,167	6,250	9,508	4,370	6,342
General, administrative and other expenses.....	350	782	838	335	415
	-----	-----	-----	-----	-----
Total operating expenses.....	38,108	77,858	114,697	54,695	79,081
	-----	-----	-----	-----	-----
Income from operations before disposal of real estate properties and minority interests.....	13,898	34,629	61,536	27,865	36,327
Gain (loss) on disposition of properties.....	--	--	(1,471)	43	186
	-----	-----	-----	-----	-----
Income from operations before minority interests....	13,898	34,629	60,065	27,908	36,513
Minority interests' share of (income) loss.....	(559)	12	(465)	(220)	(467)
	-----	-----	-----	-----	-----
Net income.....	\$13,339	\$ 34,641	\$ 59,600	\$27,688	\$ 36,046
	=====	=====	=====	=====	=====

</TABLE>

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

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AMB CONTRIBUTED PROPERTIES

COMBINED STATEMENTS OF OWNERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996, AND
FOR THE SIX MONTHS ENDED JUNE 30, 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	OWNERS'	NOTE RECEIVABLE	TOTAL
	EQUITY	FROM OWNER	
	<C>	<C>	<C>
Balance at December 31, 1993.....	\$ 211,364	\$ (767)	\$ 210,597
Contributions.....	322,651	--	322,651
Distributions.....	(43,512)	--	(43,512)
Net income.....	13,339	--	13,339
	-----	-----	-----
Balance at December 31, 1994.....	503,842	(767)	503,075
Contributions.....	458,652	--	458,652
Distributions.....	(80,174)	--	(80,174)
Increase in note receivable from owner.....	--	(41)	(41)
Net income.....	34,641	--	34,641
	-----	-----	-----
Balance at December 31, 1995.....	916,961	(808)	916,153
Contributions.....	253,322	--	253,322
Distributions.....	(122,552)	--	(122,552)
Principal reduction on note receivable from owner.....	--	32	32
Net income.....	59,600	--	59,600
	-----	-----	-----
Balance at December 31, 1996.....	1,107,331	(776)	1,106,555

Contributions.....	32,204	--	32,204
Distributions.....	(55,390)	--	(55,390)
Principal reduction on note receivable from owner.....	--	51	51
Net income.....	36,046	--	36,046
	-----	-----	-----
Balance at June 30, 1997.....	\$1,120,191	\$ (725)	\$1,119,466
	=====	=====	=====

</TABLE>

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

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AMB CONTRIBUTED PROPERTIES

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996, AND
FOR THE SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED) AND 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
	-----	-----	-----	-----	-----
				(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income.....	\$ 13,339	\$ 34,641	\$ 59,600	\$ 27,688	\$ 36,046
Adjustments to reconcile net income to net cash provided by operating activities					
Depreciation and amortization.....	8,845	18,124	29,191	14,410	18,131
Amortization of deferred financing costs.....	138	217	479	240	706
Straight-line rents.....	(1,404)	(2,061)	(2,434)	(1,033)	(1,614)
Minority interests' share of net income (loss).....	559	(12)	465	220	467
(Gain) loss on disposition of properties.....	--	--	1,471	(43)	(186)
Increase in accounts receivable and other assets.....	(776)	(5,603)	(3,307)	(3,530)	(1,611)
Increase (decrease) in payable to affiliates.....	1,001	(472)	2,184	921	(574)
Increase (decrease) in accounts payable and other liabilities.....	3,364	6,679	7,844	807	(2,881)
Increase in accrued real estate taxes.....	3,634	3,605	1,225	913	3,530
	-----	-----	-----	-----	-----
Net cash provided by operating activities.....	28,700	55,118	96,718	40,593	52,014
	-----	-----	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:					
Additions to properties.....	(355,485)	(419,574)	(566,878)	(187,996)	(71,744)
Additions to leasing costs.....	(1,898)	(2,741)	(6,002)	(1,319)	(2,885)
	-----	-----	-----	-----	-----
Net cash used for investing activities.....	(357,383)	(422,315)	(572,880)	(189,315)	(74,629)
	-----	-----	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:					
Borrowings on debt.....	125,527	59,852	331,023	94,212	47,656
Payments on debt.....	(20,534)	(7,744)	(36,956)	(22,088)	(2,760)
Additions to financing fees.....	(836)	(816)	(3,248)	(657)	(224)
Capital distributions.....	(43,512)	(80,174)	(122,552)	(67,645)	(55,390)
Capital contributions.....	322,651	450,586	231,491	63,975	32,204
Contributions by minority interests...	150	457	556	--	--
Distributions to minority interests...	(368)	(2,994)	(1,538)	(101)	(623)
Decrease (increase) in note receivable from owner.....	(767)	(41)	32	16	51
	-----	-----	-----	-----	-----
Net cash provided by financing activities.....	382,311	419,126	398,808	67,712	20,914
	-----	-----	-----	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	53,628	51,929	(77,354)	(81,010)	(1,701)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD.....	4,917	58,545	110,474	110,474	33,120
	-----	-----	-----	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD.....	\$ 58,545	\$ 110,474	\$ 33,120	\$ 29,464	\$ 31,419
	=====	=====	=====	=====	=====

SUPPLEMENTAL DISCLOSURE OF CASH FLOW
INFORMATION:

Cash paid for interest.....	\$ 11,285	\$ 19,699	\$ 25,949	\$ 12,579	\$ 21,860
	=====	=====	=====	=====	=====
Non cash contributions of real estate investments by owners and minority interests-					
Assets contributed.....	\$ --	\$ 13,995	\$ 32,004	\$ 21,831	\$ 3,836
Less liabilities assumed.....	--	--	(439)	(439)	--
	-----	-----	-----	-----	-----
Net assets contributed.....	\$ --	\$ 13,995	\$ 31,565	\$ 21,392	\$ 3,836
	=====	=====	=====	=====	=====

</TABLE>

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

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AMB CONTRIBUTED PROPERTIES

NOTES TO COMBINED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. ORGANIZATION AND BASIS OF PRESENTATION

The accompanying combined financial statements represent a combination of the assets, liabilities and operations of 92 properties (the "Properties") located throughout the United States, which are owned by certain real estate investment funds, trusts and partnerships. Collectively, the combination of the operations of the investments in the Properties is referred to as the "AMB Contributed Properties." The AMB Contributed Properties are managed by AMB Institutional Realty Advisors, Inc. ("AMB"), the investment manager, under separate investment management agreements (the "Agreements"). The AMB Contributed Properties is not a legal entity. A summary of the various entities that own the Properties, the number of properties and square footage as of June 30, 1997 is as follows:

<TABLE>
<CAPTION>

PROPERTY OWNER	NUMBER OF PROPERTIES	SQUARE FOOTAGE
-----	-----	-----
<S>	<C>	<C>
AMB Current Income Fund, Inc.(1).....	27	12,891,938
AMB Value Added Fund, Inc.....	4	1,362,353
AMB Western Properties Fund-I.....	8	1,119,166
Ameritech Corporation.....	15	5,989,948
City and County of San Francisco Employees' Retirement System.....	12	3,933,609
First Allmerica Financial Life Insurance Company....	1	484,370
Milwaukee Employes' Retirement System(1).....	1	285,480
Southern Company Services Inc.....	20	8,586,894
SPP Investment Management.....	1	743,372
Various Family Trusts.....	3	510,298
	--	
Total.....	92	35,907,428
	==	=====

</TABLE>

(1) AMB Current Income Fund, Inc. and Milwaukee Employes' Retirement System own respective interests in a limited liability company of 66.7% and 33.3%. The principal asset of the limited liability company is a 2,512,465 square foot property. The property is included in AMB Current Income Fund, Inc.'s number of properties and square footage above.

In August 1997, the owners of the AMB Contributed Properties and AMB approved a business combination plan whereby the owners of the Properties will exchange their ownership interests for shares in AMB Property Corporation, units in a subsidiary partnership, AMB Property L.P. (the "Operating Partnership") or, in certain limited circumstances, cash. The allocation of ownership interests among the owners of the AMB Contributed Properties and AMB will be based on the agreed-upon relative value of net assets contributed. The initial allocation among these entities may change pending the resolution of certain future performance criteria of AMB Property Corporation. The planned combination is contingent upon a successful initial public offering of AMB Property Corporation's common stock. It is anticipated that AMB Property Corporation will seek to qualify as a real estate investment trust under the Internal Revenue Code of 1986, as amended.

It is contemplated that AMB Property Corporation will simultaneously raise equity through an initial public offering of its common stock with anticipated

gross proceeds approximating \$250,000. The net proceeds from the anticipated offering will be used to purchase interests in the Properties of certain owners of the Properties who have elected not to receive shares or units in AMB Property Corporation or the Operating Partnership, to repay certain indebtedness and for working capital. AMB Property Corporation will transfer its ownership interest in the Properties to the Operating Partnership in exchange for a general partnership interest therein.

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AMB CONTRIBUTED PROPERTIES

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

The investment management activities previously carried out by AMB for substantially all of its clients are expected to be transferred to a subsidiary of AMB Property Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Generally Accepted Accounting Principals

The financial statements have been prepared in accordance with generally accepted accounting principals using the accrual method of accounting.

Combination

The combined financial statements include the financial position, results of operations and cash flows of the AMB Contributed Properties and subsidiaries. All significant intercompany balances and transactions have been eliminated in the combined financial statements. The combined financial statements include all costs related to the ownership of the Properties.

The combined statement of operations for the six months ended June 30, 1996 is unaudited; however, in management's opinion, all adjustments of a normal recurring nature necessary for a fair presentation of the combined financial statements for the interim period have been reflected.

Investments in Real Estate

Investments in real estate are stated at the lower of depreciated cost or net realizable value. Net realizable value for financial reporting purposes is evaluated and identified periodically on a property-by-property basis using undiscounted cash flow. If a potential impairment is identified, it is measured by the property's fair value less estimated carrying costs (including interest) throughout the anticipated holding period, plus the estimated cash proceeds from the ultimate disposition of the property. To the extent that the carrying value exceeds the net realizable value, a provision for decrease in net realizable value is recorded. Net realizable value is not necessarily an indication of a property's current value or the amount that will be realized upon the ultimate disposition of the property. As of December 31, 1995 and 1996 and, June 30, 1997 there were no permanent impairments of the carrying values of the Properties.

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the investments. The estimated lives are as follows:

<S>	<C>
Land improvements.....	5 to 40 years
Buildings and improvements.....	5 to 40 years
Tenant improvements.....	Term of the related lease

The cost of buildings and improvements includes the purchase price of the property or interests in property, legal fees and acquisition costs and interest, property taxes and other costs incurred during the period of construction.

Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations or betterments which extend the economic useful life of assets are capitalized.

Construction in Progress

Project costs directly associated with the development and construction of a real estate project are capitalized as construction in progress. In addition, interest, real estate taxes and other costs are capitalized during the period in which activities necessary to prepare the property for its intended use are in progress.

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AMB CONTRIBUTED PROPERTIES

Cash and Cash Equivalents

Cash and cash equivalents include cash held in financial institutions and other highly liquid short-term investments with original maturities of three months or less. Cash and cash equivalents as of December 31, 1995 and 1996 and June 30, 1997 include restricted cash of \$77,593, \$11,042, and \$2,968, respectively, which represent amounts held in escrow in connection with property purchases and capital improvements.

Deferred Financing and Leasing Costs

Costs incurred in connection with financing or leasing are capitalized and amortized to interest expense and depreciation and amortization, respectively, on a straight-line basis (which approximates the effective interest method in the case of financing costs) over the term of the related loan or lease for periods generally ranging from six months to 10 years. Unamortized costs are charged to expense upon the early repayment of the related debt or upon the early termination of the lease. Accumulated amortization as of December 31, 1995 and 1996 and, June 30, 1997 was \$1,239, \$2,930 and \$4,665 respectively.

