AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON OCTOBER 24, 1997

REGISTRATION NO. 333-35915

===

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

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 SONNENSCHEIN, 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

TITLE OF SECURITIES BEING REGISTERED	AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE(2)
Common Stock, $.01 par value per share..............	$303,600,000	$92,000

</TABLE>

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

(2) Includes $87,121 previously paid with the Registration Statement filed on September 18, 1997 based on the originally proposed maximum aggregate offering price.

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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<C>	<S> FORM S-11 ITEM NO. AND HEADING	<C> LOCATION OR HEADING IN PROSPECTUS
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
9.	Selected Financial Data....................	Selected Financial and Other Data for AMB Property Corporation
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
14.	Description of Real Estate.................	Management's Discussion and Analysis of Financial Condition and Results of Operations; Business and Properties
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
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

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<C>	FORM S-11 ITEM NO. AND HEADING <S>	LOCATION OR HEADING IN PROSPECTUS <C>
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

</TABLE>

PROSPECTUS (Subject to Completion)

Issued   , 1997

12,000,000 Shares

AMB Property Corporation

COMMON STOCK

[AMB LOGO]

ALL OF THE SHARES OF COMMON STOCK OFFERED HEREBY ARE BEING SOLD BY THE COMPANY AND WILL REPRESENT APPROXIMATELY 14.2% OF THE COMPANY'S OUTSTANDING COMMON EQUITY. THE REMAINING COMMON EQUITY (OR INTERESTS EXCHANGEABLE FOR COMMON EQUITY) IN THE COMPANY WILL BE BENEFICIALLY OWNED 5.6% BY THE COMPANY'S OFFICERS AND DIRECTORS AND 80.2% BY THE COMPANY'S OTHER EXISTING STOCKHOLDERS, EXCLUDING SHARES TO BE PURCHASED IN THE OFFERING. OF THE SHARES OF COMMON STOCK OFFERED HEREBY,   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. SEE "UNDERWRITING." UPON CONSUMMATION OF THE OFFERING, THE COMPANY WILL OWN 100 PROPERTIES ENCOMPASSING 38.1 MILLION SQUARE FEET. THE COMPANY IS SELF-ADMINISTERED AND EXPECTS TO QUALIFY AS A REAL ESTATE INVESTMENT TRUST ("REIT") FOR FEDERAL INCOME TAX PURPOSES.

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 $20 AND $22. SEE "UNDERWRITING" FOR A DISCUSSION OF THE FACTORS CONSIDERED IN DETERMINING THE INITIAL PUBLIC OFFERING PRICE. THE COMMON STOCK HAS BEEN APPROVED FOR LISTING ON THE NEW YORK STOCK EXCHANGE UNDER THE SYMBOL "AMB," SUBJECT TO OFFICIAL NOTICE OF ISSUANCE.

SEE "RISK FACTORS" BEGINNING ON PAGE 16 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.

- - The continued involvement of certain officers and directors in other real estate activities and investments and the discharge of the Company's fiduciary duties to limited partners of the Operating Partnership, each of which may conflict with the interests of stockholders.

- - Material benefits to certain officers and directors from the use of $1.1 million of net Offering proceeds to repay indebtedness incurred to purchase certain assets from an affiliate.

- - 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 involving a change in control.

- - The Company's estimated initial payout ratio will be 102.0% for the twelve months ending December 31, 1998, assuming no expiring leases are renewed during such period, and 95.9%, assuming leases are renewed during such period at the Company's weighted average historical retention rate since January 1, 1994.

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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<S>	<C> PRICE TO PUBLIC	<C> UNDERWRITING DISCOUNTS AND COMMISSIONS(1)	<C> PROCEEDS TO COMPANY(2)
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, as

amended. See "Underwriting."

(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

NationsBanc Montgomery Securities, Inc.

Smith Barney Inc.

, 1997

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.

[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."

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 $21 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 (with its operations conducted through AMB Institutional Realty Advisors, L.P., a Maryland limited partnership (the "Investment Management Partnership") 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 166.

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 $2.8 billion under management for over 70 well-recognized institutional investors. Substantially all of the Company's properties have been acquired by AMB and the remainder taken over from other investment managers.

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 105 individuals, 88 of whom are located in its San Francisco headquarters and 17 of whom are located in its Boston office. Upon consummation of the Offering, the Company's employees will own approximately 5.6% of the Common Stock (assuming the exchange of all Units into shares of Common Stock). See "Management," "Principal Stockholders" and "Description of Certain Provisions of the Partnership Agreement of the Operating Partnership -- Redemption/Exchange Rights."

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 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, the substantial majority 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 Management Subsidiary. See "Formation Transactions."

Upon consummation of the Offering, the Company will own 100 properties, comprised of 67 Industrial Properties and 33 Retail Properties located in 24 markets throughout the United States. As of September 30, 1997, the Industrial Properties (representing 322 buildings), principally warehouse distribution properties, encompassed approximately 31.8 million rentable square feet and were 95.6% leased to over 750 tenants. The Retail Properties, principally grocer-anchored community shopping centers, encompassed approximately 6.3 million rentable square feet and, as of the same date, were 94.3% leased to over 700 tenants. See "Business and Properties." The following table sets forth certain summary information with respect to the Properties, including one Property acquired after September 30, 1997.

INDUSTRIAL AND RETAIL PROPERTIES BY REGION

<TABLE>
<CAPTION>

	INDUSTRIAL PROPERTIES				RETAIL PROPERTIES			TOTAL		
REGION	NUMBER OF PROPERTIES	NUMBER OF BUILDINGS	RENTABLE SQUARE FEET	% OF TOTAL	NUMBER OF CENTERS	RENTABLE SQUARE FEET	% OF TOTAL	NUMBER OF PROPERTIES	RENTABLE SQUARE FEET	% OF TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Western...........	25	129	10,745,975	33.8%	16	2,615,976	41.8%	41	13,361,951	35.1%
Southern..........	15	78	7,772,046	24.4	10	1,757,546	28.0	25	9,529,592	25.0
Midwestern........	20	82	9,919,464	31.2	4	710,652	11.3	24	10,630,116	27.9
Eastern...........	7	33	3,396,251	10.6	3	1,184,462	18.9	10	4,580,713	12.0
Total.............	67	322	31,833,736	100.0%	33	6,268,636	100.0%	100	38,102,372	100.0%

</TABLE>

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, including for the indemnification by the Executive Officers, directors and other participants in the Formation Transaction for breaches of representations and warranties relating to the Formation Transactions, each of which could result in the Company taking action which is not in the interest of all stockholders and (iii) the continued involvement of certain of the Company's Executive Officers and directors in other real estate activities and investments, including 11 retail development projects in the U.S., a low income housing apartment, and less than 1% partnership interests in office buildings located in various markets, which could take management's time away from the day-to-day operations 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, which could result in the Company taking action which is not in the interest of all stockholders;

- 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, and risks associated with the Company's reliance on external sources of capital 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 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 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 which could have an adverse effect on Funds from Operations and the Company's financial condition and results of operations;

- 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;

- the Company's estimated initial annual distributions will be 102.0% of the Company's estimated cash available for distribution for the twelve months ending December 31, 1998 assuming no expiring leases are renewed during such period, and 95.9%, assuming leases are renewed during such period at the Company's weighted average historical retention rates since

January 1, 1994;

- the possible failure of investments to perform in accordance with the Company's expectations, inaccuracy of 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 which could have an adverse effect on Funds from Operations and the Company's financial condition and results of operations;

- the possible unavailability of acquisition and development financing on favorable terms and delays due to the inability to obtain necessary permits or authorizations which could have an adverse effect on Funds from Operations and the Company's financial condition and results of operations, and the need for management to devote a substantial portion of it's time and attention which could take management's time away from the day-to-day operations of the Company;

- possible uninsured losses or losses in excess of insured limits relating to certain activities, including fire, rental loss and seismic activity which could have an adverse effect on Funds from Operations and the Company's financial condition and results of operations;

- in connection with the Company's property ownership through partnerships and joint ventures, the possibility 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, which could adversely effect the return realized by the Company in such investments;

- 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 which could have an adverse effect on Funds from Operations and the Company's financial condition and results of operations;

- 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 which would adversely effect the distributions by the Investment Management Subsidiary on its equity interests owned by the Company;

- potential liability of the Company for environmental matters and the costs of compliance with certain government regulations which could have an adverse effect on Funds from Operations and the Company's financial condition and results of operations;

- 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 which could have an adverse effect on Funds from Operations and the Company's financial condition and results of

operations; 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.

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. In-fill properties are those typified by significant population densities and low availability of land which can be developed into competitive properties. 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 the resulting upward pressure on rents.

- 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 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 value added renovation and expansion of 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 23.2%. The Company expects to obtain a $400 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 capitalizing on the economies of owning, operating and growing a large-scale national portfolio. In the first nine months of 1997, the Company increased average contractual or base rental rates by 9.9% on 292 new and renewing leases totaling 5.7 million rentable square feet (representing 15.0% of the Properties' aggregate rentable square footage). During 1998, leases encompassing an aggregate of 8.8 million rentable square feet (23.1% 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 $0.72, or 6.2%, for an aggregate increase of $3.3 million. Management believes that it will have an opportunity to increase the average rental rate on expiring leases during 1998 covering an aggregate of 5.6 million rentable square feet.

Growth Through Acquisitions. The Company acquired 93 of the 100 Properties, and believes its significant acquisition experience and its extensive network of property acquisition sources will continue to provide opportunities for external growth. Management believes 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 the 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.

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 on behalf of nine clients approximately

$495 million of real estate investments for existing institutional clients of AMB, including industrial properties encompassing 4.1 million rentable square feet, retail properties encompassing 0.5 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 2.1 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. Through its co-investment program the Company expects to generate incremental revenues by leveraging AMB's 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 should provide certain other benefits such as:

- The opportunity to earn acquisition, management and incentive fees on investments acquired on a co-investment basis, in addition to returns from ownership interests in such investments themselves.

- Economies of scale and operational synergies resulting from the expansion of the Company's asset base.

- 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 in 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 ERISA requirements with respect to pension plan investors 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.

FINANCING POLICIES

The Company's financing policies and objectives are determined by its 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 September 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 23.2% (approximately 22.8% 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 $400 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 September 30, 1997 on a historical combined basis of $514.4 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 97.2% 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.

- 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 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 4,290,067.

- 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 97.2% of the ownership interests in, the Operating Partnership. The remaining 2.8% 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 4,747,893 shares of Common Stock with a total value of $99.7 million (based on the assumed initial public offering price of $21 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 September 30, 1997 was approximately $9.5 million. The cost of such shares to the current AMB stockholders was $2.6 million, resulting in an unrealized gain of $97.1 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 4,290,067 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 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 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 receiving grants of options to purchase an aggregate of 1,885,000 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.

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) Such ownership interests are determined without giving effect to the exchange of Units representing such limited partnership interests for shares of Common Stock. See "Description of Certain Provisions of the Partnership Agreement of the Operating Partnership -- Redemption/Exchange Rights." For local law purposes, Properties in certain states may be owned through limited partnerships and limited liability companies owned 99% by the Operating Partnership and 1% by a wholly-owned subsidiary of the Company. The ownership of such Properties through such limited partnerships will not affect the Company's overall ownership of the interests in the Properties.

(2) The Investment Management Subsidiary is owned by the Operating Partnership which owns 100% of the non-voting preferred stock (representing a 95% economic interest therein) and the Executive Officers who collectively own 100% of the voting common stock (representing a 5% economic interest therein). The Investment Management Subsidiary will conduct its business through the Investment Management Partnership, of which it will be the sole general partner and own the entire capital interest. The Executive Officers will own a profits interest in the Investment Management Partnership relating to the allocation of a portion of the incentive fees with respect to assets managed by AMB prior to the Offering.

THE INDUSTRIAL AND RETAIL PROPERTIES

The following tables set forth certain information relating to the Industrial Properties and Retail Properties as of September 30, 1997, unless indicated otherwise.

INDUSTRIAL PROPERTIES BY REGION

AS OF SEPTEMBER 30, 1997

<TABLE>
<CAPTION>

REGION	NUMBER OF PROPERTIES	NUMBER OF BUILDINGS	RENTABLE SQUARE FEET	PERCENTAGE OF TOTAL INDUSTRIAL RENTABLE SQUARE FEET	PERCENTAGE LEASED	ANNUALIZED BASE RENT (000S)	PERCENTAGE OF ANNUALIZED BASE RENT	NUMBER OF LEASES	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT(1)
Western.......	25	129	10,745,975	33.8%	97.4%	$ 52,013	39.5%	306	$ 4.97
Southern......	15	78	7,772,046	24.4	96.7	32,512	24.7	271	4.33
Midwestern....	20	82	9,919,464	31.2	94.9	33,477	25.5	222	3.56
Eastern.......	7	33	3,396,251	10.6	89.6	13,517	10.3	62	4.44
Total/Weighted Average.....	67	322	31,833,736	100.0%	95.6%	$131,519	100.0%	861	$ 4.32

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

RETAIL PROPERTIES BY REGION

AS OF SEPTEMBER 30, 1997

<TABLE>
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REGION	NUMBER OF CENTERS	LEASED ANCHOR RENTABLE SQUARE FEET(2)	LEASED NON-ANCHOR RENTABLE SQUARE FEET	AVAILABLE RENTABLE SQUARE FEET	TOTAL RENTABLE SQUARE FEET	PERCENTAGE OF TOTAL RETAIL RENTABLE SQUARE FEET	PERCENTAGE LEASED	ANNUALIZED BASE RENT (000S)	PERCENTAGE OF ANNUALIZED BASE RENT	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT(1)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Western...	16	1,539,698	991,953	84,325	2,615,976	41.8%	96.8%	$ 33,023	47.0%	$13.04
Southern...	10	1,108,510	443,705	205,331	1,757,546	28.0	88.3	17,414	24.8	11.22
Midwestern...	4	552,707	138,400	19,545	710,652	11.3	97.2	6,698	9.5	9.69
Eastern...	3	1,005,618	130,010	48,834	1,184,462	18.9	95.9	13,119	18.7	11.55
Total/Weighted Average...	33	4,206,533	1,704,068	358,035	6,268,636	100.0%	94.3%	$ 70,254	100.0%	$11.89

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(1) Calculated as total Annualized Base Rent divided by rentable square feet actually leased as of September 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.