Fair Value of Financial Instruments

Based on the borrowing rates currently available to the Properties, the fair value of its debt at June 30, 1997 (with a carrying amount of \$596,560) was approximately \$610,215. Such valuation is based on the current rates offered to the AMB Contributed Properties for debt of the same remaining maturities. The carrying amount of cash and cash equivalents approximates fair value.

Minority Interests

Minority interests in the AMB Contributed Properties represent interests held by certain entities in eight real estate limited partnerships and limited liability companies that are consolidated for financial reporting purposes.

Revenues

All leases are classified as operating leases. Rental income is recognized on a straight-line basis over the term of the leases. Deferred rent receivable represents the excess of rental revenue recognized on a straight-line basis over cash received under the applicable lease provisions.

Interest and Other Income

Interest and other income primarily represents interest income on cash and cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

New Accounting Pronouncements

In February of 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share," effective for financial statements issued after December 15, 1997. SFAS 128 requires public business enterprises to disclose basic earnings per share if the entity has a simple capital structure with no potential common shares from convertible securities, options or warrants. If the entity does have potential common shares, it is considered to have a complex capital

structure and must disclose basic and diluted earnings per share. This statement is not applicable to the AMB Contributed Properties, as they are not public business enterprises.

In February of 1997, the FASB issued SFAS No. 129, "Disclosure of Information about Capital Structure," effective for periods ending after December 15, 1997. This statement establishes standards for disclosing information about an entity's capital structure. This statement has no effect on the financial statements of the AMB Contributed Properties, as they are not a legal entity.

In June of 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive

Income." This statement, effective for fiscal years beginning after December 15, 1997, would require the entity to report components of comprehensive income in a financial statement that is displayed with the same prominence as other financial statements. Comprehensive income is defined by Concepts Statement No. 6, "Elements of Financial Statements" as the change in the equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. This statement has no impact on the AMB Contributed Properties as their net and comprehensive income are equal.

In June of 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." This statement, effective for financial statements for periods beginning after December 15, 1997, requires that a public business enterprise report financial and descriptive information about its reportable operating segments. Generally, information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments. This statement is not applicable to the AMB Contributed Properties, as they are not public business enterprises.

3. NOTE RECEIVABLE FROM OWNER

An affiliate of AMB holds a 1% general partnership interest in AMB Western Properties Fund-I. The general partner's capital contribution was made through a note payable to AMB Western Properties Fund-I. The note accrues interest at 9.29%, payable from the general partner's quarterly cash distributions. At December 31, 1995 and 1996, and June 30, 1997, outstanding principal and interest on the notes totaled \$808, \$776 and \$725, respectively.

4. TRANSACTIONS WITH INVESTMENT MANAGER

The owners of the AMB Contributed Properties are obligated to pay AMB acquisition fees and asset management fees, as defined in the Agreements. For the years ended December 31, 1994, 1995 and 1996, and the six months ended June 30, 1996 (unaudited) and 1997, the AMB Contributed Properties incurred \$3,167, \$6,250, \$9,508, \$4,370 and \$6,342, respectively, related to asset management fees for the Properties. In addition, acquisition fees paid to AMB of \$3,521, \$3,884, \$4,849, \$1,241 and \$315 were capitalized to investments in real estate in the accompanying combined balance sheets for the years ended December 31, 1994, 1995 and 1996, and for the six months ended June 30, 1996 (unaudited) and 1997, respectively. At December 31, 1995 and 1996 and June 30, 1997, total acquisition and asset management fees payable to AMB were \$529, \$2,713 and \$2,139, respectively.

Certain owners of the AMB Contributed Properties are also obligated to pay incentive management fees to AMB during ownership and upon disposition of the Properties to the extent that operations of the Properties and their fair values meet certain criteria. In connection with the approval of the proposed business combination subsequent to June 30, 1997, the AMB Contributed Properties agreed to terminate their respective existing incentive management fee agreements with AMB. One of the AMB Contributed Properties agreed to a final incentive management fee of \$3,011. Such fee will be paid prior to the contemplated offering.

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AMB CONTRIBUTED PROPERTIES

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. DEBT

As of December 31, 1996 and 1995 and June 30, 1997, debt consisted of the following:

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30, 1997
	1995	1996	
<S>	<C>	<C>	<C>
Mortgage loans, varying interest rates from 7.0% to 10.4%, due July 1997 to December 2008.....	\$257,597	\$406,851	\$ 429,047
Secured debt facility, fixed interest at 7.53%, Due December 2008.....	--	73,000	73,000
Secured line of credit, variable interest at LIBOR plus 0.5% (6.2% at June 30, 1997), due October 1998.....	--	46,313	48,613
Unsecured line of credit, variable interest at LIBOR plus 1.5% (7.2% at June 30, 1997), due October 1998.....	--	25,500	45,900
Total debt.....	\$257,597	\$551,664	\$ 596,560

</TABLE>

The unsecured line of credit has total availability of \$100,000. The unsecured line includes a one year option to extend and a fee on average unused funds of 0.25%. Subsequent to June 30, 1997, the unsecured line was increased to \$200,000 and maturity was extended to 1999.

The secured debt facility and secured line of credit in aggregate have total availability of \$123,000 as of June 30, 1997.

Mortgage loans generally require monthly principal and interest payments. The mortgage loans are secured by deeds of trust on 40 Properties. The net book value of real estate investments pledged as collateral under deeds of trust for mortgage loans and the secured debt facility at December 31, 1995 and 1996 and June 30, 1997 is \$475,783, \$934,233 and \$957,090, respectively. In addition, Properties with a net book value of \$129,192, \$147,452 and \$215,465 as of December 31, 1995 and 1996 and June 30, 1997, respectively, are part of a collateral pool for cross-collateralized mortgage debt of one of the Property owners. As such mortgage is deemed to be debt of the real estate investment fund rather than of the Properties and as such Properties will be contributed to AMB Property Corporation free of debt, the debt is not reflected in the accompanying combined financial statements.

The secured line is collateralized by capital subscriptions receivable of \$221,436 at June 30, 1997 from the owners of AMB Value Added Fund, Inc. which have been netted against owners' equity in the accompanying combined financial statements.

The weighted-average fixed interest rate on debt at June 30, 1997, was 7.87%. Interest capitalized related to construction projects for the years ended December 31, 1994, 1995, and 1996 and for the six months ended June 30, 1996 (unaudited) and 1997 was \$132, \$105, \$1,134, \$318 and \$603, respectively.

The scheduled maturities of all debt outstanding as of June 30, 1997 are as follows:

<S>	<C>
1997 (six months).....	\$ 2,945
1998.....	113,693
1999.....	25,099
2000.....	7,098
2001.....	35,363
Thereafter.....	412,362

	\$596,560
	=====

</TABLE>

AMB CONTRIBUTED PROPERTIES

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

6. LEASING ACTIVITY

Future minimum rentals due under noncancelable operating leases with tenants in effect at June 30, 1997 are as follows:

<S>	<C>
1997 (six months).....	\$ 82,893
1998.....	153,708
1999.....	130,988
2000.....	112,309
2001.....	92,598
Thereafter.....	462,308

	\$1,034,804
	=====

</TABLE>

In addition to minimum rental payments, certain tenants pay reimbursements for their pro rata share of specified operating expenses, which reimbursements amounted to \$9,077, \$21,008, \$33,805, \$15,675 and \$23,211 for the years ended December 31, 1994, 1995 and 1996 and for the six months ended June 30, 1996 (unaudited) and 1997, respectively. These amounts are included as rental income and operating expenses in the accompanying combined statements of operations. Certain of the leases also provide for the payment of additional rent based on a percentage of the tenant's revenues. Some leases contain options to renew. No individual tenant accounts for greater than 10% of rental revenues.

7. PROPERTY DISPOSITIONS

During the year ended December 31, 1996 and the six months ended June 30, 1997, the AMB Contributed Properties disposed of certain Properties. The accompanying combined financial statements include the operations of such Properties for periods prior to their disposition. The following table sets forth the revenues and expenses of the disposed Properties included in the accompanying combined financial statements for the years ended December 31, 1994, 1995, and 1996 and for the six months ended June 30, 1996 (unaudited) and 1997.

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>
Revenues.....	\$ 953	\$1,110	\$ 930	\$ 496	\$ 3
Expenses.....	(317)	(439)	(453)	(236)	(1)
Net Income.....	\$ 636	\$ 671	\$ 477	\$ 260	\$ 2

</TABLE>

8. INCOME TAXES

The Properties are owned by entities that are generally not subject to federal income taxes, including tax-exempt master trusts, real estate investment trusts and partnerships. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements.

9. COMMITMENTS AND CONTINGENCIES

Deferred Offering Costs

In connection with the anticipated business combination and public offering, AMB has incurred offering costs of \$2,291 representing legal, accounting and other costs. In the event the offering is unsuccessful, these costs will be borne by the owners of the AMB Contributed Properties and AMB pro rata in accordance with their relative contribution values.

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AMB CONTRIBUTED PROPERTIES

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Pending Acquisitions

The owners of the AMB Contributed Properties have entered into contracts to acquire 11 properties at an estimated gross purchase price of approximately \$282,300. Such acquisitions are expected to be funded through existing lines of credit and equity contributions from the owners of the AMB Contributed Properties.

Environmental Matters

The owners of the AMB Contributed Properties follow the policy of monitoring its properties for the presence of hazardous or toxic substances. The owners of the AMB Contributed Properties are not aware of any environmental liability with respect to the Properties that would have a material adverse effect on the AMB Contributed Properties' business, assets or results of operations; however, there can be no assurance that a material environmental liability does not exist. The existence of any such material environmental liability would have an adverse effect on the AMB Contributed Properties' results of operations and cash flow.

General Uninsured Losses

The AMB Contributed Properties generally carry comprehensive liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of extraordinary losses that may be either uninsurable, or not economically insurable. Should an uninsured loss occur, the AMB Contributed Properties could lose its investment in, and anticipated profits and cash flows from, a property.

Certain of the AMB Contributed Properties are located in areas that are subject to earthquake activity; the AMB Contributed Properties has therefore obtained limited earthquake insurance.