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 September 30, 1997.

<TABLE>
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	PROPERTY INFORMATION			
PROPERTY NAME	LOCATION	DATE ACQUIRED	INITIAL ACQUISITION PRICE	SQUARE FEET AT ACQUISITION

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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
Fairway Drive Phase III	San Leandro, CA	Aug-97	1,100	--(1)
Mendota Heights	Mendota Heights, MN	June-97	1,100	--(1)
Subtotal -- Industrial			28,600	729,846
Retail Properties				
Palm Aire	Miami, FL	May-96	3,100	143,987
Southwest Pavilion	Reno, NV	Sept-90	8,600	76,757
Subtotal -- Retail			11,700	220,744
Total			$40,300	950,590

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RENOVATION, EXPANSION AND DEVELOPMENT ACTIVITY

PROPERTY NAME	TYPE(2)	ESTIMATED COMPLETION DATE(3)	TOTAL ESTIMATED INVESTMENT(4)	SQUARE FEET AT COMPLETION
Industrial Properties				
Dock's Corner	Expansion	July-98	$46,900	1,200,000
Fairway Drive Phase II	Development	Jan-98	10,600	255,300
Fairway Drive Phase III	Development	Aug-98	4,800	115,000
Mendota Heights	Development	Nov-97	6,900	150,400
Subtotal -- Industrial			69,200	1,720,700
Retail Properties				
Palm Aire	Renovation	Feb-98	11,500	144,300
Southwest Pavilion	Expansion	May-98	9,100	80,800
Subtotal -- Retail			20,600	225,100
Total			$89,800	1,945,800

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(1) Represents the development of a building.

(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 costs. The estimates are based on the Company's current planning estimates and forecasts and therefore are subject to change.

THE OFFERING

Common Stock offered hereby	
United States offering....................................	
International offering....................................	
Total...	
Common Stock to be outstanding after the Offering(1).........	81,962,908
Units to be outstanding after the Offering(2)................	2,387,531
Common Stock and Units to be outstanding after the Offering(1)...	84,350,439
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"

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(1) Excludes 5,750,000 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 2,950,000 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 Company's option, 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 $0.34125 per share for a full quarter. On an annualized basis, this would be $1.365 per share (of which the Company currently estimates approximately 14% may represent a return of capital for tax purposes), or an annual distribution rate of approximately 6.5% based on an assumed initial public offering price per share of $21 (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." In the opinion of Latham & Watkins, tax counsel to the Company, commencing with the Company's taxable year ending December 31, 1997, the Company will be organized in conformity with the requirements for qualification and taxation 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. 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, distributions 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. 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.

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 of real estate assets by AMB.

The accompanying unaudited pro forma condensed consolidated balance sheet data as of September 30, 1997 has been prepared to reflect (i) the acquisition of properties subsequent to September 30, 1997, (ii) the partial disposition of a property subsequent to September 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 September 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 nine months ended September 30, 1997 and during the year ended December 31, 1996, (ii) the acquisition of properties subsequent to September 30, 1997, (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.

AMB PROPERTY CORPORATION
SUMMARY FINANCIAL AND OTHER DATA
(IN THOUSANDS EXCEPT PER SHARE DATA, PERCENTAGES AND NUMBER OF PROPERTIES)

<TABLE>

<CAPTION>

	AS OF AND FOR THE YEARS ENDED DECEMBER 31,						AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	AMB CONTRIBUTED PROPERTIES(1)					COMPANY PRO FORMA	AMB CONTRIBUTED PROPERTIES(1)	
	1992	1993	1994	1995	1996	1996	1996	1997
						(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OPERATING DATA:								
Revenues...........	$ 9,644	$ 24,398	$ 51,682	$ 108,249	$ 167,953	$ 243,402	$ 121,212	$ 169,284
Property operating expenses and real estate taxes......	1,729	6,245	13,577	30,641	45,813	70,055	33,473	46,398
Interest expense....	34	4,700	12,023	20,533	26,867	36,697	18,927	35,517
Depreciation and amortization......	2,078	4,642	8,812	17,524	28,591	41,567	20,549	26,686
Asset management fees to affiliates........	733	1,746	3,167	6,250	9,508	--	6,593	12,568
General, administrative and other expenses....	513	194	350	782	838	7,233	586	674
Income from operations before disposal of properties and minority interest.........	4,557	6,871	13,753	32,519	56,336	87,850	41,084	47,441
Net income.........	4,557	6,871	13,194	32,531	54,400	84,408	40,449	46,835
Pro forma net income per share(2)......						$ 1.03		
BALANCE SHEET DATA:								
Investment in real estate (before accumulated depreciation).....	$ 196,202	$ 323,230	$ 666,672	$1,018,681	$ 1,616,091		$1,266,284	$1,901,162
Net investment in real estate.......	193,655	316,041	650,493	984,955	1,554,387		1,210,934	1,813,326
Total assets........	200,004	326,586	721,131	1,117,181	1,622,559		1,274,487	1,904,875
Mortgage loans(3)...	47,500	100,496	201,959	254,067	403,321		322,872	443,324
Secured debt facility(3).......	--	--	--	--	73,000		--	73,000
Secured line of credit...........	--	--	--	--	46,313		27,013	43,613
Credit Facility.....	--	--	--	--	25,500		--	181,300
Stockholders' equity...........	150,193	208,043	490,111	837,199	1,027,601		892,040	1,097,801
OTHER DATA:								
EBITDA(4)..........	$ 6,669	$ 16,213	$ 34,588	$ 70,576	$ 111,794	$ 166,114	$ 80,560	$ 109,644
Funds from Operations(5).....	6,635	11,513	21,945	49,788	84,204	127,675	60,767	73,199
Cash flows provided by (used in):								

Operating activities........	7,275	12,429	28,522	52,408	90,918	140,221	66,043	81,585
Investing activities........	(156,126)	(121,397)	(346,940)	(355,725)	(572,280)	(938,638)	(224,417)	(283,866)
Financing activities........	152,326	110,161	372,046	355,246	404,008	722,597	81,218	215,216
PROPERTY DATA:								
INDUSTRIAL PROPERTIES								
Total rentable square footage of properties at end of period.........	1,963	5,638	13,364	21,598	29,609		24,974	31,834(6)
Number of properties at end of period............	5	12	28	44	60		54	67(6)
Occupancy rate at end of period.....	94.5%	97.4%	96.9%	97.3%	97.2%		94.2%	95.6%
RETAIL PROPERTIES								
Total rentable square footage of properties at end of period.........	997	1,074	2,422	3,299	5,282		4,189	6,269
Number of properties at end of period............	8	9	14	19	30		23	33
Occupancy rate at end of period.....	97.0%	96.5%	93.7%	92.4%	92.4%		90.9%	94.3%

<CAPTION>

<S>	COMPANY PRO FORMA 1997 (UNAUDITED) <C>
OPERATING DATA:	
Revenues............	$ 193,251
Property operating expenses and real estate taxes......	56,799
Interest expense....	26,920
Depreciation and amortization......	31,235
Asset management fees to affiliates........	--
General, administrative and other expenses....	5,651
Income from operations before disposal of properties and minority interest..........	72,646
Net income..........	69,662
Pro forma net income per share(2)......	$ 0.85
BALANCE SHEET DATA:	
Investment in real estate (before accumulated depreciation).....	$2,213,574
Net investment in real estate.......	2,213,574
Total assets........	2,248,272
Mortgage loans(3)...	459,730
Secured debt facility(3).......	75,176
Secured line of credit............	--
Credit Facility.....	--
Stockholders' equity............	1,589,576

OTHER DATA:	
EBITDA(4)...........	130,801
Funds from Operations(5).....	102,575
Cash flows provided by (used in):	
Operating activities........	81,441
Investing activities........	(3,603)
Financing activities........	(87,871)
PROPERTY DATA:	
INDUSTRIAL PROPERTIES	
Total rentable square footage of properties at end of period.........	
Number of properties at end of period............	
Occupancy rate at end of period.....	
RETAIL PROPERTIES	
Total rentable square footage of properties at end of period.........	
Number of properties at end of period............	
Occupancy rate at end of period.....	

</TABLE>

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	AS OF AND FOR THE YEARS ENDED DECEMBER 31,					AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
AMB(7)	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	$ 14,574	$ 23,287
Expenses............	5,850	6,357	9,940	13,564	16,843	12,551	14,305
Net income..........	1,190	798	2,925	3,262	7,003	2,023	8,982
BALANCE SHEET DATA:							
Total assets........	$ 3,275	$ 2,739	$ 4,092	$ 4,914	$ 6,948	$ 5,011	$ 13,718
Stockholders' equity............	3,029	2,480	3,848	4,241	6,300	4,790	9,523
OTHER DATA:							
Cash flows provided by (used in):							
Operating activities........	$ 1,071	$ 372	$ 2,705	$ 2,062	$ 6,647	$ 4,217	$ 11,286
Investing activities........	--	242	--	--	--	--	(1,436)
Financing activities........	(405)	(1,325)	(1,557)	(2,869)	(4,944)	(3,534)	(6,470)

<CAPTION>

AMB(7)	
<S>	<C>
OPERATING DATA:	
Revenues............	
Expenses............	
Net income..........	
BALANCE SHEET DATA:	
Total assets........	
Stockholders' equity............	
OTHER DATA:	
Cash flows provided by (used in):	
Operating activities........	
Investing activities........	

Financing
activities........
</TABLE>

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(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 81,962,908 shares.

(3) Mortgage loans and secured debt facility on a pro forma basis as of September 30, 1997 include debt premiums of approximately $16.4 million and $2.2 million, respectively. See Note 5 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 considers 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 does not actually represent the cash made available to investors during any particular period. 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) Includes four Properties which will be acquired by the Company in connection with the Formation Transactions. See "Business and Properties."

(7) Represents the historical financial and other data of AMB for periods prior to the Formation Transactions.

RISK FACTORS

An investment in the shares of Common Stock involves various material risks. Prospective investors should carefully consider the following risk factors 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 contributed to the Company, including AMB, were obtained by the Company in connection with the Formation Transactions, including the purchase by the Company of certain assets for $1.1 million from an affiliate of AMB owned by Messrs. Abbey, Moghadam and Burke. 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. Consequently, such agreements and arrangements may provide greater benefit to such Executive Officers than may have been obtained from independent parties.

Continued Involvement of Executive Officers 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. However, the continued involvement by the Company's Executive Officers and directors could take management's time away from the day-to-day operations of the Company. 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 use office space leased by such affiliate of the Executive Officers for a fee equal to such affiliate's allocated cost thereof. The Company may continue to provide certain administrative services to AMBCREA at arm's-length charges. See "Certain Relationships and Related Transactions."

Such activities could also, in the future, subject to the unanimous approval of the disinterested directors, involve acquisitions of property from such Executive Officers, additional leases between such Executive Officer and the Company, and/or other related activities in which the interests pursued by such Executive Officer may not be in the best interests of the stockholders.

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% 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. However, the continued involvement by the Company's Executive Officers and directors in such properties could take management's time away from the day-to-day operations of the Company. Following the Offering, the Company will be prohibited from acquiring any properties from the principals of AMB or their affiliates without the approval of its disinterested 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 issuable to the Executive Officers) will have certain approval rights with respect to certain transactions that affect all stockholders but which may not be exercised in a manner which reflects the interests of 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, the Company's three largest stockholders, Ameritech Pension Trust, the City and County of San Francisco Employee's Retirement System and Southern Company Services, Inc., will beneficially own approximately 32.4% of the outstanding Common Stock (assuming the exchange of all Units into shares of Common Stock). In addition, the Executive Officers and directors will own 5.6% of the Common Stock (assuming the exchange of all Units into shares of Common Stock, 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.

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, par value $0.01 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, together with Maryland law, also contain other provisions that may delay, defer or prevent a transaction, including 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. Such provisions include the following: the requirement in the Articles of Incorporation that directors may be

removed only for cause and only upon a two-thirds vote of stockholders, together with Bylaw provisions authorizing the Board of Directors to fill vacant directorships; the provision in the Articles of Incorporation requiring a two-thirds vote of stockholders for amendment thereof; the requirement of the Bylaws that the request of the holders of 50% or more is necessary for stockholders to call a special meeting; the requirement of Maryland law that stockholder action by written consent may only be taken with the unanimous approval of all stockholders entitled to vote on the matter in question; and the

requirement in the Bylaws of advance notice by stockholders for the nomination of directors or proposal of business to be considered at a meeting of stockholders. These provisions, individually or taken together, may impede various actions by stockholders without approval of the Board of Directors, which in turn may delay, defer or prevent a transaction involving a change of control of the Company.

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.

Possible Inability to Control Real Estate Investments

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 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 $1.61 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."

INITIAL PAYOUT RATIO FOR THE TWELVE MONTHS ENDING DECEMBER 31, 1998

The Company's estimated initial annual distribution will represent 102.0% of the Company's estimated cash available for distribution for the twelve months ending December 31, 1998, assuming that no expiring leases are renewed during such period, and 95.9%, assuming leases are renewed during such period at the Company's weighted average retention rate since January 1, 1994. Accordingly, if the Company fails to achieve its expected operating results, the Company's ability to pay its estimated initial annual distribution of $1.365 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 credit facility to provide funds for such distribution, or to reduce the amount of such distribution.

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.

Concentration of Properties in California

Approximately 28.7% of the Properties (based on square footage) are located in California, particularly in Los Angeles and the San Francisco Bay Area. California just recently began to recover from an economic recession which began in the early 1990s and which affected Southern California in particular. The Company's revenue from, and the value of its Properties in, California may be affected by a number of factors, including the local economic climate (which may be adversely impacted by business layoffs or downsizing, industry slowdowns, changing demographics and other factors) and local real estate conditions (such as oversupply of or reduced demand for office and other competing commercial properties). Therefore, the Company's performance and its ability to make distributions to shareholders will likely be dependent, in part, on economic conditions in California.

Concentration of Properties in Industrial and Retail Sectors

The Company's Properties are and are likely to continue to be concentrated predominantly in the industrial and retail commercial real estate sectors. Such concentration may expose the Company to the risk of downturns in these sectors to a greater extent than if its portfolio also included other property types.

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.

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 51.6% of the leased square footage in the Properties will expire on or prior to December 31, 2000, with leases on 7.2% of the Properties expiring on or prior to December 31, 1997. 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 21 Industrial Properties (aggregating 9,135,110 square feet) and 11 Retail Properties (aggregating 1,843,212 square feet) 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. Such insurance coverage also applies to the properties managed by the Investment Management Subsidiary, with a single aggregate policy limit and deductible applicable to such properties and the Company's properties. 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.

Possible Nonperformance by Third-Party Managers

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, which in turn could result in a decrease in the tenant renewal rate and have adverse effects on the Company's results of operations and ability to make cash distributions.

Impact on Control Over and Liabilities With Respect to Properties Owned Through Partnerships and Joint Ventures

The Company will have ownership interest in five industrial and four 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 who, with respect to certain investment opportunities, will share certain approval rights over major decisions. Partnership or joint venture investments may, under certain circumstances, involve risks such as the possibility that the Company's partners or co-venturers 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. The occurrence of one or more of the events described above could have an adverse effect on the Company's financial condition and results of operations, and its ability to make cash distributions.

Possible Inability to Consummate Acquisitions on Advantageous Terms

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.

Possible Inability to Complete Renovation and Development on Advantageous Terms

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. 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. Once completed, such new or renovated properties may perform below anticipated levels, producing cash flow below budgeted amounts. The occurrence of one or more of the foregoing in connection with the Company's renovation and development activities could have an adverse effect on the Company's financial condition and results of operations, and its ability to make cash distributions. 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 which could take management's time away from the day-to-day operations of the Company. 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 which could have an adverse effect on the Company's financial condition and results of operations, and its ability to make cash distributions. 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 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.

In the opinion of Latham & Watkins, tax counsel to the Company, 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. 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 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. In the opinion of Morrison & Foerster LLP, 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 are based on various assumptions and factual representations by CIF and VAF, as applicable, regarding their respective abilities to meet the various 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.

Impact 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 $400 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-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 $1.365 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.

Assumption of Outstanding Credit Facility

The Credit Facility to be assumed in connection with the Formation Transactions is currently an obligation of CIF, one of the AMB Predecessors. To the extent that at the time of such assumption there are any uncured defaults in respect of the Credit Facility, the Company could be responsible therefor, and the lenders thereunder could exercise their remedies, including acceleration of all outstanding amounts and suspension or termination of availability of borrowings. Such exercise could have an adverse effect on the Company's financial condition and liquidity.

POSSIBLE IMPACT OF DEFAULTS ON CROSS-COLLATERALIZED AND CROSS-DEFAULTED DEBT

The Company has 12 non-recourse secured loans which are cross-collateralized by five pools each containing between two and nine Properties. As of September 30, 1997, there was $212.2 million outstanding on such loans. Accordingly, if an event of default were to occur on any such loan, the Company would be required to repay the aggregate of all indebtedness on any such loan, together with applicable prepayment charges, in order to avoid foreclosure on all such Properties. Foreclosure on such Properties, or the Company's inability to refinance any such loan on terms as favorable as existing terms, would negatively impact the Company's financial condition and results of operations. In addition, it is expected that the Company's Credit Facility will contain defaults in the event that other material indebtedness of the Company (including its non-recourse secured and joint venture debt) is in default. Such cross-default provision may require the Company to repay or restructure the Credit Facility in addition to any mortgage or other debt which is in default, which could have an adverse effect on the Company's financial condition and liquidity.

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 or the limitation of their availability could have an adverse effect on the Company's financial condition and results of operations. While all Executive Officers will enter into employment agreements with the Company, there may be limitations under applicable state law in the enforceability of such agreements, particularly as respects the non-competition agreements contained therein. 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. Certain tenants may claim that the Formation Transactions give rise to a right to purchase such premises occupied by such tenants. The Company does not believe any such claims would be material. See "-- Government Regulations -- Environmental Matters" below as to the possibility of undisclosed environmental conditions potentially affecting the value of the Properties. The existence of undisclosed material liabilities which are not remedied by the Indemnity Escrow could have an adverse effect on the Company's financial condition and results of operations, and its ability to make cash distributions.

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 nonvoting 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 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 expenditures could have an adverse effect on the Company's financial condition and results of operations.

Possible Reassessment of Properties by Local Tax Assessors

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 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. To the extent that any such increases in property taxes attributable to reassessments could not be passed through to tenants, such increases would decrease Funds from Operations and adversely effect the Company's competitive position with respect to such Properties and, consequently, its financial condition, results of operations and ability to make cash distributions.

CONFLICTS OF INTEREST

The Executive Officers and directors of the Company may be subject to a number of conflicts of interest. Such potential conflicts, and the Company's proposed methods of dealing with them, are described below. See also "Risk Factors -- Conflicts of Interest" and "Policies with Respect to Certain Activities -- Conflict of Interest Policies."

ENFORCEMENT OF AGREEMENTS RELATING TO FORMATION TRANSACTIONS

As recipients of shares of outstanding Common Stock and, potentially, Performance Units, as holders of the profits interest in the Investment Management Partnership, and as parties to the representations, warranties and indemnification agreements made in connection with the Formation Transactions, certain directors and Executive Officers of the Company will have a conflict of interest with respect to their obligations to vigorously enforce the terms of the agreements relating to the Formation Transactions. Accordingly, all decisions relating to the interpretation and enforcement of such agreements with respect to such persons will be determined on behalf of the Company by action of the Independent Directors who are disinterested with respect to the matter in question.

CONTINUED INVOLVEMENT IN OTHER REAL ESTATE ACTIVITIES AND INVESTMENTS

The Executive Officers and certain directors will be entitled to continue involvement in certain real estate activities and investments following consummation of the Offering, as described under "Risk Factors -- Conflicts of Interest -- Continued Involvement in Other Real Estate Activities and Investments" and "-- Conflicts of Interest in Connection with Properties Owned or Controlled by Executive Officers and Directors." However, apart from such specified permitted activities and investments, the Executive Officers will be precluded from other activities in commercial real estate or, with certain exceptions, investments in industrial or retail real estate, pursuant to their respective employment agreements. See "Management -- Employment Agreements." All decisions relating to the interpretation and enforcement of such employment agreements will be determined on behalf of the Company by action of the Independent Directors who are disinterested with respect to the matter in question.

In addition, Independent Directors will be subject to limitations on real estate activities which are directly competitive with the Company. All decisions relating to the interpretation and enforcement of such limitations will be made on behalf of the Company by action of the Independent Directors who are disinterested with respect to the matter in question.

TRANSACTIONS BETWEEN THE COMPANY AND THE EXECUTIVE OFFICERS AND AFFILIATES

Following the Offering, there will be certain limited transactions between affiliates of the Executive Officers and the Company, as described under "Certain Relationships and Related Transactions." In addition, the Executive Officers, directors and employees of the Company and their affiliates may from time to time propose other such transactions. All decisions relating to any such transaction will be made on behalf of the Company by action of the Independent Directors who are disinterested with respect to the matter in question. Each such transaction 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 such disinterested directors.

Following the Offering, all matters relating to compensation and benefits of Executive Officers will be subject to approval of the Compensation Committee of the Board of Directors, which will be comprised solely of Independent Directors.

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 $2.8 billion under management for over 70 well-recognized institutional investors.

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 105 individuals, 88 of whom are located in its San Francisco headquarters and 17 of whom are located in its Boston office. Upon consummation of the Offering, the Company's employees will own approximately 5.6% of the Common Stock (assuming the exchange of all Units 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, a substantial majority 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 Management Subsidiary. See "Formation Transactions."

PROPERTIES

Upon consummation of the Offering, the Company will own 100 properties comprised of 67 industrial properties and 33 retail properties located in 24 markets throughout the United States. As of September 30, 1997, the Industrial Properties (representing 322 buildings), principally warehouse distribution properties, encompassed approximately 31.8 million rentable square feet and were 95.6% leased to over 750 tenants. The Retail Properties, principally grocer-anchored community shopping centers, encompassed approximately 6.3 million rentable square feet and, as of the same date, were 94.3% leased to over 700 tenants. Additionally, upon completion of the Offering, the Company's Investment Management Subsidiary expects to manage on behalf of nine clients approximately $495 million of real estate investments, encompassing 4.1 million rentable square feet of industrial space, 0.5 million rentable square feet of community shopping center space and other property types encompassing 2.1 million rentable square feet. The following table sets forth certain summary information with respect to the Properties as of September 30, 1997.

INDUSTRIAL AND RETAIL PROPERTIES BY REGION

<TABLE>
<CAPTION>

	INDUSTRIAL PROPERTIES				RETAIL PROPERTIES			TOTAL		
REGION	NUMBER OF PROPERTIES	NUMBER OF BUILDINGS	RENTABLE SQUARE FEET	% OF TOTAL	NUMBER OF CENTERS	RENTABLE SQUARE FEET	% OF TOTAL	NUMBER OF PROPERTIES	RENTABLE SQUARE FEET	% OF TOTAL
Western..........	25	129	10,745,975	33.8%	16	2,615,976	41.8%	41	13,361,951	35.1%

Southern.........	15	78	7,772,046	24.4	10	1,757,546	28.0	25	9,529,592	25.0
Midwestern.......	20	82	9,919,464	31.2	4	710,652	11.3	24	10,630,116	27.9
Eastern..........	7	33	3,396,251	10.6	3	1,184,462	18.9	10	4,580,713	12.0
Total............	67	322	31,833,736	100.0%	33	6,268,636	100.0%	100	38,102,372	100.0%

</TABLE>

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 in independent surveys of institutional investors and their real estate specialists as well as their consultants who frequently recommend AMB to their clients. AMB has been rated as an industry leader, in such surveys conducted from time to time since 1990, with respect to the quality and expertise of its investment professionals, the structure of its portfolios and in 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.

The Company's relationships with institutional real estate investors following the Offering are reflected by the institutional investors which elected to become stockholders of the Company in the Formation Transactions including the following:

<TABLE>
<CAPTION>

CORPORATE PENSION PLANS	PUBLIC PENSION PLANS	FOUNDATIONS AND ENDOWMENTS
Ameritech Pension Trust	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.

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, in which there is a lack of concentration of 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."

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:

<TABLE>

<S> U.S. Industrial Vacancy Rate	<C> New Industrial Construction as a Percent of Industrial Inventory
4.9	3.8
5.3	3.2
6.4	3.2
6.4	1.9
6.8	2.2
7.3	3.2
8.4	2.5
8	2.5
8.6	2.5
8.4	2
9.6	1.7
10.4	0.7
10.1	0.4
9.7	0.4

8.5	0.5
7.7	0.9
7.6	0.5
7.4	0.5

</TABLE>

For 24 major markets through 1988, and 53 major markets thereafter. Chart derived from data, as of

December 31, 1996, obtained from CB Commercial/Torto Wheaton Research.

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]

Chart derived from historical and forecasted data published by Regional Financial Associates.

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 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]

(1) Average vacancy rate for 58 markets. Chart derived from data obtained from F.W. Dodge/McGraw Hill.

(2) Average shopping center construction rate. Chart derived from data published by Regional Financial Associates.

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.

<TABLE>
<CAPTION>

Measurement Period (Fiscal Year Covered)	Personal Income	Retail Sales	CPI
<S>	<C>	<C>	<C>
1992	6	4.8	3

1993	4.1	6.5	3
1994	5	7.4	2.6
1995	6.3	4.6	2.8
1996	5.5	4.9	2.9
1997	5.7	6	2.8
1998	5.4	4.9	3.1
1999	5.6	6	3.4
2000	5.7	6.2	3.5
2001	5.7	6.1	3.6

</TABLE>

Chart derived from data published by Regional Financial Associates.

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.

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 105 employees, 88 of whom are located in its San Francisco headquarters and 17 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 100 Properties 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: Atlanta, Chicago, Dallas/Fort Worth, Los Angeles, Northern New Jersey and San Francisco Bay Area. According to CB Commercial/Torto Wheaton Research, these markets accounted for approximately (i) 36% of the warehouse property inventory as of June 30, 1997, and (ii) for the three-year period ended June 30, 1997, an average of 34% of industrial property net absorption, in the nation's 53 major industrial markets. In addition, such hub markets contain approximately 64% 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."