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AMB CONTRIBUTED PROPERTIES

SCHEDULE III
HISTORICAL COMBINED REAL ESTATE AND ACCUMULATED DEPRECIATION
AS OF JUNE 30, 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

AMOUNT CARRIED AT						GROSS	
END OF PERIOD				COSTS		-----	
				CAPITALIZED			
-----				-----		-----	
PROPERTY	LOCATION	TYPE	ENCUMBRANCES (1)	INITIAL COSTS	BUILDING	SUBSEQUENT TO	LAND
IMPROVEMENTS				LAND		ACQUISITION	
-----	-----	---	-----	-----	-----	-----	---
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>							
Alvarado Business Center.....	CA	IND	\$ --	\$ 6,385	\$ 19,156	\$ 226	\$
6,385 19,381							
Ardenwood Corporate Park.....	CA	IND	--	4,980	14,939	162	
4,980 15,102							
Corporate Square.....	MN	IND	--	3,566	10,699	319	
3,566 11,018							
Crossroads Industrial.....	IL	IND	--	2,340	7,021	60	
2,340 7,081							
Fairway Drive Industrial.....	CA	IND	--	1,393	4,179	2,263	
1,393 6,442							
Harvest Business Park.....	WA	IND	3,675	2,133	6,399	52	
2,133 6,451							
Itasca Industrial Portfolio.....	IL	IND	--	5,352	16,055	935	
5,352 16,990							
Melrose Park.....	IL	IND	--	2,435	7,306	--	
2,435 7,306							
Norcross/Brookhollow Portfolio.....	GA	IND	--	3,231	9,694	55	
3,231 9,749							
Penn James Office Warehouse.....	MN	IND	--	1,635	4,905	519	
1,635 5,424							
Twin Cities.....	MN	IND	--	4,094	12,281	843	
4,094 13,124							
Mendota Heights(2).....	MN	IND	668	1,146	--	--	
1,146 --							
Brittania Business Park...	FL	IND	--	2,603	7,808	--	
2,603 7,808							
Boulden.....	DE	IND	--	2,964	8,891	--	
2,964 8,891							
Mid-Atlantic Business Center.....	PA	IND	--	6,096	18,289	--	
6,096 18,289							
Silicon Valley Portfolio.....	CA	IND	--	7,438	22,313	--	
7,438 22,313							
Linder Skokie.....	IL	IND	--	3,610	6,375	--	
3,610 6,375							
Activity Distribution Center.....	CA	IND	5,384	3,050	9,150	55	
3,050 9,205							
Amwiler-Gwinnett Industrial Portfolio....	GA	IND	14,417	6,442	19,325	388	
6,442 19,713							
Civic Center Plaza.....	IL	RET	13,723	5,965	17,896	540	
5,965 18,436							
The Plaza at Delray.....	FL	RET	15,667	2,696	8,088	17,409	
2,696 25,497							
Hewlett Packard Distribution.....	CA	IND	3,426	1,629	4,886	--	
1,629 4,886							
Kendall Mall.....	FL	RET	24,848	6,022	18,067	1,640	
6,022 19,707							
Lakeshore Plaza Shopping Center.....	CA	RET	14,166	7,915	23,746	651	
7,915 24,398							
Lincoln Industrial Center.....	TX	IND	--	571	1,712	135	
571 1,846							
Metric Center.....	TX	IND	--	9,955	29,864	1,163	
9,955 31,027							

<CAPTION>

PROPERTY	TOTAL COSTS	ACCUMULATED DEPRECIATION	YEAR OF CONSTRUCTION OR ACQUISITION	DEPRECIABLE LIFE (YEARS)
<S>	<C>	<C>	<C>	<C>
Alvarado Business Center.....	\$ 25,766	\$ 1,085	1995	5-40
Ardenwood Corporate Park.....	20,082	473	1996	5-40
Corporate Square.....	14,584	340	1996	5-40
Crossroads Industrial.....	9,421	222	1996	5-40
Fairway Drive Industrial.....	7,835	147	1996	5-40
Harvest Business Park.....	8,584	362	1995	5-40
Itasca Industrial Portfolio.....	22,342	1,316	1994/95	5-40
Melrose Park.....	9,741	413	1995	5-40
Norcross/Brookhollow Portfolio.....	12,980	306	1996	5-40
Penn James Office Warehouse.....	7,059	158	1996	5-40
Twin Cities.....	17,218	700	1995	5-40
Mendota Heights(2).....	1,146	--	1997	5-40
Brittania Business Park...	10,411	521	1994	5-40
Boulden.....	11,855	537	1995	5-40
Mid-Atlantic Business Center.....	24,385	838	1995	5-40
Silicon Valley Portfolio.....	29,751	883	1995	5-40
Linder Skokie.....	9,985	714	1995	5-40
Activity Distribution Center.....	12,255	747	1994	5-40
Amwiler-Gwinnett Industrial Portfolio....	26,155	714	1995/96	5-40
Civic Center Plaza.....	24,401	1,464	1994	5-40
The Plaza at Delray.....	28,193	572	1995	5-40
Hewlett Packard Distribution.....	6,515	399	1994	5-40
Kendall Mall.....	25,729	901	1994	5-40
Lakeshore Plaza Shopping Center.....	32,313	1,348	1995	5-40
Lincoln Industrial Center.....	2,417	141	1994	5-40
Metric Center.....	40,982	771	1995/96/97	5-40

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AMB CONTRIBUTED PROPERTIES

SCHEDULE III (CONTINUED)
HISTORICAL COMBINED REAL ESTATE AND ACCUMULATED DEPRECIATION
AS OF JUNE 30, 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

PROPERTY IMPROVEMENTS	LOCATION	TYPE	ENCUMBRANCES (1)	INITIAL COSTS			SUBSEQUENT TO ACQUISITION	GROSS
				LAND	BUILDING	COSTS CAPITALIZED		LAND
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
Minneapolis Industrial Portfolio IV.....	MN	IND	\$ 8,321	\$ 4,124	\$ 12,372	\$ 1,178	\$	
4,124 \$ 13,549								
Silverado Plaza Shopping Center.....	CA	RET	4,929	2,214	6,641	199		
2,214 6,840								
Stadium Business Park.....	CA	IND	4,894	2,980	8,940	1,083		
2,980 10,023								
2 South Middlesex.....	NJ	IND	--	1,498	7,621	67		
1,498 7,688								
Applewood Village Shopping Center.....	CO	RET	--	10,921	20,344	566		
10,921 20,909								
Bayhill Shopping Center...	CA	RET	--	5,318	5,761	288		

5,318	6,049						
Beacon Industrial Park....	FL	IND	--	7,886	23,925	--	
7,886	23,925						
Corbins Corner Shopping							
Center.....	CT	RET	--	9,455	19,982	592	
9,455	20,574						
Elk Grove Village							
Industrial.....	IL	IND	--	6,363	20,599	365	
6,363	20,965						
Five Points Shopping							
Center.....	CA	RET	--	15,227	8,460	329	
15,227	8,788						
Kent Centre.....	WA	IND	--	3,022	8,277	114	
3,022	8,391						
L.A. County Industrial							
Portfolio(3).....	CA	IND	--	6,574	37,343	524	
6,574	37,868						
Lake Michigan Industrial							
Portfolio.....	IL	IND	--	3,189	6,938	7	
3,189	6,945						
Artesia Industrial							
Portfolio.....	CA	IND	54,100	28,452	62,159	499	
28,452	62,658						
Lisle Industrial.....	IL	IND	--	2,619	5,868	--	
2,619	5,868						
Milmont Page.....	CA	IND	--	3,283	7,401	72	
3,283	7,473						
Pleasant Hill Shopping							
Center.....	CA	RET	--	9,809	13,646	16	
9,809	13,662						
Randall's Houston Retail							
Portfolio(4).....	TX	RET	--	19,405	28,508	176	
19,405	28,684						
Riverview Plaza Shopping							
Center.....	IL	RET	--	3,984	8,968	1	
3,984	8,968						
South Bay Industrial.....	CA	IND	19,571	11,417	26,900	541	
11,417	27,442						
Southfield.....	GA	IND		6,342	19,982	198	
6,342	20,179						
Minneapolis Distribution							
Portfolio.....	MN	IND	--	4,864	21,127	2,625	
4,864	23,752						
Texas Industrial							
Portfolio(5).....	TX	IND	--	3,312	33,852	3,149	
3,312	37,001						
Long Gate Shopping							
Center.....	MD	RET	--	21,566	25,531	30	
21,566	25,561						
Rockford Road Plaza.....	MN	RET	--	6,179	14,723	--	
6,179	14,723						
Moffett Business Center...	CA	IND	12,905	5,575	16,724	184	
5,575	16,909						
Southwest Pavilion.....	NV	RET	--	2,492	6,126	19	
2,492	6,145						
Arapahoe Village Shopping							
Center.....	CO	RET	10,877	4,451	13,352	9	
4,451	13,361						
Atlanta South.....	GA	IND	--	5,933	17,798	1	
5,933	17,799						

<CAPTION>

PROPERTY	TOTAL COSTS	ACCUMULATED DEPRECIATION	YEAR OF CONSTRUCTION OR ACQUISITION	DEPRECIABLE LIFE (YEARS)
<S>	<C>	<C>	<C>	<C>
Minneapolis Industrial				
Portfolio IV.....	\$ 17,673	\$ 1,017	1994	5-40
Silverado Plaza Shopping				
Center.....	9,054	543	1994/96	5-40
Stadium Business Park....	13,003	736	1994	5-40
2 South Middlesex.....	9,186	345	1995	5-40
Applewood Village Shopping				
Center.....	31,830	836	1996	5-40
Bayhill Shopping Center...	11,367	306	1995	5-40
Beacon Industrial Park....	31,811	997	1995/96	5-40
Corbins Corner Shopping				
Center.....	30,029	921	1995	5-40
Elk Grove Village				
Industrial.....	27,328	937	1995	5-40
Five Points Shopping				
Center.....	24,015	446	1995	5-40
Kent Centre.....	11,413	376	1995	5-40

L.A. County Industrial Portfolio(3).....	44,442	2,690	1994	5-40
Lake Michigan Industrial Portfolio.....	10,134	652	1995	5-40
Artesia Industrial Portfolio.....	91,110	1,379	1996	5-40
Lisle Industrial.....	8,487	265	1995	5-40
Milmont Page.....	10,756	258	1996	5-40
Pleasant Hill Shopping Center.....	23,471	589	1996	5-40
Randall's Houston Retail Portfolio(4).....	48,089	632	1996	5-40
Riverview Plaza Shopping Center.....	12,952	180	1996	5-40
South Bay Industrial.....	38,859	1,722	1995	5-40
Southfield.....	26,521	927	1995/97	5-40
Minneapolis Distribution Portfolio.....	28,616	1,518	1994	5-40
Texas Industrial Portfolio(5).....	40,313	2,636	1994	5-40
Long Gate Shopping Center.....	47,127	513	1996	5-40
Rockford Road Plaza.....	20,902	264	1997	5-40
Moffett Business Center...	22,484	529	1996	5-40
Southwest Pavilion.....	8,637	1,112	1990	5-40
Arapahoe Village Shopping Center.....	17,812	422	1996/97	5-40
Atlanta South.....	23,732	534	1996	5-40

</TABLE>

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AMB CONTRIBUTED PROPERTIES

SCHEDULE III (CONTINUED)
HISTORICAL COMBINED REAL ESTATE AND ACCUMULATED DEPRECIATION
AS OF JUNE 30, 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

AMOUNT CARRIED AT							GROSS	
END OF PERIOD							COSTS	
							CAPITALIZED	-----
				INITIAL COSTS				
PROPERTY IMPROVEMENTS	LOCATION	TYPE	ENCUMBRANCES (1)	LAND	BUILDING	SUBSEQUENT TO ACQUISITION	LAND	
-----	-----	----	-----	-----	-----	-----	-----	---
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Bensenville.....	IL	IND	\$ 42,008	\$ 17,221	\$ 51,664	\$ 3,239	\$	
17,221 \$ 54,903								
Blue Lagoon.....	FL	IND	11,942	4,714	14,143	242		
4,714 14,385								
Brentwood Commons.....	IL	RET	5,123	2,279	6,837	837		
2,279 7,673								
Chicago Industrial.....	IL	IND	3,280	1,307	3,921	615		
1,307 4,536								
Crysen Corridor.....	MD	IND	3,550	1,521	4,563	86		
1,521 4,649								
Granada Village.....	CA	RET	14,708	6,114	18,341	5,761		
6,114 24,102								
Kingsport Industrial Park.....	WA	IND	17,635	6,691	20,073	862		
6,691 20,935								
La Jolla Village.....	CA	RET	18,054	7,036	21,108	269		
7,036 21,377								
Latham Farms.....	NY	RET	37,932	16,416	49,249	(324)		
16,416 48,924								
Lonestar.....	TX	IND	17,000	6,432	19,296	905		
6,432 20,201								
Minneapolis Industrial....	MN	IND	7,574	3,810	11,429	1,858		
3,810 13,287								
Pacific Business Center...	CA	IND	9,935	4,054	12,163	90		
4,054 12,253								
Shoppes at Lago Mar.....	FL	RET	5,900	2,497	7,491	4		
2,497 7,495								
Toys 'R Us.....	MD	IND	--	2,837	8,511	13		
2,837 8,524								
Valwood.....	TX	IND	4,051	1,775	5,326	478		
1,775 5,804								
West North Carrier.....	TX	IND	3,280	1,309	3,928	67		