PROPERTY MANAGEMENT

The Company actively manages its Properties through its experienced staff of 14 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 September 30, 1997, the Company's weighted average tenant retention rate was approximately 71.8% at its Industrial Properties and approximately 81.4% 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 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 23.2% (approximately 22.8% if the Underwriters' over-allotment option is exercised in full). 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 $400 million. Such facility will bear interest at a rate equal to LIBOR plus 110 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 $495 million of real estate investments for nine existing institutional clients of AMB, including industrial properties encompassing 4.1 million square feet, retail properties encompassing 0.5 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 2.1 million square feet. 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 nine months ended September 30, 1997, were $1.1 million, $1.8 million, $2.1 million and $2.8 million, respectively, including asset management and acquisition fees. 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 September 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 SEPTEMBER 30, 1997

<TABLE>
<CAPTION>

	INDUSTRIAL PROPERTIES		RETAIL PROPERTIES		OTHER PROPERTIES		TOTAL		
REGION	RENTABLE SQUARE FEET	% OF TOTAL	RENTABLE SQUARE FEET	% OF TOTAL	RENTABLE SQUARE FEET	% OF TOTAL	NUMBER OF PROPERTIES	RENTABLE SQUARE FEET	% OF TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Western...........	1,682,008	41.3%	--	--%	1,486,958	69.4%	13	3,168,966	47.0%
Southern..........	757,908	18.6	287,844	55.2	329,491	15.4	11	1,375,243	20.4
Midwestern........	674,042	16.5	--	--	165,598	7.7	5	839,640	12.5
Eastern...........	963,122	23.6	233,786	44.8	161,640	7.5	8	1,358,548	20.1
Total.............	4,077,080	100.0%	521,630	100.0%	2,143,687	100.0%	37	6,742,397	100.0%

</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 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 agree on the criteria under which they 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:

- The opportunity to earn acquisition, management and incentive fees on investments acquired on a co-investment basis, in addition to returns from ownership interests in such investments themselves.

- Economies of scale and operational synergies resulting from the expansion of the Company's asset base.

- 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 interest therein). All of the outstanding voting common stock of the Investment Management Subsidiary (representing 5% of its economic interest therein) will be owned by the Company's Executive Officers. See "Risk Factors -- Investment Management Subsidiary." The Investment Management Subsidiary will conduct its business through the Investment Management Partnership, of which it will be the sole general partner and own the entire capital interest. The Executive Officers will own a profits interest in the Investment Management Partnership relating to the allocation of a portion of the incentive fees with respect to assets managed by AMB prior to the Offering. The co-investment program will also be subject to the requirements of ERISA with respect to benefit plan investors which are subject to ERISA.

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 September 30, 1997, the Industrial Properties were 95.6% leased and the Retail Properties were 94.3% 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 nine months of 1997, the Company increased average rental rates by 9.9% on 292 new and renewing leases, totaling 5.7 million rentable square feet or 15.0% of the aggregate rentable square footage of the Properties. In addition, during 1998, leases encompassing an aggregate of 8.8 million rentable square feet (representing 23.1% 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 $0.72, or 6.2%, for an aggregate increase of $3.3 million. The Company expects further rent increases over the next two calendar years as leases representing 23.8% 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

The Company acquired 93 of the 100 Properties and believes its significant acquisition experience and its extensive network of property acquisition sources will continue to provide opportunities for external growth. 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.

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 completed five value-enhancing renovation projects totaling over 1.1 million rentable square feet. Currently, the Company is renovating one shopping center that, upon completion, will encompass 144,300 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 645,479 and 4,043 rentable square feet, respectively, to the projects for a total of 1,280,800 rentable square feet at completion.

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 three properties under development, which upon completion will total approximately 255,300, 115,000 and 150,400 rentable square feet, respectively.

USE OF PROCEEDS

The net proceeds from the Offering are expected to be approximately $217.7 million, after deducting Underwriters' discounts, commissions and offering expenses of approximately $34.3 million (or net offering proceeds of approximately $252.9 million if the Underwriters' over-allotment option is exercised in full), assuming an offering price of $21 per share. The Company intends to use the net proceeds and cash on hand of approximately $13.9 million to repay approximately $181.3 million of indebtedness which was incurred to fund property acquisitions and to purchase an interest from certain investors for approximately $50.3 million. In addition, the Company will repay approximately $1.1 million of other temporary borrowings incurred after September 30, 1997. See "Strategies for Growth" and "Principal Stockholders." If the Underwriters' over-allotment option is exercised in full, the Company expects to use the additional net proceeds of approximately $35.2 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 September 30, 1997, the weighted average interest rate on indebtedness expected to be repaid with the net proceeds of the Offering was approximately 6.7% and the weighted average maturity was approximately three years. All of the $181.3 million of outstanding borrowings expected to be repaid from the net proceeds of the Offering was incurred within the 12 months ended September 30, 1997 in connection with property acquisitions.

DISTRIBUTIONS

Subsequent to the Offering, the Company intends to make regular quarterly distributions to the holders of its Common Stock. The Company intends to cause the Operating Partnership initially to distribute annually approximately 95.9% of estimated Cash Available for Distribution, assuming lease renewals at weighted average historical rates since January 1, 1994 for leases expiring during the 12-month period ending December 31, 1998 (and approximately 102.0% of estimated Cash Available for Distribution, assuming no lease renewals during such 12-month period). The initial distribution, covering a partial quarter commencing on the date of the closing of the Offering and ending on December 31, 1997, is expected to be approximately $0.13125 per share, which represents a pro rata distribution based on a full quarterly distribution of $0.34125 per share and an annual distribution of $1.365 per share (or an annual distribution rate of 6.5% based on the Offering price of $21 per share, of which $0.27 is expected to represent a return of capital for tax purposes). The Company does not intend to reduce the expected distribution per share if the Underwriters' over-allotment option is exercised. The following discussion and the information set forth in the table and footnotes below should be read in connection with the financial statements and notes thereto, the pro forma financial information and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" included elsewhere in this Prospectus.

The Company's estimate of the Cash Available for Distribution (or "CAD") after the Offering is based upon pro forma Funds from Operations for the nine months ended September 30, 1997, with certain adjustments based on the items described below. To estimate Cash Available for Distribution for the 12 months ended December 31, 1998, pro forma Funds from Operations for the nine months ended September 30, 1997 was adjusted (a) to annualize such nine-month figures to reflect 12 months of operations, (b) without giving effect to any changes in working capital resulting from changes in current assets and current liabilities (which changes are not anticipated to be material) or the amount of cash estimated to be used for (i) investing activities for development, acquisition and other activities (other than a reserve for recurring building improvements and tenant improvements and leasing commissions for renewing space) and (ii) financing activities, (c) for certain known events and/or contractual commitments that either occurred subsequent to September 30, 1997 or during the 12 months ended September 30, 1997 but were not effective for the full 12 months and (d) for certain non-GAAP adjustments consisting of (i) revising historical rent estimates from a GAAP basis to amounts currently being paid or due from tenants and (ii) an estimate of amounts anticipated for recurring tenant improvements, leasing commissions and building improvements. The estimate of

Cash Available for Distribution is being made solely for the purpose of setting the initial distribution and is not intended to be a projection or forecast of the Company's results of operations or its liquidity, nor is the methodology upon which such adjustments were made necessarily intended to be a basis for determining future distributions. Future distributions by the Company will be at the discretion of the Board of Directors. There can be no assurance that any distributions will be made or that the estimated level of distributions will be maintained by the Company.

The following table describes the calculation of pro forma Funds from Operations ("FFO") for the nine months ended September 30, 1997 and the adjustments made to pro forma FFO (as annualized) in estimating FFO, cash flows from operating, investing and financing activities and initial Cash Available for Distribution

for the 12 months ending December 31, 1998 (dollars in thousands except share data and per square foot amounts):

<TABLE>
<CAPTION>

	ASSUMING RENEWALS	ASSUMING NO RENEWALS
<S>	<C>	<C>
Pro forma income from operations before disposal of properties and minority interests for the nine months ended September 30, 1997(1)...	$ 72,646	$ 72,646
Real estate depreciation and amortization(2)........................	31,128	31,128
FFO attributable to minority interests in consolidated joint ventures(3)...	(1,199)	(1,199)
Pro forma FFO for the nine months ended September 30, 1997............	$102,575	$ 102,575
Pro forma FFO, as annualized(4)......................................	$136,767	$ 136,767
Adjustments to derive estimated FFO for the 12 months ending December 31, 1998:		
Incremental effect of new leases, net of expiring leases(5)..........	1,323	(5,803)
Incremental effect of straight-line rents(6)........................	2,799	2,799
Estimated FFO for the 12 months ending December 31, 1998..............	140,891	133,763
Adjustments to derive estimated cash flows from operating activities:		
Conversion of straight-line rents to cash basis rents(7)............	(1,352)	(1,352)
Amortization of deferred financing fees and debt premium(8)..........	(2,657)	(2,657)
Estimated cash flows from operating activities........................	136,882	129,754
Estimated cash flows used in investing activities:		
Estimated annual reserve for recurring tenant improvements and lease commissions, net of minority interests' share(9)..................	(8,259)	(8,259)
Estimated annual reserve for recurring capital expenditures, net of minority interests' share(10)....................................	(2,388)	(2,388)
Estimated cash flows used in investing activities.....................	(10,647)	(10,647)
Estimated cash flows used in financing activities:		
Estimated annual reserve for debt principal amortization, net of minority interests' share(11)....................................	(6,200)	(6,200)
Estimated CAD for the 12 months ending December 31, 1998..............	$120,035	$ 112,907
Estimated initial cash distributions(12):		
Stockholders of the Company..	$111,879	$ 111,879
Minority interests in the Operating Partnership......................	3,259	3,259
Total estimated initial cash distributions..................	$115,138	$ 115,138
Estimated initial annual distributions per share and unit.............	$ 1.365	$ 1.365
Estimated CAD payout ratio..	95.9%	102.0%

</TABLE>

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(1) See "Pro Forma Financial Information".

(2) Excludes pro forma depreciation and amortization of non-real estate related assets consisting primarily of furniture and equipment of approximately

$107 for the nine months ended September 30, 1997.

(3) Represents pro forma FFO attributable to minority interests in nine consolidated joint ventures during the nine months ended September 30, 1997.

(4) The Company believes that annualizing its FFO for the nine months ended September 30, 1997 represents a reasonable basis for establishing its estimated FFO for the 12 months ending December 31, 1998, as its operations are non-seasonal in nature. The Company believes that the differences between FFO for the nine months ended September 30, 1997 (as annualized) and pro forma FFO for the 12 months ended September 30, 1997 are not material.

(5) Represents the estimated annual incremental effect on estimated rental revenues for the 12 months ending December 31, 1998 from new executed leases in place as of October 23, 1997 with commencement dates occurring prior to December 31, 1998 and from which the Company will receive contractual rents during the 12 months ending December 31, 1998 of approximately $3,900, net of a provision for the estimated annual effect of expiring leases during the 12 months ending December 31, 1998 of approximately $2,577 (assuming renewals) and approximately $9,703 (assuming no renewals). The provision for expiring leases assuming renewals has been based upon contractual rents on leases expiring during the 12 months ending December 31, 1998, net of estimated renewals.

Estimated renewals have been based upon contractual rents expiring during the 12 months ending December 31, 1998 from the expiration date of such leases to December 31, 1998 multiplied by the Company's historical weighted average tenant retention percentages. The following tables set forth the contractual rent on expiring leases and estimated rents on renewals for the 12 months ending December 31, 1998 (dollars in thousands):

<TABLE>
<CAPTION>

	CONTRACTUAL RENTS ON EXPIRING LEASES	WEIGHTED AVERAGE RETENTION %	ESTIMATED RENTS RENEWED	ESTIMATED RENTS NOT RENEWED
<S>	<C>	<C>	<C>	<C>
Assuming Renewals:				
Retail....................	$ 1,665	81.4%	$ 1,355	$ 310
Industrial................	8,038	71.8%	5,771	2,267
Total.....................	$ 9,703		$ 7,126	$ 2,577
Assuming No Renewals:				
Retail....................	$ 1,665	--	--	$ 1,665
Industrial................	8,038	--	--	8,038
Total.....................	$ 9,703			$ 9,703

</TABLE>

The above amounts excludes the effects of operating expenses and expense reimbursements as the Company believes that operating expenses relating to the net increase in rental revenues resulting from new leases, net of expiring leases, would not be material and that such increases, if any, will be reimbursed by tenants. Further, the estimated rents renewed does not give effect to any potential rent increases to reflect changes in market rent conditions. The weighted average retention percentages are historical figures since January 1, 1994. There can be no assurances that the Company will be able to renew expiring leases at or above the weighted average rates set forth in the table above.

(6) Represents an adjustment to reflect estimated straight-line rents for the 12 months ending December 31, 1998 which has been computed as estimated straight-line rent adjustment for such period of approximately $6,550 less pro forma straight-line rent adjustment of $3,751 which is included in the annualized FFO. The net increase is the result of changing the assumed consolidation date from the pro forma date of January 1, 1996 to the expected closing date of November 25, 1997.

(7) Represents the conversion of estimated rental revenues for the 12 months ending December 31, 1998 from a straight-line accrual basis to a cash basis of revenue recognition. The adjustment has been computed as estimated straight-line rent adjustment for the 12 months ending December 31, 1998 of approximately $6,550, less contractual rent increases during such period of approximately $3,339 less the incremental effect of contractual rent increases commencing during the period from January 1, 1997 to December 31, 1997 of approximately $1,859.

(8) Represents the annualized effect of the amortization of deferred financing fees of $267, net of the amortization of debt premium of $2,924.