1,309	3,995						
Woodlawn Point Shopping Center.....	GA	RET	4,679	2,827	8,482	16	
2,827	8,498						
Ygnacio Plaza.....	CA	RET	7,847	3,094	9,282	895	
3,094	10,176						
O'Hare Industrial Portfolio.....	IL	IND	--	7,117	21,351	4	
7,117	21,356						
7575 Chancellor.....	FL	IND	2,978	516	3,182	835	
516	4,017						
Dock's Corner.....	NJ	IND	--	3,415	17,472	6,354	
3,415	23,825						
Moffett Park R&D Portfolio.....	CA	IND	--	16,723	23,956	56	
16,723	24,012						
Palm Aire.....	FL	RET	--	590	2,468	2,490	
590	4,958						
Eastgate Plaza.....	WA	RET	--	1,865	5,596	228	
1,865	5,824						
International Multifoods.....	CA	IND	--	1,459	4,377	36	
1,459	4,413						
Northpointe Commerce.....	CA	IND	--	1,407	4,220	2	
1,407	4,222						
Northwest Distribution Center.....	WA	IND	--	1,615	4,845	69	
1,615	4,914						
Rancho San Diego Village Shopping Center.....	CA	RET	--	3,281	9,844	612	
3,281	10,457						
Systematics.....	CA	IND	--	807	2,420	8	
807	2,428						

<CAPTION>

PROPERTY	TOTAL COSTS	ACCUMULATED DEPRECIATION	YEAR OF CONSTRUCTION OR ACQUISITION	DEPRECIABLE LIFE (YEARS)
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Bensenville.....	\$ 72,124	\$ 5,411	1993	5-40
Blue Lagoon.....	19,099	448	1996	5-40
Brentwood Commons.....	9,952	905	1992	5-40
Chicago Industrial.....	5,843	520	1992	5-40
Crysen Corridor.....	6,170	373	1994	5-40
Granada Village.....	30,216	2,451	1992	5-40
Kingsport Industrial Park.....	27,626	2,647	1992	5-40
La Jolla Village.....	28,413	2,779	1992	5-40
Latham Farms.....	65,340	4,016	1994	5-40
Lonestar.....	26,633	1,854	1993	5-40
Minneapolis Industrial....	17,097	945	1994	5-40
Pacific Business Center...	16,307	1,297	1993	5-40
Shoppes at Lago Mar.....	9,992	237	1996	5-40
Toys 'R Us.....	11,361	694	1994	5-40
Valwood.....	7,579	438	1994	5-40
West North Carrier.....	5,304	419	1993	5-40
Woodlawn Point Shopping Center.....	11,325	642	1994	5-40
Ygnacio Plaza.....	13,270	1,227	1992	5-40
O'Hare Industrial Portfolio.....	28,473	632	1996/97	5-40
7575 Chancellor.....	4,533	104	1996	5-40
Dock's Corner.....	27,240	591	1996	5-40
Moffett Park R&D Portfolio.....	40,735	757	1996	5-40
Palm Aire.....	5,548	93	1996	5-40
Eastgate Plaza.....	7,689	738	1992	5-40
International Multifoods.....	5,872	467	1993	5-40
Northpointe Commerce.....	5,629	450	1993	5-40
Northwest Distribution Center.....	6,529	638	1992	5-40
Rancho San Diego Village Shopping Center.....	13,738	1,299	1992	5-40
Systematics.....	3,235	258	1993	5-40

</TABLE>

AS OF JUNE 30, 1997
(DOLLARS IN THOUSANDS)

<TABLE> <CAPTION>							
AMOUNT CARRIED AT							GROSS
END OF PERIOD							COSTS
							CAPITALIZED

PROPERTY IMPROVEMENTS	LOCATION	TYPE	ENCUMBRANCES (1)	INITIAL COSTS LAND	BUILDING	SUBSEQUENT TO ACQUISITION	LAND
-----	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Twin Oaks Shopping Center.....	CA	RET	--	2,364	7,091	1,650	
2,364 8,741							
Zanker/Charcot Industrial.....	CA	IND	--	2,969	8,907	942	
2,969 9,849							
Aurora Marketplace.....	WA	RET	--	3,714	11,141	16	
3,714 11,157							
Dowe Industrial.....	CA	IND	--	2,650	7,953	1,358	
2,650 9,314							

TOTAL.....			\$ 429,047	\$ 466,526	\$1,229,542	\$70,820	
\$466,526 \$1,300,362			=====	=====	=====	=====	

<CAPTION>

PROPERTY	TOTAL COSTS	ACCUMULATED DEPRECIATION	YEAR OF CONSTRUCTION OR ACQUISITION	DEPRECIABLE LIFE (YEARS)
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Twin Oaks Shopping Center.....	11,105	944	1992	5-40
Zanker/Charcot Industrial.....	12,818	1,178	1992	5-40
Aurora Marketplace.....	14,871	1,745	1991	5-40
Dowe Industrial.....	11,964	1,254	1991	5-40
TOTAL.....	\$1,766,888	\$78,805		
	=====	=====		

</TABLE>

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AMB CONTRIBUTED PROPERTIES

SCHEDULE III (CONTINUED)
HISTORICAL COMBINED REAL ESTATE AND ACCUMULATED DEPRECIATION
AS OF JUNE 30, 1997
(DOLLARS IN THOUSANDS)

A summary of activity for real estate and accumulated depreciation for the years ended December 31, 1995 and 1996 and the six months ended June 30, 1997 is as follows:

<TABLE> <CAPTION>			
	1995	1996	1997
	-----	-----	-----
<S>	<C>	<C>	<C>
INVESTMENTS IN REAL ESTATE:			
Balance at beginning of year.....	\$ 672,756	\$1,101,165	\$1,698,575
Acquisition of properties and limited partners' interests.....	402,294	568,335	52,677
Improvements.....	26,115	36,340	17,745
Disposition of properties.....	--	(7,265)	(2,109)
Balance at end of year.....	\$1,101,165	\$1,698,575	\$1,766,888
	=====	=====	=====
ACCUMULATED DEPRECIATION:			
Balance at beginning of year.....	\$ 16,179	\$ 33,726	\$ 61,704
Depreciation and amortization expense.....	17,547	27,978	17,101
Balance at end of year.....	\$ 33,726	\$ 61,704	\$ 78,805

</TABLE>

- - - - -

- (1) As of June 30, 1997, Properties with a net book value of \$197,571 serve as collateral for outstanding indebtedness under the secured debt facility of \$73,000.
- (2) Represents one parcel of land totaling 10.3 acres which is intended for eventual development.
- (3) Consists of two properties with seven buildings in Los Angeles and one building in Anaheim.
- (4) Includes four individual grocer anchor centers.
- (5) Consists of two properties with five buildings in Houston and 18 buildings in Dallas.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
AMB Institutional Realty Advisors, Inc.:

We have audited the accompanying balance sheets of AMB Institutional Realty Advisors, Inc. (a California corporation) as of December 31, 1995 and 1996, and June 30, 1997 and the related statements of operations, changes in shareholders' equity and cash flows for the years ended December 31, 1994, 1995 and 1996 and for the six months ended June 30, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AMB Institutional Realty Advisors, Inc. as of December 31, 1995 and 1996, and June 30, 1997 and the results of its operations and its cash flows for the years ended December 31, 1994, 1995 and 1996, and for the six months ended June 30, 1997 in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

San Francisco, California,
August 15, 1997

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AMB INSTITUTIONAL REALTY ADVISORS, INC.

BALANCE SHEETS
AS OF DECEMBER 31, 1995 AND 1996
AND JUNE 30, 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
<S>	<C>	<C>	<C>
ASSETS			
Cash.....	\$1,080	\$2,783	\$ 917
Accounts receivable.....	3,016	925	1,239
Receivable from affiliates.....	704	3,027	2,585
Deferred offering costs.....	--	--	2,291
Other assets.....	114	213	105
Total assets.....	\$4,914	\$6,948	\$7,137
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable.....	\$ 440	\$ 298	\$ 105
Accrued liabilities.....	233	350	3,359

Total liabilities.....	673	648	3,464
-----	-----	-----	-----
Commitments and Contingencies			
Shareholders' Equity:			
Capital stock, no par value:			
Authorized -- 100,000,000 shares; issued and			
outstanding -- 1,695,085, 1,728,986 and 1,728,986 shares,			
respectively.....	1,042	1,349	1,349
Additional paid-in capital.....	1,298	1,298	1,298
Retained earnings.....	2,781	4,522	1,532
Notes receivable from shareholders.....	(880)	(869)	(506)
-----	-----	-----	-----
Total shareholders' equity.....	4,241	6,300	3,673
-----	-----	-----	-----
Total liabilities and shareholders' equity.....	\$4,914	\$6,948	\$7,137
=====	=====	=====	=====

</TABLE>

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

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AMB INSTITUTIONAL REALTY ADVISORS, INC.

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996,
AND FOR THE SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED) AND 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
	-----	-----	-----	-----	-----
				(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>	<C>
REVENUES					
Investment management income.....	\$ 6,111	\$ 6,468	\$ 9,073	\$ 3,861	4,351
Investment management income from					
affiliates.....	6,688	10,134	14,357	5,611	6,657
Interest and other income.....	66	224	416	223	75
-----	-----	-----	-----	-----	-----
Total Revenues.....	12,865	16,826	23,846	9,695	11,083
-----	-----	-----	-----	-----	-----
EXPENSES					
Salaries, general and administrative					
expenses paid to affiliates.....	9,940	13,564	16,843	7,751	8,319
-----	-----	-----	-----	-----	-----
Net Income.....	\$ 2,925	\$ 3,262	\$ 7,003	\$ 1,944	\$ 2,764
=====	=====	=====	=====	=====	=====

</TABLE>

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

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AMB INSTITUTIONAL REALTY ADVISORS, INC

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996,
AND FOR THE SIX MONTHS ENDED JUNE 30, 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	NOTES RECEIVABLE FROM SHAREHOLDERS	TOTAL
	NUMBER OF SHARES	AMOUNT				
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 1993.....	1,594,736	499	1,298	1,119	(436)	2,480
Net Income.....	--	--	--	2,925	--	2,925
Dividends declared and paid.....	--	--	--	(1,600)	--	--
(1,600)						
Share Purchase price reduction for						
Shareholders.....	--	(64)	--	--	64	--
Principal payment of notes receivable from						
shareholders.....	--	--	--	--	43	43
Issuance of common stock for notes.....	66,448	264	--	--	(264)	--
-----	-----	-----	-----	-----	-----	-----

--

Balance at December 31, 1994.....	1,661,184	699	1,298	2,444	(593)	3,848
Net Income.....	--	--	--	3,262	--	3,262
Dividends declared and paid.....	--	--	--	(2,925)	--	--
(2,925)						
Principal payment of notes receivable from shareholders.....	--	--	--	--	56	56
Issuance of common stock for notes.....	33,901	343	--	--	(343)	--
--	-----	-----	-----	-----	-----	-----
Balance at December 31, 1995.....	1,695,085	1,042	1,298	2,781	(880)	4,241
Net Income.....	--	--	--	7,003	--	7,003
Dividends declared and paid.....	--	--	--	(5,262)	--	--
(5,262)						
Principal payment of notes receivable from shareholders.....	--	--	--	--	318	318
Issuance of common stock for notes.....	33,901	307	--	--	(307)	--
--	-----	-----	-----	-----	-----	-----
Balance at December 31, 1996.....	1,728,986	1,349	1,298	4,522	(869)	6,300
Net Income.....	--	--	--	2,764	--	2,764
Dividends declared and paid.....	--	--	--	(5,754)	--	--
(5,754)						
Principal payment of notes receivable from shareholders.....	--	--	--	--	363	363
Issuance of common stock for notes.....	--	--	--	--	--	--
--	-----	-----	-----	-----	-----	-----
Balance at June 30, 1997.....	1,728,986	1,349	1,298	1,532	(506)	3,673
=====	=====	=====	=====	=====	=====	=====

</TABLE>

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

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AMB INSTITUTIONAL REALTY ADVISORS, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1994, 1995, AND 1996,
AND FOR THE MONTHS ENDED JUNE 30, 1996 (UNAUDITED) AND 1997
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
	-----	-----	-----	-----	-----
				(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net Income.....	\$ 2,925	\$ 3,262	\$ 7,003	\$ 1,944	\$ 2,764
Adjustments to reconcile net income to net cash provided by operating activities:					
Changes in assets and liabilities:					
Accounts Receivable.....	(213)	(1,665)	2,091	2,161	(314)
Receivable from affiliates.....	39	28	(2,323)	(1,271)	442
Other Assets.....	(31)	8	(99)	(54)	108
Accounts Payable.....	30	258	(142)	(443)	(193)
Accrued Liabilities.....	(45)	171	117	666	3,009
	-----	-----	-----	-----	-----
Net cash provided by operating activities.....	2,705	2,062	6,647	3,003	5,816
	-----	-----	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:					
Deferred offering costs.....	--	--	--	--	(2,291)
Borrowings on line of credit.....	--	750	--	--	--
Repayments of line of credit.....	--	(750)	--	--	--
Dividends paid.....	(1,600)	(2,925)	(5,262)	(2,262)	(5,754)
Principal payment of notes receivable from shareholders.....	43	56	318	138	363
	-----	-----	-----	-----	-----
Net cash used in financing activities.....	(1,557)	(2,869)	(4,944)	(2,124)	(7,682)
	-----	-----	-----	-----	-----
NET INCREASE (DECREASE) IN CASH.....	1,148	(807)	1,703	879	(1,866)
CASH AT BEGINNING OF PERIOD.....	739	1,887	1,080	1,080	2,783
	-----	-----	-----	-----	-----
CASH AT END OF PERIOD.....	\$ 1,887	\$ 1,080	\$ 2,783	\$ 1,959	\$ 917
	=====	=====	=====	=====	=====

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

CASH PAID FOR INTEREST.....	\$ --	\$ 3,713	\$ --	\$ --	\$ --
	=====	=====	=====	=====	=====

</TABLE>

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

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AMB INSTITUTIONAL REALTY ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. ORGANIZATION

AMB Institutional Realty Advisors, Inc. ("AMB"), a California corporation, was formed on December 29, 1988, for the purpose of providing professional services in real estate investments and development. AMB is a registered investment advisor with the Securities and Exchange Commission under the Investment Advisors Act of 1940 and a qualified professional asset manager. AMB's clients consist primarily of institutional investors, including retirement funds.

In August 1997, AMB and several of AMB's clients approved a business combination plan whereby the clients will exchange their ownership interests in real estate investments (the "AMB Contributed Properties") for shares in AMB Property Corporation, units in a subsidiary partnership, AMB Property, L.P. ("the Operating Partnership") or, in certain limited circumstances, cash. The allocation of ownership interests among AMB and the owners of the AMB Contributed Properties will be based on the agreed-upon relative value of net assets contributed. The initial allocation among these entities could change pending the resolution of certain future performance criteria of AMB Property Corporation. The planned combination is contingent upon a successful initial public offering of AMB Property Corporation's common stock. It is anticipated that AMB Property Corporation will seek to qualify as a real estate investment trust under the Internal Revenue Code of 1986, as amended.

It is contemplated that AMB Property Corporation will simultaneously raise equity through an initial public offering of its common stock with anticipated gross proceeds of \$250,000. The proceeds from the anticipated offering will be used to purchase interests in the properties of the owners of the AMB Contributed Properties who have elected not to receive shares in AMB Property Corporation or units in the Operating Partnership, to repay indebtedness and for working capital. AMB Property Corporation will transfer its ownership interest in properties to the Operating Partnership in exchange for a general partnership interest therein.

The investment management activities previously carried out by AMB for substantially all of its clients, will be transferred to a subsidiary of AMB Property Corporation.

The statement of operations for the six months ended June 30, 1996 is unaudited; however, in management's opinion, all adjustments of a normal recurring nature necessary for a fair presentation of the financial statements for the interim period have been reflected.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Generally Accepted Accounting Principles

The financial statements have been prepared in accordance with generally accepted accounting principles using the accrual method of accounting.

Deferred Offering Costs

Deferred offering costs represent legal, accounting and other costs incurred in connection with the anticipated merger. These costs, in addition to costs expected to be incurred after June 30, 1997, associated with the offering, will be deducted from additional paid-in capital upon a successful closing of the offering. In the event the offering is unsuccessful, these costs will be borne by AMB and the owners of the AMB Contributed Properties pro rata in accordance with their relative contribution values.

Income Taxes

As an S corporation, AMB is exempt from federal income taxes under Subchapter S of the Internal Revenue Code. Under this election, federal income taxes are paid by the shareholders of AMB. AMB is recognized as an S corporation for tax purposes in California and Massachusetts. As such, it is required to pay

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AMB INSTITUTIONAL REALTY ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

a California franchise tax at a reduced rate of 1.5 percent and a Massachusetts income tax at 4.5 percent at the corporate level. These taxes are included in general and administrative expense. The net income for financial reporting purposes differs from the net income for income tax reporting purposes primarily because AMB is a cash-basis taxpayer.

Revenue Recognition

Revenues are recognized as services are provided. AMB's revenues consist primarily of professional fees generated from real estate investment management services. During the years ended December 31, 1994, 1995 and 1996 and for the six months ended June 30, 1996 (unaudited) and 1997, AMB's three largest clients provided over 82, 30, 52, 47, and 52 percent, respectively, of professional fees earned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

New Accounting Pronouncements

In February of 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share," effective for financial statements issued after December 15, 1997. SFAS 128 requires public business enterprises to disclose basic earnings per share if the entity has a simple capital structure with no potential common shares from convertible securities, options or warrants. If the entity does not have potential common shares, it is considered to have a complex capital structure and must disclose basic and diluted earnings per share. This statement is not applicable to AMB, as it is not a public business enterprise.

In February of 1997, the FASB issued SFAS No. 129, "Disclosure of Information about Capital Structure," effective for periods ending after December 15, 1997. This statement establishes standards for disclosing information about an entry's capital structure. The financial statements of AMB are prepared in accordance with the requirements of SFAS 129.

In June of 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income." This statement, effective for fiscal years beginning after December 15, 1997, would require the entity to report components of comprehensive income in a financial statement that is displayed with the same prominence as other financial statements. Comprehensive income is defined by Concepts Statement No. 6, "Elements of Financial Statements" as the change in the equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. This statement has no impact on AMB as its net income and comprehensive income are equal.

In June of 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." This statement, effective for financial statements for periods beginning after December 15, 1997, requires that a public business enterprise report financial and descriptive information about its reportable operating segments. Generally, information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments. This statement is not applicable to AMB, as it is not a public business enterprise.

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AMB INSTITUTIONAL REALTY ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(DOLLARS IN THOUSANDS)

3. OTHER ASSETS

During 1995, AMB became general partner in a limited partnership ("the Limited Partnership") that provides professional services in real estate and development for certain international clients. This investment, which is included in other assets in the accompanying financial statements, is being accounted for under the equity method of accounting because AMB receives approximately 50% of the income of the Limited Partnership and does not exercise control over it. AMB's interest in the Limited Partnership was \$76, \$180 and \$93 as of December 31, 1995 and 1996 and June 30, 1997, respectively, and its equity in earnings of the Limited Partnership totaled \$0, \$30, \$135, \$92 and \$6 for the years ended December 31, 1994, 1995 and 1996, and for the six months ended June 30, 1996 (unaudited) and 1997, respectively. In addition, AMB received distributions of \$0, \$0, \$30, \$30 and \$112 over the same periods.

4. ACCRUED LIABILITIES

Accrued liabilities primarily consist of accrued vacation costs. In addition, at June 30, 1997, accrued liabilities include \$2,047 of accrued offering costs and \$962 of accrued bonuses.

5. NOTES RECEIVABLE FROM SHAREHOLDERS

Since 1990, AMB has issued from time to time capital stock to certain shareholder-employees in exchange for notes receivable. These notes bear interest at varying rates (generally prime plus 1 percent), and principal and interest are payable in annual installments over approximately 10 years. As of June 30, 1997, maturities on all of the notes range from 2005 to 2006. At December 31, 1995 and 1996, and June 30, 1997, outstanding principal and interest on the notes totaled \$880, \$869 and \$506 respectively.

6. LINE OF CREDIT AGREEMENT

AMB has a line of credit agreement with a bank for a total facility of \$4,000. The agreement provides for interest at prime rate plus .25 percent (8.5 percent at June 30, 1997). This agreement is partially guaranteed by three shareholders of AMB. There were no borrowings outstanding on this line at December 31, 1995 or 1996, or June 30, 1997.

7. TRANSACTIONS WITH AFFILIATES

Expense Reimbursements

AMB Investments, Inc., an affiliate of AMB, pays all general and administrative costs of AMB, including rent, salaries, employee benefits and other administrative expenses. Such expenses are billed back to AMB at cost. In addition, AMB pays a rental charge to AMB Investments, Inc. for use of its furniture, fixtures and equipment. Such reimbursement of general and administrative expenses totaled \$2,082, \$2,721, \$3,611, \$1,766 and \$1,915 for the years ended December 31, 1994, 1995 and 1996, and for the six months ended June 30, 1996 (unaudited) and 1997, respectively. Receivables from affiliates of \$176, \$314 and \$446, and payables to affiliates of \$4, \$1 and \$0, as of December 31, 1995 and 1996, and June 30, 1997, respectively, represent unreimbursed activity among the entities. Such unreimbursed activity bears interest at prime plus 3 percent.

Investment Management Income from Affiliates

The Company provides the Limited Partnership and the AMB Contributed Properties with certain professional services in return for an investment management fee, which is calculated in accordance with the applicable investment management agreements. Included in receivables from affiliates is \$529, \$2,713 and \$2,139 of asset management and other fees receivable from the AMB Contributed Properties, as of December 31, 1995 and 1996 and June 30, 1997, respectively.

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AMB INSTITUTIONAL REALTY ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(DOLLARS IN THOUSANDS)

8. EMPLOYEE BENEFITS

Effective January 1, 1988, AMB Investments, Inc. adopted a savings and retirement plan. The plan covers the employees of its affiliates, including AMB. Employees may elect to defer up to 10 percent of their annual compensation, not to exceed \$10 per individual. The participating affiliates provide a matching contribution equal to 50 percent of the amount deferred up to 3.5 percent of annual compensation, not to exceed \$3 per individual. The participating affiliates also may contribute a discretionary amount to be determined each year. The total participating affiliates' contribution to the plan accrued for the years ended December 31, 1994, 1995 and 1996, and for the six months ended June 30, 1996 (unaudited) and 1997 was \$87, \$109, \$137, \$0 and \$0, respectively, of which \$62, \$85, \$109, \$0 and \$0, respectively, was allocated to AMB. The contribution to the plan is made in the first quarter of the following calendar year.