(9) Represents a reserve for estimated annual recurring tenant improvement costs and leasing commissions on expiring space during the 12 months ending December 31, 1998 which has been based upon the weighted average annual aggregate tenant improvement costs and lease commissions per square foot paid by the Company multiplied by the square footage of leases expiring during the 12 months ending December 31, 1998 and the historical weighted average tenant retention percentage. The following table sets forth the calculation of estimated reserves for recurring tenant improvement costs and leasing commissions, net of minority interests' in consolidated joint ventures share of such reserve of approximately $48:

<TABLE>
<CAPTION>

	SQUARE FEET EXPIRING(A)	WEIGHTED AVERAGE COSTS PER SQUARE FOOT	EXPECTED COSTS (000'S)
<S>	<C>	<C>	<C>
Industrial Properties:			
Square feet estimated to be renewed....................	3,684,144	$ 0.91	$ 3,353
Square feet estimated to be re-tenanted................	1,446,976	1.92	2,778
Total..	5,131,120		$ 6,131
Retail Properties:			
Square feet estimated to be renewed....................	363,170	$ 4.65	$ 1,689
Square feet estimated to be re-tenanted................	82,985	5.87	487
Total..	446,155		$ 2,176

</TABLE>

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(a) 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 September 30, 1997 of approximately 81.4% for the Retail Properties and approximately 71.8% for the Industrial Properties.

(10) Represents a reserve for estimated annual recurring building improvements which has been based upon the Company's expected costs for the 12 months ending December 31, 1998 for Properties owned by the Company for more than three years of $0.15 per square foot or $412 for the Retail Properties (on 2,743,433 square feet) and $0.12 per square foot or $2,000 for the Industrial Properties (on 16,662,958 square feet) net of minority interests share of approximately $24. The weighted average annual historical recurring capital expenditures paid by the Company during the years ended December 31, 1994, 1995 and 1996 and the nine months ended September 30, 1997 was $0.05 for retail properties and $0.02 for industrial properties. The Company considers all building improvement costs incurred during the first three years of ownership to be non-recurring and part of the acquisition cost of the Property.

(11) Represents a reserve for estimated principal amortization of mortgage loans for 12 months ending December 31, 1998, net of minority interests share of

approximately $114. Excludes principal amounts due at maturity totaling approximately $13,076 for the 12 month period as the Company intends to refinance such amounts upon maturity; however, there can be no assurance that such refinancing will occur.

(12) Based on a total of 81,962,908 shares of Common Stock, assuming that the Underwriter's over-allotment option is not exercised, and 2,387,531 units in the Operating Partnership expected to be outstanding following the completion of the Offering. The Company estimates that approximately 14% of the estimated cash distributions for the 12 months ending December 31, 1998 will be a return of capital for federal income tax purposes.

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 September 30, 1997 of $92.3 million, approximately 19.8% (or $0.27 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 September 30, 1997 would have been approximately $87.7 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 amounts available from proceeds of the Offering and the Credit Facility. Accordingly, they are not reflected in the discussion of distribution policy herein. The Company currently estimates that such distributions of working capital will total approximately $30 million with respect to all AMB Predecessors. Amounts distributed in respect of working capital of AMB (comprised primarily of undistributed earnings prior to the Offering) totaling approximately $0.5 million will be in the following approximate amounts with respect to each of the Executive Officers: Douglas D. Abbey: $354,804; Hamid R.

Moghadam: $441,276; T. Robert Burke: $267,756; Luis A. Belmonte: $42,084; S. Davis Carniglia: $70,905; John H. Diserens: $89,805; Bruce H. Freedman: $29,412; Jean Collier Hurley: $36,615; Barbara J. Linn: $63,702; and Craig A. Severance: $103,641. Such amounts are presented solely as current estimates, and may be subject to substantial variation depending on the results of operations of the AMB Predecessors prior to the consummation of the Formation Transactions.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of September 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>

	SEPTEMBER 30, 1997	
	PRE-OFFERING AS ADJUSTED	PRO FORMA
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Indebtedness:		
Mortgage loans(1)	$ 459,730	$ 459,730
Secured debt facility(1)	75,176	75,176
Credit facility	181,300	--
Total indebtedness	716,206	534,906
Minority interests	67,333	66,788
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, 69,962,908 and 81,962,908 shares issued and outstanding(2)	700	820
Additional paid-in capital	1,372,105	1,588,756
Retained earnings	--	--
Total stockholders' equity	1,372,805	1,589,576
Total capitalization	$2,156,344	$2,191,270

</TABLE>

- ---------------

(1) Includes a debt premium of $16.4 million and $2.2 million on mortgage loans and the secured debt facility, respectively, recorded in connection with the Formation Transactions. See Note 5 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) 2,387,531 shares of Common Stock that may be issued upon the exchange of Units issued in connection with the Formation Transactions, (ii) 1,800,000 shares of Common Stock subject to the Underwriters' over-allotment option and (iii) approximately 5,750,000 shares of Common Stock available for options that may be granted under the Company's Stock Incentive Plan, of which approximately 2,950,000 are expected to be granted upon consummation of the Offering.

DILUTION

As of September 30, 1997, the Company's pre-Offering as adjusted net tangible book value was $19.62 per share. After giving effect to the sale of

Common Stock in the Offering at a price of $21 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 September 30, 1997 was $19.39 per share. This amount represents an immediate dilution in pro forma net tangible book value of $1.61 per share of Common Stock to new public investors. The following table illustrates this dilution:

<TABLE>

<S>	<C>	<C>
Initial public offering price per share(1)		$ 21.00
Pre-Offering as adjusted net book value per share(2)	19.62	
Decrease in net book value per share attributable to new investors	(0.23)	
Pro forma net book value per share(2)		19.39
Dilution per share to purchasers in the Offering		$ 1.61

</TABLE>

- ---------------

(1) Before deducting underwriting discounts and commissions of approximately $1.45 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 September 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.

<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)				
<S>	<C>	<C>	<C>	<C>	<C>
Purchasers in the Offering	12,000,000	14.2%	252,000	15.1%	$ 21.00
Common Stock held by Continuing Investors	69,962,908	83.0	1,372,805	82.1	19.62
Units issued to Continuing Investors	2,387,531	2.8	46,848	2.8	19.62
Total	84,350,439	100.0%	$1,671,653	100.0%	

</TABLE>

- ---------------

(1) Based on the September 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.

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 of real estate assets by AMB.

The accompanying unaudited pro forma condensed consolidated balance sheet data as of September 30, 1997 has been prepared to reflect (i) the acquisition of properties subsequent to September 30, 1997, (ii) the partial disposition of a property subsequent to September 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 September 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 nine months ended September 30, 1997, and during the year ended December 31, 1996, (ii) the acquisition of properties subsequent to September 30, 1997, (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.

AMB PROPERTY CORPORATION
SELECTED FINANCIAL AND OTHER DATA
(IN THOUSANDS EXCEPT PER SHARE DATA, PERCENTAGES AND NUMBER OF PROPERTIES)

<TABLE>
<CAPTION>

	AS OF AND FOR THE YEARS ENDED DECEMBER 31,						AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	AMB CONTRIBUTED PROPERTIES(1)					COMPANY PRO FORMA	AMB CONTRIBUTED PROPERTIES(1)	
	1992	1993	1994	1995	1996	1996	1996	1997
						(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OPERATING DATA:								
Revenues...........	$ 9,644	$ 24,398	$ 51,682	$ 108,249	$ 167,953	$ 243,402	$ 121,212	$ 169,284
Property operating expenses and real estate taxes......	1,729	6,245	13,577	30,641	45,813	70,055	33,473	46,398
Interest expense....	34	4,700	12,023	20,533	26,867	36,697	18,927	35,517
Depreciation and amortization......	2,078	4,642	8,812	17,524	28,591	41,567	20,549	26,686
Asset management fees to affiliates........	733	1,746	3,167	6,250	9,508	--	6,593	12,568
General,								

administrative and other expenses....	513	194	350	782	838	7,233	586	674
Income from operations before disposal of properties and minority interest..........	4,557	6,871	13,753	32,519	56,336	87,850	41,084	47,441
Net income..........	4,557	6,871	13,194	32,531	54,400	84,408	40,449	46,835
Pro forma net income per share(2)......						$ 1.03		
BALANCE SHEET DATA:								
Investment in real estate (before accumulated depreciation).....	$ 196,202	$ 323,230	$ 666,672	$1,018,681	$ 1,616,091		$1,266,284	$1,901,162
Net investment in real estate.......	193,655	316,041	650,493	984,955	1,554,387		1,210,934	1,813,326
Total assets........	200,004	326,586	721,131	1,117,181	1,622,559		1,274,487	1,904,875
Mortgage loans(3)...	47,500	100,496	201,959	254,067	403,321		322,872	443,324
Secured debt facility(3).......	--	--	--	--	73,000		--	73,000
Secured line of credit...........	--	--	--	--	46,313		27,013	43,613
Credit Facility.....	--	--	--	--	25,500		--	181,300
Stockholders' equity...........	150,193	208,043	490,011	837,199	1,027,601		892,040	1,097,801
OTHER DATA:								
EBITDA(4)...........	$ 6,669	$ 16,213	$ 34,588	$ 70,576	$ 111,794	$ 166,114	$ 80,560	$ 109,644
Funds from Operations(5).....	6,635	11,513	21,945	49,788	84,204	127,675	60,767	73,199
Cash flows provided by (used in):								
Operating activities........	7,275	12,429	28,522	52,408	90,918	140,221	66,043	81,585
Investing activities........	(156,126)	(121,397)	(346,940)	(355,725)	(572,280)	(938,638)	(224,417)	(283,866)
Financing activities........	152,326	110,161	372,046	355,246	404,008	722,597	81,218	215,216
PROPERTY DATA:								
INDUSTRIAL PROPERTIES								
Total rentable square footage of properties at end of period.........	1,963	5,638	13,364	21,598	29,609		24,974	31,834(6)
Number of properties at end of period...........	5	12	28	44	60		54	67(6)
Occupancy rate at end of period.....	94.5%	97.4%	96.9%	97.3%	97.2%		94.2%	95.6%
RETAIL PROPERTIES								
Total rentable square footage of properties at end of period.........	997	1,074	2,422	3,299	5,282		4,189	6,269
Number of properties at end of period...........	8	9	14	19	30		23	33
Occupancy rate at end of period.....	97.0%	96.5%	93.7%	92.4%	92.4%		90.9%	94.3%

<CAPTION>

	COMPANY PRO FORMA
	1997
	(UNAUDITED)
OPERATING DATA:	
Revenues	$ 193,251
Property operating expenses and real estate taxes	56,799
Interest expense	26,920
Depreciation and amortization	31,235
Asset management fees to affiliates	--
General, administrative and other expenses	5,651
Income from operations before disposal of properties and minority interest	72,646
Net income	69,662
Pro forma net income per share(2)	$ 0.85
BALANCE SHEET DATA:	
Investment in real estate (before accumulated depreciation)	$2,213,574
Net investment in real estate	2,213,574
Total assets	2,248,272
Mortgage loans(3)	459,730
Secured debt facility(3)	75,176
Secured line of credit	--
Credit Facility	--
Stockholders' equity	1,589,576
OTHER DATA:	
EBITDA(4)	130,801
Funds from Operations(5)	102,575
Cash flows provided by (used in):	
Operating activities	81,441
Investing activities	(3,603)
Financing activities	(87,871)
PROPERTY DATA:	
INDUSTRIAL PROPERTIES	
Total rentable square footage of properties at end of period	
Number of properties at end of period	
Occupancy rate at end of period	
RETAIL PROPERTIES	
Total rentable square footage of properties at end of period	
Number of properties at end of period	
Occupancy rate at end of period	

<TABLE>
<CAPTION>

AMB(7)	AS OF AND FOR THE YEARS ENDED DECEMBER 31, 1992	1993	1994	1995	1996	AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996	1997	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OPERATING DATA:								
Revenues............	$ 7,040	$ 7,155	$ 12,865	$ 16,826	$ 23,846	$ 14,574	$ 23,287	
Expenses............	5,850	6,357	9,940	13,564	16,843	12,551	14,305	
Net income..........	1,190	798	2,925	3,262	7,003	2,023	8,982	
BALANCE SHEET DATA:								
Total assets........	$ 3,275	$ 2,739	$ 4,092	$ 4,914	$ 6,948	$ 5,011	$ 13,718	
Stockholders' equity............	3,029	2,480	3,848	4,241	6,300	4,790	9,523	
OTHER DATA:								
Cash flows provided by (used in):								
Operating activities........	$ 1,071	$ 372	$ 2,705	$ 2,062	$ 6,647	$ 4,217	$ 11,286	
Investing activities........	--	242	--	--	--	--	(1,436)	
Financing activities........	(405)	(1,325)	(1,557)	(2,869)	(4,944)	(3,534)	(6,470)	

<CAPTION>

AMB(7)	
<S>	<C>
OPERATING DATA:	
Revenues............	
Expenses............	
Net income..........	
BALANCE SHEET DATA:	
Total assets........	
Stockholders' equity............	
OTHER DATA:	
Cash flows provided by (used in):	
Operating activities........	
Investing activities........	
Financing activities........	

</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 81,962,908 shares.

(3) Mortgage loans and secured debt facility on a pro forma basis as of September 30, 1997 include debt premiums of approximately $16.4 million and $2.2 million, respectively. See Note 5 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 considers 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 does not actually represent the cash made available to investors during any particular period. 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) Includes four properties which will be acquired by the Company in connection with the Formation Transactions. See "Business and Properties."

(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 38.1 million rentable square feet at September 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)
September 30, 1997	100	38.1

December 31, 1996	90	34.9
September 30, 1996	77	29.2
December 31, 1995	63	24.9
December 31, 1994	42	15.8
December 31, 1993	21	6.7

</TABLE>

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.

<TABLE>
<CAPTION>

DATE	INDUSTRIAL OCCUPANCY	RETAIL OCCUPANCY
<S>	<C>	<C>
September 30, 1997	95.6%	94.3%
December 31, 1996	97.2	92.4
September 30, 1996	94.2	90.9
December 31, 1995	97.3	92.4
December 31, 1994	96.9	93.7
December 31, 1993	97.4	96.5

</TABLE>

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 42 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. No assurance can be given that the past trends of revenues, expenses or income of the Company will continue in the future at their historical rates, and any variation therefrom may be material.

AMB CONTRIBUTED PROPERTIES -- NINE MONTHS ENDED SEPTEMBER 30, 1997 AND 1996

Rental revenues. Rental income, including tenant reimbursements and other property related income, increased by $48.2 million for the nine-month period ended September 30, 1997, or 40.1%, to $168.3 million as compared to $120.1 million for the nine-month period ended September 30, 1996. Approximately $3.9 million, or 8.1% of this increase, was related to the Core Portfolio while the remaining $44.3 million was attributable to Properties acquired in 1997 and 1996. The 3.8% 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 $12.9 million in total, or 38.5%, to $46.4 million for the nine-month period ended September 30, 1997, as compared to $33.5 million for the nine-month period ended September 30, 1996. Approximately $1.3 million of this increase was attributable to the Core Portfolio, with the remaining $11.6 million attributable to Properties acquired in 1997 and 1996. The Core Portfolio had an increase of approximately $0.1 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 $1.2 million for the nine-month period ended September 30, 1997 as compared to the same period in 1996.

Interest expense. Interest expense increased by $16.6 million, or 87.8%, to $35.5 million for the nine-month period ended September 30, 1997, compared to

$18.9 million for the nine-month period ended September 30, 1996. Interest expense related to the Core Portfolio increased by $7.8 million, while financing related to Properties acquired during the nine-month period ended September 30, 1997 and September 30, 1996 added $8.8 million to interest expense.

Depreciation and amortization expense. Depreciation and amortization expense increased by $6.2 million, or 30.2%, to $26.7 million for the nine-month period ended September 30, 1997, compared to $20.5 million for the nine-month period ended September 30, 1996. Approximately $0.1 million of this increase was attributable to the Core Portfolio and $6.1 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 16.7% to $0.7 million for the nine-month period ended September 30, 1997, compared to $0.6 million for the nine-month period ended September 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 were 0.4% and 0.5% for the nine months ended September 30, 1997 and September 30, 1996, respectively.

General, administrative and other expenses as a percentage of total revenues were 0.7%, 0.7%, 0.5%, 0.5% and 0.4% for the years ended December 31, 1994, 1995 and 1996 and for the nine months ended September 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 9.1%, to $1.0 million for the nine-month period ended September 30, 1997, compared to $1.1 million for the nine-month period ended September 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 $60.2 million for the year ended December 31, 1996, or 56.7%, to $166.4 million as compared to $106.2 million for the year ended 1995. Approximately $7.5 million, or 12.5% of this increase, was related to

the Core Portfolio with the remaining $52.7 million being attributable to Properties acquired in 1996 and 1995. The 8.6% 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 $15.2 million, or 49.7%, to $45.8 million for the year ended December 31, 1996, as compared to $30.6 million for the year ended December 31, 1995. Approximately $1.6 million of this increase was attributable to the Core Portfolio, with the remaining $13.6 million attributable to Properties acquired in 1996 and 1995. The Core Portfolio had an increase of approximately $1.0 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 $6.4 million, or 31.2%, to $26.9 million for the year ended December 31, 1996, compared to $20.5 million for the year ended December 31, 1995. Interest expense related to the Core Portfolio increased by $3.2 million, while financing related to Properties acquired in 1996 and 1995 added $3.2 million to interest expense.

Depreciation and amortization expense. Depreciation and amortization expense increased by $11.1 million, or 63.4%, to $28.6 million for the year ended December 31, 1996, compared to $17.5 million for the year ended December

31, 1995. Approximately $0.7 million of this increase related to the Core Portfolio and $10.4 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 $55.3 million for the year ended December 31, 1995, or 108.6%, to $106.2 million as compared to $50.9 million for the year ended 1994. Approximately $2.0 million, or 3.6% of this increase, was related to the Core Portfolio with the remaining $53.3 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 $17.0 million, or 125.0%, to $30.6 million for the year ended December 31, 1995, as compared to $13.6 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 $8.5 million, or 70.8%, to $20.5 million for the year ended December 31, 1995, compared to $12.0 million for the year ended December 31, 1994. Interest expense related to the Core Portfolio increased by $1.6 million due to the incurrence of additional debt on the Core Portfolio properties, while financing related to Properties acquired in 1995 and 1994 added $6.9 million to interest expense.

Depreciation and amortization expense. Depreciation and amortization expense increased by $8.7 million, or 98.9%, to $17.5 million for the year ended December 31, 1995, compared to $8.8 million for the year ended December 31, 1994. Approximately $0.3 million of this increase was attributable to the Core Portfolio and $8.4 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.

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 -- NINE MONTHS ENDED SEPTEMBER 30, 1996 AND 1997

Investment management income. Investment management income for the nine months ended September 30, 1996 and 1997 was $14.3 million and $23.2 million, respectively. This $8.9 million increase was due to a growing portfolio which

had an impact on investment management income resulting in a net increase of 62.2% from September 30, 1996 to September 30, 1997.

Interest and other income declined from $0.3 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 $12.6 million and $14.3 million for the nine months ended September 30, 1996 and 1997, respectively. This occurred despite the 62.2% 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 $4.0 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 two-year $100 million unsecured revolving credit agreement with MGT (the "CIF Facility"). The CIF Facility 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.

On August 8, 1997, CIF increased the CIF Facility with MGT from $100 million to $200 million pursuant to an amended and restated unsecured revolving credit agreement. The CIF Facility matures 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 and as amended as of the consumnation of the Offering, the "Credit Facility"). The Company, through the Operating Partnership, expects to obtain a commitment to increase the availability under the Credit Facility to $400 million and make certain amendments thereto. 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." Borrowings under the Credit Facility, at the Company's election, are expected to bear interest at a floating rate equal to LIBOR plus 110 basis points for the first nine months after the Offering or until the Company receives its investment grade rating. As of September 30, 1997, outstanding balances on the Credit Facility were $181.3 million and bore interest at LIBOR plus 1.5% resulting in an interest rate on most recent borrowings of 7.1875%. Monthly debt service payments on the Credit Facility are interest only.

On December 12, 1996, CIF entered into a 12-year non-recourse secured financing facility (the "Secured Facility"). As of September 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, 39 of the Properties secure mortgage indebtedness. The aggregate principal amount of such mortgage indebtedness was $441 million, $403 million and $254 million at September 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 1998 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 September 30, 1997, after giving effect to the Formation Transactions and the Offering, the Company expects to have total debt outstanding of approximately $534.9 million, including debt premiums of approximately $18.6 million. See "Financial Information -- Pro Forma Financial Information."

As of September 30, 1997, the annual debt service on the Company's secured debt aggregating $514.4 million is approximately $46.6 million, including principal amortization of approximately $6.3 million.

Liquidity

Cash and cash equivalents increased by approximately $12.9 million, to approximately $46.0 million at September 30, 1997, compared to $33.1 million at December 31, 1996. This increase was the result of $81.6 million of cash generated by operations and, 215.2 million generated from financing activities reduced by $283.9 million invested in new acquisitions, capital and tenant improvements, and payment of leasing commissions.

Net cash provided by operations totaled $90.9 million, $52.4 million and $28.5 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 $404.0 million, $355.2 million and $372.0 million for the years ended December 31, 1996, 1995 and 1994, respectively. Net cash used for investing activities totaled $572.3 million, $355.7 million and $346.9 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 year ending December 31, 1998, leases relating to approximately 5.1 million rentable square feet of the Industrial Properties and 0.4 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 $8.1 million and $1.7 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 December 31, 1998. 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:

	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	WEIGHTED
	1994	1995	1996	1997	AVERAGE
Retention Rates:					
Industrial Properties..........	64.0%	67.9%	79.2%	69.4%	71.8%
Retail Properties..............	82.4	63.5	88.4	85.4%	81.4%
Rent Increases (Decreases):					
Industrial Properties..........	(5.9)%	4.8%	4.7%	9.9%	
Retail Properties..............	9.1	3.2	5.4	10.0%	

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. For the period ending December 31, 1998 the Company estimates that recurring building improvements will amount to $0.12 per square foot per year for Industrial Properties and $0.15 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 year ending December 31, 1998 the Company expects to incur recurring building improvements of approximately $2.0 million for the Industrial Properties (on 16.7 million square feet) and approximately $0.4 million for the Retail Properties (on 2.7 million square feet). 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 year ending December 31, 1998.

	SQUARE FEET EXPIRING(1)	WEIGHTED AVERAGE COSTS PER SQUARE FOOT(2)	EXPECTED COSTS (000'S)(3)
Industrial Properties:			
Square feet estimated to be renewed............	3,684,144	$ 0.91	$ 3,353
Square feet estimated to be re-tenanted.........	1,446,976	1.92	2,778
Total..................................	5,131,120		$ 6,131
Retail Properties:			
Square feet estimated to be renewed............	363,170	$ 4.65	$ 1,689
Square feet estimated to be re-tenanted.........	82,985	5.87	487
Total..................................	446,155		$ 2,176

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(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 September 30, 1997 of approximately 81.4% for the Retail Properties and approximately 71.8% 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 September 30, 1997.

(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, 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 nine months ended September 30, 1996 and 1997, and on a pro forma basis for the Company for the year ended December 31, 1996 and the nine months ended September 30, 1997:

<TABLE>
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	YEAR ENDED DECEMBER 31,				NINE MONTHS ENDED SEPTEMBER 30,		
	1994	1995	1996	PRO FORMA 1996(3)	1996	1997	PRO FORMA 1997(3)
	(DOLLARS IN THOUSANDS)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Income from operations before disposal of real estate and minority interests..........	$ 13,753	$ 32,519	$ 56,336	$ 87,850	$ 41,084	$ 47,441	$ 72,646
Real estate depreciation and amortization................	8,812	17,524	28,591	41,424	20,549	26,686	31,128
FFO attributable to minority interests(1)(2).............	(620)	(255)	(723)	(1,599)	(866)	(928)	(1,199)
FFO(1)........................	$ 21,945	$ 49,788	$ 84,204	$127,675	$ 60,767	$ 73,199	$102,575
Cash flows provided by (used in):							
Operating Activities........	$ 28,522	$ 52,408	$ 90,918	$140,221	$ 66,043	$ 81,585	$ 81,441
Investing Activities........	(346,940)	(355,725)	(572,280)	(938,638)	(224,417)	(283,866)	(3,603)
Financing Activities........	372,046	355,246	404,008	722,597	81,218	215,216	(87,871)

</TABLE>

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(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) 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 100 properties aggregating 38.1 million rentable square feet and located in 24 markets nationwide. The graph below shows the geographic distribution of the Company's properties. In addition to the Properties it owns, the Company expects to manage investments in an additional 37 properties aggregating 6.7 million rentable

square feet under investment management agreements with institutional investors, resulting in a combined portfolio under management of 137 properties, totaling 44.8 million rentable square feet.

[Geographic Diversification Graph]

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

(2) The Eastern Region includes Properties located in the states of Connecticut, Delaware, Kentucky, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont and West Virginia, and in Washington, D.C.

(3) The Western Region includes Properties located in the states of Alaska, Arizona, California, Colorado, Hawaii, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming.

(4) The Midwestern Region includes Properties located in the states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

(5) The Southern Region includes Properties located in the states of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, Tennessee and Texas.

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

INDUSTRIAL AND RETAIL PROPERTIES BY REGION

	INDUSTRIAL PROPERTIES				RETAIL PROPERTIES			TOTAL		
REGION	NUMBER OF PROPERTIES	NUMBER OF BUILDINGS	RENTABLE SQUARE FEET	% OF TOTAL	NUMBER OF PROPERTIES	RENTABLE SQUARE FEET	% OF TOTAL	NUMBER OF PROPERTIES	RENTABLE SQUARE FEET	% OF TOTAL
Western.......	25	129	10,745,975	33.8%	16	2,615,976	41.8%	41	13,361,951	35.1%
Southern......	15	78	7,772,046	24.4	10	1,757,546	28.0	25	9,529,592	25.0
Midwestern....	20	82	9,919,464	31.2	4	710,652	11.3	24	10,630,116	27.9
Eastern.......	7	33	3,396,251	10.6	3	1,184,462	18.9	10	4,580,713	12.0
Total.........	67	322	31,833,736	100.0%	33	6,268,636	100.0%	100	38,102,372	100.0%

INDUSTRIAL PROPERTIES

The Company owns 67 Industrial Properties (containing 322 buildings) aggregating approximately 31.8 million rentable square feet, located in 19 markets nationwide. The Industrial Properties generated $131.5 million, or 65% of the Company's Annualized Base Rent as of September 30, 1997. The Industrial

Properties were 95.6% leased to over 750 tenants as of the same date, the largest of which accounted for no more than 1.5% of Annualized Base Rent from its Industrial Properties as of September 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 September 30, 1997 was approximately 71.8%, based on 11.7 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 475,000 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>
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	TYPICAL BUILDING	RANGE
<S>	<C>	<C>
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 subject to lease on a "triple net basis," defined as leases in which tenants pay their proportionate share of real estate taxes, operating costs and utility costs, or subject to leases on a "modified gross basis," defined as leases in which tenants pay 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 nine months ended September 30, 1997 was $25.8 million, $56.4 million, $89.8 million and $89.8 million, respectively, which amounted to 65%, 67%, 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. AMB concentrates on national hub distribution markets including Atlanta, Chicago, Dallas/Fort Worth, Los Angeles, Northern New Jersey and the San Francisco Bay Area because of their strategic location, transportation network and infrastructure, and large consumer and manufacturing base support strong demand for industrial space. The six national hub markets are the nation's largest warehouse markets and, as of June 30, 1997, comprised 36% of the warehouse inventory of the 53 industrial markets tracked by CB Commercial/Torto Wheaton Research. As of December 31, 1996, the combined population of these markets was approximately 37.5 million, and the amount of per capita warehouse space was 23% above the average for such 53 industrial markets. As set forth

in the table below, in 1996, these six markets contained five of the ten busiest cargo airports and four of the ten busiest container ports.