9. LEASE COMMITMENTS

AMB shares common office space under lease obligations of AMB Investments, Inc. Total occupancy costs for AMB Investments, Inc. under these leases during years ended December 31, 1994, 1995 and 1996, and during the six months ended June 30, 1996 (unaudited) and 1997, were \$397, \$591, \$783, \$395 and \$457. Of this amount, \$289, \$435, \$510, \$256 and \$303, respectively, was allocated to AMB based on square footage. AMB Investments, Inc.'s minimum annual and aggregate future rentals are as follows:

<TABLE>

<S>	<C>
1997 (six months).....	\$ 463
1998.....	918
1999.....	404
2000.....	404
2001.....	404

	\$ 2,593
	=====

</TABLE>

Minimum annual lease payments of \$514 are subject to a three-year renewal option beginning January 1, 1999.

10. SUBSEQUENT EVENT

Certain of AMB's investment management agreements call for incentive management fees to be paid during ownership and upon disposition of the real estate investments under management to the extent that operations of the real estate investments and their fair values meet certain thresholds. It is AMB's policy not to accrue such fees until disposition of a real estate investment is contemplated and the ultimate fee can be reasonably estimated. Subsequent to year-end and in anticipation of the merger, AMB and one of its the AMB Contributed Properties agreed to an incentive management fee of \$3,011 to be paid to AMB prior to the anticipated merger. Such fee is not reflected in the accompanying financial statements.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Owners of the
AMB Contributed Properties:

We have audited the accompanying statement of revenues and certain expenses of the 1997 Acquired Properties (as defined in Note 1), for the year ended December 31, 1996. This financial statement is the responsibility of management of the AMB Contributed Properties. Our responsibility is to express an opinion on this financial statement based on our audit.

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

The accompanying statement of revenues and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Registration Statement on Form S-11 of AMB Property Corporation as described in Note 1 and is not intended to be a complete presentation of the revenues and expenses of the 1997 Acquired Properties.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the 1997 Acquired Properties for the year ended December 31, 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

San Francisco, California,
August 31, 1997

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1997 ACQUIRED PROPERTIES

COMBINED STATEMENTS OF REVENUES AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1996 AND
FOR THE PERIOD FROM JANUARY 1, 1997 TO THE EARLIER OF
THE ACQUISITION DATE OR JUNE 30, 1997 (UNAUDITED)
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

<S>	1996	1997
	-----	-----
	<C>	(UNAUDITED) <C>
REVENUES		
Rental revenues.....	\$24,728	\$11,268
Other income.....	116	16

	-----	-----
	24,844	11,284
CERTAIN EXPENSES		
Property operating and maintenance.....	3,686	1,850
Real estate taxes.....	3,330	1,219
	-----	-----
	7,016	3,069
	-----	-----
REVENUES IN EXCESS OF CERTAIN EXPENSES.....	\$17,828	\$ 8,215
	=====	=====

</TABLE>

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

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1997 ACQUIRED PROPERTIES

NOTES TO COMBINED STATEMENTS OF REVENUES
AND CERTAIN EXPENSES
(DOLLARS IN THOUSANDS)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Properties Acquired

The accompanying combined statements of revenues and certain expenses include the combined operations (see "Basis of Presentation" below) of seven properties (the "Properties") to be acquired by the Owners of the AMB Contributed Properties (the "Company") during the first three quarters of 1997.

<TABLE>

<CAPTION>

PROPERTY NAME -----	LOCATION -----	RENTABLE SQUARE FEET -----
<S>	<C>	<C>
Manhattan Village	Manhattan Beach, CA	515,666
Rockford Road Plaza	Plymouth, MN	205,787
Cabot Business Park	Mansfield, MA	1,071,517
Weslayan Plaza	Houston, TX	356,309
Acer Distribution	San Jose, CA	196,643
Patuxent	Jessup, MD	147,383
Executive Drive	Addison, IL	75,020

</TABLE>

Basis of Presentation

The accompanying combined statements of revenues and certain expenses are not representative of the actual operations of the Properties for the periods presented. Certain expenses may not be comparable to the expenses expected to be incurred by the Company in the proposed future operations of the Properties; however, the Company is not aware of any material factors relating to these Properties that would cause the reported financial information not to be indicative of future operating results. Excluded expenses consist of interest, depreciation and amortization and other costs not directly related to the future operations of the Properties.

Revenue Recognition

All leases are classified as operating leases, and rental revenue is recognized on a straight-line basis over the terms of the leases.

Use of Estimates

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

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1997 ACQUIRED PROPERTIES

NOTES TO COMBINED STATEMENTS OF REVENUES
AND CERTAIN EXPENSES (CONTINUED)
(DOLLARS IN THOUSANDS)

2. LEASING ACTIVITY:

The following is a schedule of future minimum rental revenues for 1997 and annually thereafter on non-cancelable operating leases in effect as of December 31, 1996.

<TABLE>

<CAPTION>

YEAR	AMOUNT
----	-----
<S>	<C>
1997 (six months).....	\$ 9,214
1998.....	20,353
1999.....	21,121
2000.....	21,016
2001.....	21,036
Thereafter.....	48,419

Total.....	\$141,159
	=====

</TABLE>

In addition to minimum rental payments, tenants pay reimbursements for their pro rata share of specified operating expenses, which amounted to \$6,032 and \$2,632 for the year ended December 31, 1996 and for the period from January 1, 1997 to the earlier of the acquisition date or June 30, 1997 (unaudited). Certain leases contain options to renew.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Owners of the
AMB Contributed Properties:

We have audited the accompanying statement of revenues and certain expenses of the 1996 Acquired Properties (as defined in Note 1), for the year ended December 31, 1995. This financial statement is the responsibility of management of the AMB Contributed Properties. Our responsibility is to express an opinion on this financial statement based on our audit.

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

The accompanying statement of revenues and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Registration Statement on Form S-11 of AMB Property Corporation as described in Note 1 and is not intended to be a complete presentation of the revenues and expenses of the 1996 Acquired Properties.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the 1996 Acquired Properties for the year ended December 31, 1995, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

San Francisco, California,
August 4, 1997

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1996 ACQUIRED PROPERTIES

COMBINED STATEMENTS OF REVENUES AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1995 AND FOR THE PERIOD FROM
JANUARY 1, 1996 TO THE ACQUISITION DATE (UNAUDITED)
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	1995	1996
	-----	-----
<S>	<C>	(UNAUDITED) <C>
REVENUES		
Rental revenues.....	\$30,407	\$25,383
Other income.....	1,175	2
	-----	-----
	31,582	25,385
CERTAIN EXPENSES		
Property operating and maintenance.....	3,919	3,630
Real estate taxes.....	4,311	3,960
	-----	-----

	8,230	7,590
	-----	-----
REVENUES IN EXCESS OF CERTAIN EXPENSES.....	\$23,352	\$17,795
	=====	=====

</TABLE>

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

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1996 ACQUIRED PROPERTIES

NOTES TO COMBINED STATEMENTS OF REVENUES
AND CERTAIN EXPENSES
(DOLLARS IN THOUSANDS)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Properties Acquired

The accompanying combined statements of revenues and certain expenses include the combined operations (see "Basis of Presentation" below) of eight properties (the "Properties") acquired by the Owners of the AMB Contributed Properties (the "Company") during the period from April 1, 1996 to December 31, 1996.

<TABLE>
<CAPTION>

PROPERTY NAME -----	DATE OF ACQUISITION -----	LOCATION -----	RENTABLE SQUARE FEET -----
<S>	<C>	<C>	<C>
Milmont Page.....	5/16/96	Fremont, CA	199,862
Dock's Corner.....	5/23/96	South Brunswick, NJ	554,521
Moffet Park R & D Portfolio.....	10/16/96	Sunnyvale, CA	462,245
Moffet Business Center.....	10/16/96	Sunnyvale, CA	285,480
Randall's Houston Retail Portfolio.....	11/12/96	Houston, TX	467,349
Artesia Industrial Portfolio.....	11/27/96	Los Angeles, CA	2,496,465
Riverview Plaza Shopping Center.....	12/5/96	Chicago, IL	139,272
O'Hare Industrial Portfolio.....	12/31/96	Itasca & Naperville, IL	743,372

</TABLE>

Basis of Presentation

The accompanying combined statements of revenues and certain expenses is not representative of the actual operations of the Properties for the periods presented. Certain expenses may not be comparable to the expenses expected to be incurred by the Company in the proposed future operations of the Properties; however, the Company is not aware of any material factors relating to these Properties that would cause the reported financial information not to be indicative of future operating results. Excluded expenses consist of interest, depreciation and amortization and other costs not directly related to the future operations of the Properties.

Revenue Recognition

All leases are classified as operating leases, and rental revenue is recognized on a straight-line basis over the terms of the leases.

Use of Estimates

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

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1996 ACQUIRED PROPERTIES

NOTES TO COMBINED STATEMENTS OF REVENUES
AND CERTAIN EXPENSES (CONTINUED)
(DOLLARS IN THOUSANDS)

2. LEASING ACTIVITY:

The following is a schedule of future minimum rental revenues for 1996 and annually thereafter on non-cancelable operating leases in effect as of December 31, 1995.

<TABLE>
<CAPTION>

YEAR ----	AMOUNT -----
--------------	-----------------

<S>	<C>
1996.....	\$ 23,076
1997.....	26,810
1998.....	25,757
1999.....	20,795
2000.....	17,189
Thereafter.....	67,862

Total.....	\$ 181,489
	=====

</TABLE>

In addition to minimum rental payments, tenants pay reimbursements for their pro rata share of specified operating expenses, which amounted to \$5,372 and \$5,160 for the year ended December 31, 1995 and for the period from January 1, 1996 to the acquisition date. Certain leases contain options to renew.

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

ALTERNATE COVER PAGE FOR INTERNATIONAL PROSPECTUS
PROSPECTUS (Subject to Completion)
Issued , 1997

Shares

AMB Property Corporation
COMMON STOCK

AMB PROPERTY CORPORATION (TOGETHER WITH ITS SUBSIDIARIES, THE "COMPANY") HAS BEEN FORMED TO CONTINUE AND GROW AMB INSTITUTIONAL REALTY ADVISORS, INC.'S NATIONAL INDUSTRIAL AND RETAIL PROPERTY BUSINESS. UPON CONSUMMATION OF THE OFFERING (AS DEFINED BELOW), THE COMPANY WILL BE ONE OF THE LARGEST PUBLICLY-TRADED REAL ESTATE COMPANIES IN THE UNITED STATES, WITH A NATIONWIDE PORTFOLIO OF 103 PROPERTIES COMPRISED OF 70 INDUSTRIAL PROPERTIES, PRINCIPALLY WAREHOUSE DISTRIBUTION PROPERTIES, AGGREGATING APPROXIMATELY 34.4 MILLION RENTABLE SQUARE FEET, AND 33 RETAIL PROPERTIES, PRINCIPALLY GROCER-ANCHORED COMMUNITY SHOPPING CENTERS, AGGREGATING APPROXIMATELY 6.4 MILLION RENTABLE SQUARE FEET. THE COMPANY IS A SELF-ADMINISTERED REAL ESTATE COMPANY AND EXPECTS TO QUALIFY AS A REAL ESTATE INVESTMENT TRUST ("REIT") FOR FEDERAL INCOME TAX PURPOSES.

OF THE SHARES OF COMMON STOCK, \$.01 PAR VALUE PER SHARE (THE "COMMON STOCK"), OF THE COMPANY OFFERED HEREBY (THE "OFFERING"), ARE BEING OFFERED INITIALLY OUTSIDE THE UNITED STATES AND CANADA BY THE INTERNATIONAL UNDERWRITERS AND ARE BEING OFFERED INITIALLY IN THE UNITED STATES AND CANADA BY THE U.S. UNDERWRITERS. ALL OF THE SHARES OF COMMON STOCK OFFERED HEREBY ARE BEING SOLD BY THE COMPANY AND WILL REPRESENT APPROXIMATELY % OF THE COMPANY'S OUTSTANDING COMMON EQUITY. THE REMAINING COMMON EQUITY (OR INTERESTS EXCHANGEABLE FOR COMMON EQUITY) IN THE COMPANY WILL BE BENEFICIALLY OWNED % BY THE COMPANY'S OFFICERS AND DIRECTORS AND % BY THE COMPANY'S OTHER EXISTING STOCKHOLDERS EXCLUDING SHARES TO BE PURCHASED IN THE OFFERING. SEE "UNDERWRITING."

PRIOR TO THE OFFERING, THERE HAS BEEN NO PUBLIC MARKET FOR THE COMMON STOCK. IT IS CURRENTLY ESTIMATED THAT THE INITIAL PUBLIC OFFERING PRICE PER SHARE WILL BE BETWEEN \$ AND \$. SEE "UNDERWRITING" FOR A DISCUSSION OF THE FACTORS CONSIDERED IN DETERMINING THE INITIAL PUBLIC OFFERING PRICE. APPLICATION HAS BEEN MADE TO LIST THE COMMON STOCK ON THE NEW YORK STOCK EXCHANGE UNDER THE SYMBOL "AMB."

SEE "RISK FACTORS" BEGINNING ON PAGE 14 HEREIN FOR CERTAIN FACTORS RELEVANT TO AN INVESTMENT IN THE SHARES OF COMMON STOCK, INCLUDING:

- - The possibility that the consideration paid by the Company for the properties and other assets contributed to the Company in its formation may exceed their fair market value, and the fact there were no arm's-length negotiations or third-party appraisals of such properties in connection with the Company's formation.
- - Conflicts of interest with, and material benefits to, affiliates of the Company, including certain officers and directors, in connection with the Company's formation and the operation of its ongoing businesses.

- - Taxation of the Company as a corporation if it fails to qualify as a REIT for Federal income tax purposes and the resulting decrease in cash available for distribution.
- - REIT distribution requirements may limit the Company's ability to finance future acquisitions, expansions and developments without additional debt or equity financing necessary to achieve the Company's business plan, which in turn may adversely affect the price of the Common Stock.
- - The ability of the Board of Directors to change the Company's growth strategy and investment strategy, financing and certain other policies without a vote of the Company's stockholders.
- - Real estate investment and property management risks, such as the need to renew leases or relet space upon lease expirations, the potential instability of cash flows and changes in the value of the Company's properties due to economic and other conditions.
- - The possible anti-takeover effect of the Company's ability to limit the ownership of shares of Common Stock to 9.8% of the outstanding shares and of certain other provisions in the organizational documents of the Company and the Operating Partnership which could have the effect of delaying, deferring or preventing a transaction or change in control of the Company.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICE \$ A SHARE

<TABLE>
<CAPTION>

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO COMPANY (2)
	-----	-----	-----
<S>	<C>	<C>	<C>
Per Share.....	\$	\$	\$
Total(3).....	\$	\$	\$

</TABLE>

-
- (1) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.
 - (2) Before deducting expenses payable by the Company estimated at \$ million.
 - (3) The Company has granted to the U.S. Underwriters an option, exercisable within 30 days of the date hereof, to purchase up to an aggregate of additional shares of Common Stock at the price to public less underwriting discounts and commissions for the purpose of covering over-allotments, if any. If the U.S. Underwriters exercise such option in full, the total price to public, underwriting discounts and commissions and proceeds to Company will be \$, \$ and \$, respectively. See "Underwriting."

The shares of Common Stock are offered, subject to prior sale, when, as, and if accepted by the Underwriters named herein, and subject to approval of certain legal matters by Gibson, Dunn & Crutcher LLP, counsel for the Underwriters. It is expected that delivery of the shares of Common Stock will be made on or about , 1997, at the offices of Morgan Stanley & Co. Incorporated, New York, N.Y., against payment therefor in immediately available funds.

Morgan Stanley Dean Witter

BT Alex. Brown International

Lehman Brothers

Montgomery Securities

Smith Barney Inc.

, 1997

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 31. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the fees and expenses in connection with the issuance and distribution of the securities being registered hereunder. Except for the SEC registration fee and the fee of the NASD, all amounts are estimates.

<TABLE>		
	<S>	<C>
	SEC Registration Fee.....	\$ 87,121
	NYSE Filing Fee.....	
	Printing and Engraving Expenses.....	
	Legal Fees and Expenses.....	
	Accounting Fees and Expenses.....	
	Registrar and Transfer Agent Fees and Expenses.....	
	Blue Sky Fees and Expenses.....	15,000
	National Association of Securities Dealers, Inc.....	29,250
	Miscellaneous Expenses.....	

	Total.....	\$
		=====

</TABLE>

All of the costs identified above will be paid by the Company.

ITEM 32. SALES TO SPECIAL PARTIES.

See Item 33.

ITEM 33. RECENT SALES OF UNREGISTERED SECURITIES.

Immediately prior to the consummation of the Offering, the Company will in connection with its formation issue unregistered shares of Common Stock to AMB for a purchase price of \$ per share. Immediately prior to the consummation of the Offering, as part of the Formation Transactions, the Continuing Investors will be issued an aggregate of shares of Common Stock and Units.

In addition, shortly prior to the consummation of the Offering, AMB will form the Operating Partnership as the sole general partner thereof, with the stockholders of AMB as the limited partners thereof. Such limited partner interests will be redeemed for no consideration in the Formation Transactions. In addition, upon formation of the Operating Partnership, the terms pursuant to which the PLPs may receive Performance Units will be established in the Partnership Agreement.

In January 1995, AMB issued 33,901 shares of its common stock to one of its officers, for total consideration of \$342,806, and in December 1996, it issued 33,901 shares of common stock to one of its officers, for total consideration of \$307,071.

All of the above sales will be made to "accredited investors" as defined in Regulation D under the Securities Act in transactions not involving a public offering pursuant to Regulation D. See "Formation and Structure of the Company."

ITEM 34. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 2-418 of the MGCL permits a corporation to indemnify its directors and officers and certain other parties against judgments, penalties, fines, settlements, and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty; (ii) the director or officer actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the director or officer had reasonable cause

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to believe that the act or omission was unlawful. Indemnification may be made against judgments, penalties, fines, settlements and reasonable expenses actually incurred by the director or officer in connection with the proceeding; provided, however, that if the proceeding is one by or in the right of the corporation, indemnification may not be made with respect to any proceeding in which the director or officer has been adjudged to be liable to the corporation. In addition, a director or officer may not be indemnified with respect to any proceeding charging improper personal benefit to the director or officer, whether or not involving action in the director's or officer's official capacity, in which the director or officer was adjudged to be liable on the basis that personal benefit was received. The termination of any proceeding by conviction, or upon a plea of nolo contendere or its equivalent, or an entry of any order of probation prior to judgment, creates a rebuttable presumption that the director or officer did not meet the requisite standard of conduct required for indemnification to be permitted.

In addition, Section 2-418 of the MGCL requires that, unless prohibited by its charter, a corporation indemnify any director or officer who is made a party

to any proceeding by reason of service in that capacity against reasonable expenses incurred by the director or officer in connection with the proceeding, in the event that the director or officer is successful, on the merits or otherwise, in the defense of the proceeding.

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

ITEM 35. TREATMENT OF PROCEEDS FROM STOCK BEING REGISTERED.

Not applicable.

ITEM 36. FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES AND EXHIBITS.

(a) (1) Financial Statements

PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

AMB PROPERTY CORPORATION

Pro forma condensed consolidated balance sheet as of June 30, 1997 with accompanying notes and adjustments.

Notes to pro forma condensed consolidated balance sheet.

Pro forma condensed consolidated statements of operations for the six months ended June 30, 1997 and for the year ended December 31, 1996 with accompanying notes and adjustments.

Notes to pro forma condensed consolidated statements of operations.

HISTORICAL FINANCIAL INFORMATION

AMB CONTRIBUTED PROPERTIES

Report of independent public accountants.

Combined balance sheets as of December 31, 1995 and 1996 and June 30, 1997.

Combined statements of operations for the years ended December 31, 1994, 1995 and 1996 and for the six months ended June 30, 1996 (unaudited) and 1997.

Combined statements of owners' equity for the years ended December 31, 1994, 1995 and 1996 and for the six months ended June 30, 1997.

Combined statements of cash flows for the years ended December 31, 1994, 1995 and 1996 and for the six months ended June 30, 1996 (unaudited) and 1997.

Notes to combined financial statements.

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AMB INSTITUTIONAL REALTY ADVISORS, INC.

Report of independent public accountants.

Balance sheets as of December 31, 1995 and 1996 and June 30, 1997.

Statements of operations for the years ended December 31, 1994, 1995 and 1996 and for the six months ended June 30, 1996 (unaudited) and 1997.

Statement of changes in shareholders' equity for the years ended December 31, 1994, 1995 and 1996, and for the six months ended June 30, 1997.

Statements of cash flows for the years ended December 31, 1994, 1995 and 1996, and for the six months ended June 30, 1996 (unaudited) and 1997.

Notes to financial statements.

THE 1997 ACQUIRED PROPERTIES

Report of independent public accountants.

Combined statements of revenues and certain expenses for the year ended December 31, 1996 and for the period from January 1, 1997 to the earlier of the acquisition date or June 30, 1997 (unaudited).

Notes to combined statements of revenues and certain expenses.

THE 1996 ACQUIRED PROPERTIES

Report of independent public accountants.

Combined statements of revenues and certain expenses for the year ended December 31, 1995 and for the period from January 1, 1996 to the acquisition date (unaudited).

Notes to combined statements of revenues and certain expenses.

(a) (2) Financial Statement Schedule

HISTORICAL FINANCIAL INFORMATION -- AMB CONTRIBUTED PROPERTIES

Schedule III -- Historical Combined Real Estate and Accumulated Depreciation.

(b) Exhibits

EXHIBIT NUMBER	DESCRIPTION
<C>	<S>
**1.1	Form of Underwriting Agreement.
**3.1	Articles of Incorporation of the Registrant.
**3.2	Bylaws of the Registrant.
**3.3	Form of Certificate for Common Stock of the Registrant.
**5.1	Opinion of Ballard Spahr Andrews & Ingersoll regarding the validity of the Common Stock being registered.
**8.1	Opinion of Latham & Watkins regarding certain Federal income tax matters.
**10.1	Amended and Restated Agreement of Limited Partnership of AMB Property, L.P.
**10.2	Form of Registration Rights Agreement among the Registrant and the persons named therein.
**10.3	Form of Employment Agreement between the Registrant and Executive Officers.
**23.1	Consent of Latham & Watkins (filed with Exhibit 8.1).
**23.2	Consent of Ballard Spahr Andrews & Ingersoll (filed with Exhibit 5.1).
*23.3	Consent of Arthur Andersen LLP.
*23.4	Consent of Douglas D. Abbey

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EXHIBIT NUMBER	DESCRIPTION
<C>	<S>
*23.5	Consent of Hamid R. Moghadam
*23.6	Consent of T. Robert Burke
*23.7	Consent of Daniel H. Case, III
*23.8	Consent of Robert H. Edelstein, Ph.D.
*23.9	Consent of Lynn M. Sedway.
*23.10	Consent of Paul P. Shepherd.
*23.11	Consent of Jeffrey L. Skelton, Ph.D.
*23.12	Consent of Thomas W. Tusher.
*23.13	Consent of Caryl B. Welborn, Esq.
*24.1	Power of Attorney (included on the signature page hereto).
*27.1	Financial Data Schedule -- AMB Contributed Properties.
*27.2	Financial Data Schedule -- AMB Institutional Realty Advisors, Inc.

* Filed herewith.