[CAPTION]

<TABLE>
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10 LARGEST WAREHOUSE MARKETS			TOP 10 AIR CARGO MARKETS			TOP 10 PORTS BY CONTAINERIZED CARGO	
<S>	<C>	<C>	<C> <C>	<C>	<C> <C>		<C>
		SQ. FT.		ANNUAL			

ANNUAL

	MARKET	(000S)(1)		MARKE	TONNAGE(2)		MARKE	TONNAGE(3)
*	NO. NEW JERSEY............	368,619		Memphis............	1,933,846	*	LONG BEACH/LA............	31,411,023
*	LOS ANGELES...............	345,400	*	LA.................	1,719,449	*	NY/NJ....................	13,407,276
*	CHICAGO...................	296,045		MIAMI..............	1,709,906		SEATTLE/TACOMA...........	11,941,371
*	ATLANTA...................	275,727		NY.................	1,636,497		Charlestown..............	6,858,062
*	DALLAS/FT. WORTH..........	261,302		Louisville.........	1,368,520	*	OAKLAND..................	6,767,463
*	SAN FRANCISCO BAY AREA.....	253,606	*	CHICAGO............	1,259,858		HOUSTON..................	6,458,136
	GREATER MIAMI.............	190,279	*	NEWARK.............	958,267		Hampton Roads............	6,189,183
	PHILADELPHIA..............	186,837	*	ATLANTA............	800,181		Savannah.................	5,505,551
	HOUSTON...................	161,782	*	DALLAS/FT. WORTH....	774,947		MIAMI/PORT EVERGLADES.....	5,356,102
	St. Louis.................	157,191		Dayton.............	767,255		New Orleans...............	5,009,960

</TABLE>

AMB Markets are in bold. "*" denotes each of the six national hub markets as characterized by AMB.

(1) Chart derived from data, as of June 30, 1997, obtained from CB Commercial/Torto Wheaton Research.

(2) Chart derived from data, as of December 31, 1996, published by the Airports Council International.

(3) Chart derived from data, as of December 31, 1996, obtained from the U.S. Bureau of the Census -- United States Foreign Trade.

Within these metropolitan areas, the Company's activities are concentrated in in-fill locations within established, relatively large submarkets which the Company believes will provide a higher rate of occupancy and rent growth. These in-fill locations are typically near major ports or airports, have good access to freeways and rail lines, are proximate to a diverse labor pool, and have limited land available for new construction. There is broad demand for industrial space in these centrally located submarkets due to a diverse mix of industries and types of industrial uses, including warehouse distribution, light assembly and manufacturing. AMB generally avoids locations at the periphery of metropolitan areas where there are fewer supply constraints. Similarly, small metropolitan areas or cities without a heavy concentration of warehouse activity typically have few, if any, supply-constrained locations.

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 (28.8%) 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 of high technology industries and well-educated employee base. Within California, the Company focuses its activities on the major metropolitan areas of San Francisco Bay Area, 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 1997 to 2002.

[Projected Growth Graph]

Chart derived from forecasted data obtained from Regional Financial Associates.

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 SEPTEMBER 30, 1997

REGION/MARKET	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	NUMBER OF LEASES
WESTERN								
Los Angeles.......	4	35	3,525,043	11.1%	95.5%	14,120	10.7%	41
Orange County.....	3	12	563,437	1.8	95.6	2,781	2.1	31
San Francisco Bay Area............	12	61	4,611,875	14.5	98.6	27,486	20.9	173
Sacramento........	1	1	182,437	0.6	100.0	630	0.5	1
San Diego.........	1	4	252,318	0.7	100.0	1,360	1.0	15
Seattle...........	4	16	1,610,865	5.1	98.3	5,636	4.3	45
Western Total/Weighted Average...........	25	129	10,745,975	33.8	97.4	52,013	39.5	306
SOUTHERN								
Atlanta...........	4	25	2,405,149	7.6	96.5	9,871	7.5	100
Miami.............	3	12	1,369,440	4.3	89.8	7,898	6.0	39
Orlando...........	1	1	201,600	0.6	100.0	579	0.4	1
Austin............	1	6	735,240	2.3	100.0	4,801	3.6	22
Dallas/Fort Worth...........	5	29	2,595,921	8.1	99.5	7,960	6.1	91
Houston...........	1	5	464,696	1.5	95.1	1,403	1.1	18
Southern Total/Weighted Average...........	15	78	7,772,046	24.4	96.7	32,512	24.7	271
MIDWESTERN								
Chicago...........	13	56	6,428,605	20.2	92.9	22,139	16.8	98
Minneapolis.......	7	26	3,490,859	11.0	98.6	11,338	8.7	124
Midwestern Total/Weighted Average...........	20	82	9,919,464	31.2	94.9	33,477	25.5	222

REGION/MARKET								
EASTERN								
Philadelphia......	1	13	779,594	2.4	94.0	2,349	1.8	25
Baltimore/Washington, D.C............	2	3	506,860	1.6	88.8	2,489	1.9	12
Boston...........	1	12	1,071,517	3.4	84.8	4,996	3.8	16
Wilmington........	1	3	265,671	0.8	100.0	1,008	0.8	5
No. New Jersey....	2	2	772,609	2.4	88.6	2,675	2.0	4
Eastern Total/Weighted Average..........	7	33	3,396,251	10.6	89.6	13,517	10.3	62
Total/Weighted Average..........	67	322	31,833,736	100.0%	95.6%	$131,519	100.0%	861

<CAPTION>

REGION/MARKET	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT(1)
<S>	<<C>
WESTERN	
Los Angeles.......	$ 4.20
Orange County.....	5.16
San Francisco Bay Area...........	6.05
Sacramento........	3.45
San Diego.........	5.39
Seattle..........	3.56
Western Total/Weighted Average..........	4.97
SOUTHERN	
Atlanta..........	4.25
Miami............	6.42
Orlando..........	2.87
Austin...........	6.53
Dallas/Fort Worth..........	3.08
Houston..........	3.17
Southern Total/Weighted Average..........	4.33
MIDWESTERN	
Chicago..........	3.71
Minneapolis.......	3.29
Midwestern Total/Weighted Average..........	3.56
EASTERN	
Philadelphia......	3.20
Baltimore/Washingt D.C............	5.53
Boston...........	5.50
Wilmington........	3.79
No. New Jersey....	3.91
Eastern Total/Weighted Average..........	4.44
Total/Weighted Average..........	$ 4.32

</TABLE>

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

INDUSTRIAL PROPERTY SUMMARY

The Industrial Properties' 322 buildings are diversified across 19 markets nationwide as of September 30, 1997. All but four 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>

REGION/MARKET/PROPERTY	LOCATION	NUMBER OF BUILDINGS	YEAR BUILT/ RENOVATED(1)	RENTABLE SQUARE FEET	PERCENTAGE OF TOTAL RENTABLE SQUARE FEET	PERCENTAGE LEASED
WESTERN						
LOS ANGELES						
Artesia Industrial Portfolio.......	Compton	27	1984	2,496,465	7.8%	93.6%
International Multifoods...........	La Mirada	1	1995R	144,000	0.5	100.0
L.A. County Industrial Portfolio...	Carson, Norwalk, City of Industry	6	1980	818,191	2.6	100.0
Systematics........................	Walnut	1	1981	66,387	0.2	100.0
Orange County						
Anaheim Industrial.................	Anaheim	1	1980	161,500	0.5	100.0
Northpointe Commerce...............	Fullerton	2	1992	119,445	0.4	100.0
Stadium Business Park..............	Anaheim	9	1995R	282,492	0.9	91.3
San Francisco Bay Area						
Acer Distribution Center...........	San Jose...........	1	1974	196,643	0.6	100.0
Alvarado Business Center...........	San Leandro.........	10	1986	694,598	2.2	98.3
Ardenwood Corporate Park...........	Fremont............	4	1986	295,657	0.9	100.0
Dowe Industrial....................	Union City..........	2	1985R	326,080	1.0	100.0
Fairway Drive Industrial(3)........	San Leandro	2	1997D	175,325	0.6	100.0
Milmont Page.......................	Fremont............	3	1982	199,862	0.6	100.0
Moffett Business Center............	Sunnyvale..........	4	1994R	285,480	0.9	100.0
Moffett Park R&D Port..............	Sunnyvale..........	14	1994R	462,245	1.5	100.0
Pacific Business Center............	Fremont	2	1991	375,912	1.2	100.0
Silicon Valley R&D.................	San Jose, Sunnyvale, Milpitas	6	1978	287,228	0.9	100.0
Southbay Industrial................	San Jose, Fremont	8	1990	1,011,781	3.2	94.7
Zanker/Charcot Industrial..........	San Jose	5	1993R	301,064	0.9	100.0
Sacramento						
Hewlett Packard Distribution.......	Roseville	1	1994	182,437	0.6	100.0
San Diego						
Activity Distribution Center.......	San Diego	4	1991	252,318	0.8	100.0

<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>
WESTERN				
LOS ANGELES				
Artesia Industrial Portfolio.......	$ 9,153	7.0%	28	$ 3.92
International Multifoods...........	720	0.5	1	5.00
L.A. County Industrial Portfolio...	3,796	2.9	11	4.64
Systematics........................	451	0.3	1	6.79
Orange County				
Anaheim Industrial.................	576	0.4	2	3.57
Northpointe Commerce...............	800	0.6	2	6.70
Stadium Business Park..............	1,405	1.1	27	5.45
San Francisco Bay Area				
Acer Distribution Center...........	1,038	0.8	2	5.28
Alvarado Business Center...........	3,649	2.8	35	5.35
Ardenwood Corporate Park...........	2,312	1.8	10	7.82
Dowe Industrial....................	1,132	0.9	4	3.47
Fairway Drive Industrial(3)........	748	0.6	2	4.27
Milmont Page.......................	1,106	0.8	11	5.53
Moffett Business Center............	2,110	1.6	5	7.39
Moffett Park R&D Port..............	4,674	3.4	34	10.11
Pacific Business Center............	1,995	1.5	12	5.31
Silicon Valley R&D.................	2,200	1.7	10	7.66
Southbay Industrial................	4,864	3.7	29	5.08
Zanker/Charcot Industrial..........	1,658	1.3	19	5.51
Sacramento				
Hewlett Packard Distribution.......	630	0.5	1	3.45
San Diego				
Activity Distribution Center.......	1,360	1.0	15	5.39

</TABLE>

<TABLE>
<CAPTION>

REGION/MARKET/PROPERTY	LOCATION	NUMBER OF BUILDINGS	YEAR BUILT/ RENOVATED(1)	RENTABLE SQUARE FEET	PERCENTAGE OF TOTAL RENTABLE SQUARE FEET	PERCENTAGE LEASED
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Seattle						
Harvest Business Park............	Kent	3	1986	191,841	0.6%	100.0%
Kent Centre......................	Kent	4	1993	267,967	0.8	99.2
Kingsport Industrial Park........	Kent	7	1994R	951,056	3.0	97.4
Northwest Distribution Center....	Kent	2	1980	200,001	0.6	100.0
Western Region Total/Weighted Average............................		129	1987	10,745,975	33.8	97.4
SOUTHERN						
Atlanta						
Amwiler-Gwinnett Ind. Portfolio...	Atlanta, Gwinnett County	9	1996	792,686	2.5	98.6
Norcross/Brookhollow Portfolio....	Gwinnett County	4	1996	322,399	1.0	96.7
Atlanta South....................	Clayton County	4	1994	509,441	1.6	95.5
Southfield.......................	Gwinnett County	8	1990	780,623	2.5	94.9
Miami						
Beacon Industrial Park...........	Miami	8	1995	785,251	2.5	84.8
Blue Lagoon......................	Miami	2	1994	325,611	1.0	100.0
Brittania Business Park..........	Riviera Beach	2	1988	258,578	0.8	92.5
Orlando						
Chancellor(3)....................	Orlando	1	1996R	201,600	0.6	100.0

REGION/MARKET/PROPERTY	LOCATION	NUMBER OF BUILDINGS	YEAR BUILT/ RENOVATED(1)	RENTABLE SQUARE FEET	PERCENTAGE OF TOTAL RENTABLE SQUARE FEET	PERCENTAGE LEASED
Austin						
Metric Center(3).................	Austin	6	1996	735,240	2.3	100.0
Dallas/Ft. Worth						
Dallas Industrial Portfolio.......	Farmers Branch, Arlington, Dallas	18	1986	1,066,098	3.2	98.9
Lincoln Industrial Center.........	Carrollton	1	1980	93,718	0.3	100.0
Lonestar..........................	Dallas, Irving, Grand Prairie	7	1993	911,375	2.9	100.0
Valwood...........................	Carrollton	2	1984	275,994	0.9	100.0
West North Carrier................	Grand Prairie	1	1993R	248,736	0.8	100.0
Houston						
Houston Industrial Portfolio......	Houston	5	1986	464,696	1.5	95.1
		--		---------	---	-----
Southern Region Total/Weighted Average............................		78	1992	7,772,046	24.4	96.7

<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......................	1,165	0.9	15	4.38
Kingsport Industrial Park.........	2,919	2.2	17	3.15
Northwest Distribution Center.....	680	0.5	3	3.40