** To be filed by amendment.

ITEM 37. UNDERTAKINGS.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the provisions described under Item 34 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The Registrant hereby undertakes:

(1) For purposes of determining any liability under the Act, the information omitted from the form of Prospectus filed as part of the Registration Statement in reliance upon Rule 430A and contained in the form of Prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Act shall be deemed to be part of the Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this Registration Statement to be signed on its behalf by the undersigned thereunto duly authorized in the City of San Francisco, State of California, on the 18th day of September, 1997.

AMB PROPERTY CORPORATION

By: /s/ HAMID R. MOGHADAM

Hamid R. Moghadam
President and Chief Executive
Officer

Date: September 18, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Douglas D. Abbey, Hamid R. Moghadam, T. Robert Burke and S. Davis Carniglia, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the foregoing, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

SIGNATURE	TITLE	DATE
<C> /s/ T. ROBERT BURKE	<S> Chairman of the Board and Director	<C> September 18, 1997
----- T. Robert Burke		
/s/ HAMID R. MOGHADAM	President, Chief Executive Officer and Director (Principal Executive Officer)	September 18, 1997
----- Hamid R. Moghadam		
/s/ DOUGLAS D. ABBEY	Chairman of Investment Committee and Director	September 18, 1997
----- Douglas D. Abbey		
/s/ S. DAVIS CARNIGLIA	Chief Financial Officer and General Counsel (Principal	September 18, 1997

</TABLE>

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GRAPHICAL MATERIALS ON COLOR-FOLD OUT COVERS

AMB EXPERIENCE

INSERT LOGO

AMB PROPERTY CORPORATION

Founded in 1983, AMB has grown to become a leading investment manager with \$2.6 billion in real estate assets under management for over 70 institutional investors.

INSERT ACQUISITION AND TAKEOVER GROWTH CHART

	Acquisitions	Takeovers	Pending Acquisitions	Total
1988	\$390			\$390
1989	\$615	\$76		\$691
1990	\$864	\$113		\$977
1991	\$1,046	\$198		\$1,244
1992	\$1,331	\$198		\$1,529
1993	\$1,546	\$222		\$1,768
1994	\$2,077	\$270		\$2,347
1995	\$2,401	\$711		\$3,112
1996	\$2,987	\$734		\$3,721
1997	\$3,097	\$734	\$463	\$4,294

Experience:

- *14 years of experience

Active:

- *Over 160 property acquisitions totaling approximately \$3.0 billion since inception

Access to Transactions:

- *28 property acquisitions totaling approximately \$585 million in 1996

Results:

- *Strong returns through real estate cycles

- *A leader in the formation and management of private REITs

- *No AMB client has ever replaced AMB as its real estate investment manager in connection with its historical investment management business

- *Highly rated in independent surveys by its tenants, investor clients and their consultants

Focused:

- *Consistent strategy focused on industrial properties and community shopping centers

Institutional Investor Clients

Corporate Pension Plans

- *Ameritech

- *Blue Cross Blue Shield Association

- *Consolidated Freightways

- *Edison International

- *International Monetary Fund

- *The Southern Company

- *The World Bank

Public Pension Plans

- *Chicago Public Teachers

- *City and County of San Francisco

- *City of Milwaukee

- *City of Orlando

- *City of San Diego

- *Denver Employees

- *Illinois Municipal

Foundations and Endowments

- *Ford Foundation

- *Hewlett Foundation

- *Pomona College

- *Rockefeller Foundation

- *Stanford University

- *The Kresge Foundation

- *University of Illinois

Photographs of the following Properties:

- Harvest Business Park

- Kent, Washington

- 191,841 Square Feet

- Pacific Business Center

Fremont, California
375,912 Square Feet

Artesia Industrial Portfolio
Los Angeles, California
2,496,465 Square Feet

La Jolla Village
La Jolla (San Diego), California
165,287 Square Feet

Dallas Industrial Portfolio
Dallas, Texas
1,066,098 Square Feet

Bensenville Industrial Portfolio
Chicago, Illinois (O'Hare submarket)
2,137,370 Square Feet

Riverview Plaza Shopping Center
Chicago, Illinois
139,272 Square Feet

Two South Middlesex
Northern New Jersey (Exit 8A)
218,088 Square Feet

Southfield Industrial Portfolio
Atlanta, Georgia
780,623 Square Feet

Kendall Mall
Kendall (Miami), Florida
299,505 Square Feet
AMB LOGO
PROPERTY CORPORATION

AMB owns and operates industrial properties and community shopping centers nationally in select hub distribution markets and retail trade areas. As of the consummation of this Offering the Company will own 103 properties, of which 70 are industrial properties, and 33 are community shopping centers totaling over 35 million square feet in 24 markets (including Pending Acquisitions).

US MAP SHOWING PROPERTY LOCATIONS

List of Cities on Map

Atlanta
Austin
Baltimore
Chicago
Dallas
Denver
Houston
Los Angeles
Miami
Minneapolis
N. New Jersey
Orlando
Sacramento
Philadelphia
San Diego
San Francisco
Seattle
Washington D.C.

Western Region
10.7 Million Square Feet -- Industrial
35% of Total Industrial
2.2 Million Square Feet -- Retail
40% of Total Retail

Midwestern Region
9.8 Million Square Feet -- Industrial
32% of Total Industrial
0.7 Million Square Feet -- Retail
13% of Total Retail

Southern Region
7.6 Million Square Feet -- Industrial
25% of Total Industrial
1.4 Million Square Feet -- Retail
25% of Total Retail

Eastern Region

2.3 Million Square Feet -- Industrial
8% of Total Industrial
1.2 Million Square Feet -- Retail
22% of Total Retail

AMB Headquarters
AMB Boston Office

AMB Property Corporation

INSERT GEOGRAPHIC DIVERSIFICATION PIE GRAPHS

<TABLE>
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Region Leased	Number of Properties	Rentable Square Feet	Percentage of Portfolio	Number of Properties	Number of Buildings	Rentable Square Feet	% Industrial Portfolio	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Western	39	12,882,461	35.9%	24	128	10,690,015	35.1%	
94.1%								
Southern	24	9,011,637	25.1%	15	78	7,610,919	25.0%	
96.6%								
Midwestern	20	10,501,517	29.2%	16	80	9,790,994	32.2%	
94.1%								
Eastern	9	3,511,813	9.8%	6	20	2,327,351	7.7%	
87.2%								
TOTALS								
24 Markets	92	35,907,428	100.0%	61	306	30,419,279	100.0%	
94.2%								

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Region	Number of Properties	Rentable Square Feet	% Retail Portfolio	% Leased
<S>	<C>	<C>	<C>	<C>
Western	15	2,192,446	39.9%	96.5%
Southern	9	1,400,718	25.5%	83.9%
Midwestern	4	710,523	13.0%	95.4%
Eastern	3	1,184,462	21.6%	95.9%
TOTALS				
24 Markets	31	5,488,149	100.0%	93.0%

</TABLE>

Top 10 AMB Markets	Total Square Feet
Chicago	6,794,846
San Francisco Bay Area	5,088,264
Los Angeles	3,990,703
Minneapolis	3,706,671
Dallas	2,595,921
Atlanta	2,503,048
Miami	2,043,783
New Jersey/Philadelphia	1,817,874
Seattle	1,794,379
Houston	932,045
Total	31,267,534

EXHIBIT INDEX

<TABLE>
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EXHIBIT

NUMBER	DESCRIPTION
<C>	<S>
**1.1	Form of Underwriting Agreement.
**3.1	Articles of Incorporation of the Registrant.
**3.2	Bylaws of the Registrant.
**3.3	Form of Certificate for Common Stock of the Registrant.
**5.1	Opinion of Ballard Spahr Andrews & Ingersoll regarding the validity of the Common Stock being registered.
**8.1	Opinion of Latham & Watkins regarding certain Federal income tax matters.
**10.1	Amended and Restated Agreement of Limited Partnership of AMB Property, L.P.
**10.2	Form of Registration Rights Agreement among the Registrant and the persons named therein.
**10.3	Form of Employment Agreement between the Registrant and Executive Officers.
**23.1	Consent of Latham & Watkins (filed with Exhibit 8.1).
**23.2	Consent of Ballard Spahr Andrews & Ingersoll (filed with Exhibit 5.1).
*23.3	Consent of Arthur Andersen LLP.

- *23.4 Consent of Douglas D. Abbey
- *23.5 Consent of Hamid R. Moghadam
- *23.6 Consent of T. Robert Burke
- *23.7 Consent of Daniel H. Case, III
- *23.8 Consent of Robert H. Edelstein, Ph.D.
- *23.9 Consent of Lynn M. Sedway.
- *23.10 Consent of Paul P. Shepherd.
- *23.11 Consent of Jeffrey L. Skelton, Ph.D.
- *23.12 Consent of Thomas W. Tusher.
- *23.13 Consent of Caryl B. Welborn, Esq.
- *24.1 Power of Attorney (included on the signature page hereto).
- *27.1 Financial Data Schedule -- AMB Contributed Properties.
- *27.2 Financial Data Schedule -- AMB Institutional Realty Advisors, Inc.

</TABLE>

- -----

* Filed herewith.

** To be filed by amendment.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports, AMB Contributed Properties, dated August 15, 1997, AMB Institutional Realty Advisors, dated August 15, 1997, 1997 Acquired Properties, dated August 31, 1997, and 1996 Acquired Properties, dated August 4, 1997, included in this registration statement of AMB Property Corporation on Form S-11, dated September 18, 1997.

/s/ ARTHUR ANDERSEN LLP

September 18, 1997

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to the reference of the undersigned as a director nominee of AMB Property Corporation (the "Company") in the Company's Registration Statement on Form S-11.

/s/ DOUGLAS D. ABBEY

Douglas D. Abbey

September 17, 1997

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to the reference of the undersigned as a director nominee of AMB Property Corporation (the "Company") in the Company's Registration Statement on Form S-11.

/s/ HAMID R. MOGHADAM

Hamid R. Moghadam

September 17, 1997

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to the reference of the undersigned as a director nominee of AMB Property Corporation (the "Company") in the Company's Registration Statement on Form S-11.

/s/ T. ROBERT BURKE

T. Robert Burke

September 17, 1997

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to the reference of the undersigned as a director nominee of AMB Property Corporation (the "Company") in the Company's Registration Statement on Form S-11.

/s/ DANIEL H. CASE, III

Daniel H. Case, III

September 17, 1997

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to the reference of the undersigned as a director nominee of AMB Property Corporation (the "Company") in the Company's Registration Statement on Form S-11.

/s/ ROBERT H. EDELSTEIN, Ph.D.

Robert H. Edelstein, Ph.D.

September 17, 1997

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to the reference of the undersigned as a director nominee of AMB Property Corporation (the "Company") in the Company's Registration Statement on Form S-11.

/s/ LYNN M. SEDWAY

Lynn M. Sedway

September 17, 1997

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to the reference of the undersigned as a director nominee of AMB Property Corporation (the "Company") in the Company's Registration Statement on Form S-11.

/s/ PAUL P. SHEPHERD

Paul P. Shepherd

September 17, 1997

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to the reference of the undersigned as a director nominee of AMB Property Corporation (the "Company") in the Company's Registration Statement on Form S-11.

/s/ JEFFREY L. SKELTON, Ph.D.

Jeffrey L. Skelton, Ph.D.

September 17, 1997

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to the reference of the undersigned as a director nominee of AMB Property Corporation (the "Company") in the Company's Registration Statement on Form S-11.

/s/ THOMAS W. TUSHER

Thomas W. Tusher

September 17, 1997

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to the reference of the undersigned as a director nominee of AMB Property Corporation (the "Company") in the Company's Registration Statement on Form S-11.

/s/ CARYL B. WELBORN

Caryl B. Welborn

September 17, 1997

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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