Western Region Total/Weighted Average............................	52,013	39.5	306	4.97
SOUTHERN				
Atlanta				
Amwiler-Gwinnett Ind. Portfolio...	2,854	2.2	25	3.65
Norcross/Brookhollow Portfolio....	1,696	1.3	21	5.44
Atlanta South.....................	2,414	1.8	19	4.96
Southfield........................	2,907	2.2	35	3.92
Miami				
Beacon Industrial Park............	4,398	3.4	16	6.61
Blue Lagoon.......................	2,281	1.7	14	7.01
Brittania Business Park...........	1,219	0.9	9	5.10
Orlando				
Chancellor(3).....................	579	0.4	1	2.87
Austin				
Metric Center(3)..................	4,801	3.7	22	6.53
Dallas/Ft. Worth				
Dallas Industrial Portfolio.......	3,190	2.4	67	3.03
Lincoln Industrial Center.........	335	0.3	3	3.57
Lonestar..........................	3,087	2.3	12	3.39
Valwood...........................	850	0.6	7	3.08
West North Carrier................	498	0.4	2	2.00
Houston				
Houston Industrial Portfolio......	1,403	1.1	18	3.17

Southern Region Total/Weighted Average............................	32,512	24.7	271	4.33

</TABLE>

<TABLE>
<CAPTION>

REGION/MARKET/PROPERTY	LOCATION	NUMBER OF BUILDINGS	YEAR BUILT/ RENOVATED(1)	RENTABLE SQUARE FEET	PERCENTAGE OF TOTAL RENTABLE SQUARE FEET	PERCENTAGE

						LEASED
<S>	<C>	<C>	<C>	<C>	<C>	<C>
MIDWESTERN						
Chicago						
Bensenville....................	Bensenville	13	1994R	2,137,370	6.7%	97.0%
Chicago Industrial.............	Bensenville	2	1974	184,360	0.6	100.0
Crossroads Industrial..........	Bollingbrook	1	1990	260,890	0.8	100.0
Elk Grove Village Industrial...	Northbrook, Mundelein, Itasca	10	1980	693,459	2.2	81.5
Executive Drive................	Addison	1	1987	75,020	0.2	89.0
Greenleaf......................	Elk Grove Village	1	1973	50,695	0.2	100.0
Itasca Industrial Portfolio....	Itasca, Wood Dale	6	1996R	769,070	2.4	66.6
Lake Michigan Industrial Portfolio(3)..................	Itasca, Bridgeview	2	1994	310,681	1.0	100.0
Linder Skokie..................	Skokie	2	1991R	484,370	1.5	100.0
Lisle Industrial...............	Lisle	1	1985R	360,000	1.1	100.0
Melrose Park...................	Melrose Park	1	1982	346,538	1.1	100.0
O'Hare Industrial Portfolio....	Itasca, Naperville	15	1975	699,512	2.2	100.0
Windsor Court..................	Addison	1	1990	56,640	0.2	100.0
Minneapolis Industrial.........	Brooklyn Center, New Hope	6	1997	499,673	1.6	92.9
Minneapolis Industrial Portfolio IV................	Edina, Plymouth	4	1985R	514,546	1.6	97.6
Corporate Square...............	Eagan	6	1992R	526,490	1.7	100.0
Minneapolis Distribution Portfolio.....................	Minneapolis, Edina, St. Louis	5	1997R	1,029,837	3.2	99.8
Penn James Office Warehouse....	Bloomington	2	1974	215,606	0.7	100.0
Shady Oak......................	Eden Prarie	1	1980R	104,243	0.3	100.0
Twin Cities....................	New Hope, Mendota Heights	2	1980	600,464	1.9	100.0
		--		---------	----	
Midwestern Region Total/Weighted Average		82	1989	9,919,464	31.2	94.9
EASTERN						
Philadelphia						
Mid-Atlantic Business Center...	West Deptford	13	1979R	779,594	2.4	94.0
Baltimore/Washington, D.C.						
Patuxent.......................	Jessup	2	1981	147,383	0.5	100.0
Pennsy Drive...................	Landover	1	1985R	359,477	1.1	84.2
Boston						
Cabot Business Park............	Mansfield	12	1970	1,071,517	3.4	84.8
Wilmington						
Boulden........................	Wilmington	3	1986	265,671	0.8	100.0

<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>
MIDWESTERN				
Chicago				
Bensenville....................	$ 7,784	5.9%	33	$ 3.75

Chicago Industrial............	649	0.5	4	3.52
Crossroads Industrial.........	1,044	0.8	4	4.00
Elk Grove Village Industrial...	2,412	1.8	13	4.27
Executive Drive...............	485	0.4	6	7.26
Greenleaf.....................	259	0.2	1	5.11
Itasca Industrial Portfolio....	1,748	1.3	9	3.41
Lake Michigan Industrial Portfolio(3)..................	1,091	0.8	3	3.51
Linder Skokie.................	1,381	1.1	6	2.85
Lisle Industrial..............	756	0.6	1	2.10
Melrose Park..................	1,057	0.8	1	3.05
O'Hare Industrial Portfolio....	3,197	2.4	16	4.57
Windsor Court.................	276	0.2	1	4.87
Minneapolis Industrial.........	1,465	1.1	17	3.16
Minneapolis Industrial Portfolio IV................	1,829	1.4	16	3.64
Corporate Square..............	1,664	1.3	22	3.15
Minneapolis Distribution Portfolio.....................	3,260	2.5	29	3.17
Penn James Office Warehouse....	813	0.6	23	3.77
Shady Oak.....................	377	0.3	9	3.62
Twin Cities...................	1,930	1.5	8	3.21
	-------	----	---	-----
Midwestern Region Total/Weighted... Average	33,477	25.5	222	3.56
EASTERN				
Philadelphia				
Mid-Atlantic Business Center...	2,349	1.8	25	3.20
Baltimore/Washington, D.C.				
Patuxent......................	636	0.5	10	4.32
Pennsy Drive..................	1,853	1.4	2	6.12
Boston				
Cabot Business Park...........	4,996	3.7	16	5.50
Wilmington				
Boulden.......................	1,008	0.8	5	3.79

</TABLE>

<TABLE>
<CAPTION>

REGION/MARKET/PROPERTY	LOCATION	NUMBER OF BUILDINGS	YEAR BUILT/ RENOVATED(1)	RENTABLE SQUARE FEET	PERCENTAGE OF TOTAL RENTABLE SQUARE FEET	PERCENTAGE LEASED
No. New Jersey						
Dock's Corner....................	South Brunswick	1	1996E	554,521	1.7%	84.1%
Two South Middlesex..............	Monroe	1	1995R	218,088	0.7	100.0
		---		----------	-----	-----
Eastern Region Total/Weighted Average............................		33		3,396,251	10.6	89.6
		---		----------	-----	-----
Total/Weighted Average...............		322		31,833,736	100.0%	95.6%
		===		==========	=====	=====

<CAPTION>

REGION/MARKET/PROPERTY	ANNUALIZED BASE RENT (000S)	PERCENTAGE OF ANNUALIZED BASE RENT	NUMBER OF LEASES	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT(2)
No. New Jersey				
Dock's Corner....................	$ 1,819	1.4%	2	$ 3.90
Two South Middlesex..............	856	0.7	2	3.93

Eastern Region Total/Weighted Average	13,517	10.3	62	4.44
Total/Weighted Average	$131,519	100.0%	861	$ 4.32

</TABLE>

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(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 September 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."

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 September 30, 1997 of which 12 lease space in more than one of the Industrial Properties.

<TABLE>
<CAPTION>

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>
United States Postal Service	2	430,202	1.4%	$ 1,956	1.5%
Air Express International USA, Inc.	4	272,235	0.9	1,881	1.4
Dell USA L.P.	3	290,400	0.7	1,724	1.3
Toys 'R Us, Inc.	1	219,665	0.7	1,500	1.1
Sage Enterprises	3	199,877	0.6	1,448	1.1
Cosmair	1	303,843	1.0	1,291	1.0
Mylex Corporation	2	133,182	0.4	1,165	0.9
Harmonic Lightwaves	1	110,160	0.3	1,124	0.9
Ciba Vision	4	245,616	0.8	1,067	0.8
Melrose Distribution	1	346,538	1.1	1,057	0.8
Holman Distribution Center of Washington, Inc.	2	371,440	1.2	981	0.8
Hexcel Corporation	6	261,134	0.8	961	0.7
Mitsubishi Warehouse Corporation	1	253,584	0.8	959	0.7
Superior Coffee and Foods	1	201,011	0.6	926	0.7
Pragmatech, Inc.	3	102,157	0.3	873	0.7
Rollerblade	2	278,840	0.9	872	0.7
Best Buy Company	1	244,807	0.8	842	0.7
Logitech International, S.A.	2	95,632	0.3	818	0.6
Belkin Components	1	219,028	0.7	815	0.6
Schmelbach-Lubeca AG	1	222,224	0.7	811	0.6
Vidco International	2	146,460	0.5	809	0.6
Fujitsu America	1	147,400	0.5	776	0.6
AT&T Resource Management Corporation	1	360,000	1.1	768	0.6
Bridgestone Firestone, Inc.	1	296,800	0.9	760	0.6
International Multifoods, Inc.	1	144,000	0.5	720	0.5
Total/Weighted Average		5,896,235	18.5%	$ 26,904	20.5%

</TABLE>

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

The top twenty-five largest industrial tenants represent 20.5% of the Industrial Properties' Annualized Base Rent. Other companies that are 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., The Home Depot and a wide variety of other national, regional and local industrial tenants. In addition to the larger leases reflected above, leases of less than 25,000 rentable square feet represent 58% of the Industrial Properties' total number of leases and 20.4% of the Industrial Properties' Annualized Base Rent, as depicted in the table under the caption "Industrial Property Lease Distributions."

INDUSTRIAL PROPERTY LEASE EXPIRATIONS

By December 31, 1999, leases representing approximately 38% of total leased square footage of the Industrial Properties will expire. The following table summarizes the lease expirations for the Industrial Properties for leases in place as of September 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
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1997(1)............	63	2,410,714	7.6%	$ 10,312	7.8%	$ 4.28
1998...............	184	5,131,120	16.1	20,911	15.9	4.08
1999...............	161	4,414,831	13.9	18,990	14.4	4.30
2000...............	169	5,417,177	17.0	23,919	18.3	4.42
2001...............	116	3,426,477	10.8	17,002	12.9	4.96
2002...............	94	3,732,166	11.7	15,362	11.7	4.12
2003...............	25	1,253,764	3.9	5,310	4.0	4.24
2004...............	14	1,273,427	4.0	5,400	4.1	4.24
2005...............	13	1,248,595	3.9	5,543	4.2	4.44
2006...............	11	1,014,301	3.2	5,233	4.0	5.16
2007...............	11	1,115,345	3.5	3,537	2.7	3.17
Total/Weighted Average..........	861	30,437,917	95.6%	$ 131,519	100.0%	$ 4.32

</TABLE>

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(1) Represents lease expirations from October 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.

INDUSTRIAL PROPERTY LEASE EXPIRATIONS BY REGION

For the twelve-month period ended September 30, 1997, the Company renewed 147 industrial leases representing a retention rate of 72.9% of the expiring industrial space. The following table details the Industrial Property lease expirations by region. The table summarizes leases in effect as of September 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 1.4 million rentable square feet of unleased space.

<TABLE>
<CAPTION>

REGION	1997	1998	1999	2000	2001	2002	2003	2004
WESTERN								
Rentable Square Feet(1).........	445,101	2,004,008	1,288,189	1,403,822	1,457,651	1,360,454	673,203	1,153,075
% Rentable Square Feet(2).......	4.1%	18.6%	12.0%	13.1%	13.6%	12.7%	6.3%	10.6%
Annualized Base Rent (000s).....	$2,574	$9,200	$6,493	$7,306	$7,537	$6,826	$3,090	$4,901
Number of Leases Expiring.......	28	65	61	39	42	36	14	11
Expiring Rent Per Sq. Ft.(3)....	$5.78	$4.59	$5.04	$5.20	$5.17	$5.02	$4.59	$4.25
SOUTHERN								
Rentable Square Feet(1).........	451,834	869,746	742,533	1,259,786	1,104,813	1,561,221	271,075	0
% Rentable Square Feet(2).......	5.8%	11.2%	9.6%	16.2%	14.2%	20.1%	3.5%	0.0%
Annualized Base Rent (000s).....	$1,693	$3,108	$3,125	$5,877	$5,820	$5,475	$891	$0
Number of Leases Expiring.......	13	44	38	69	52	36	5	0
Expiring Rent Per Sq. Ft.(3)....	$3.75	$3.57	$4.21	$4.67	$5.27	$3.51	$3.29	$0.00
MIDWESTERN								
Rentable Square Feet(1).........	1,136,027	1,868,559	1,495,031	1,772,881	678,124	703,171	197,328	120,352
% Rentable Square Feet(2).......	11.5%	18.8%	15.1%	17.9%	6.8%	7.0%	2.0%	1.2%
Annualized Base Rent (000s).....	$3,718	$7,085	$5,517	$6,683	$2,810	$2,623	$838	$499
Number of Leases Expiring.......	16	62	47	44	16	20	3	3
Expiring Rent Per Sq. Ft.(3)....	$3.27	$3.79	$3.69	$3.77	$4.14	$3.73	$4.25	$4.15
EASTERN								
Rentable Square Feet(1).........	377,752	388,807	889,078	980,688	185,889	107,320	112,158	0
% Rentable Square Feet(2).......	11.1%	11.4%	26.2%	28.9%	5.5%	3.2%	3.3%	0.0%
Annualized Base Rent (000s).....	$2,327	$1,518	$3,855	$4,053	$835	$438	$491	$0
Number of Leases Expiring.......	6	13	15	17	6	2	3	0
Expiring Rent Per Sq. Ft.(3)....	$6.16	$3.90	$4.34	$4.13	$4.49	$4.08	$4.38	$0.00
TOTAL/WEIGHTED AVERAGE RENTABLE								
SQUARE FEET(1)..................	2,410,714	5,131,120	4,414,831	5,417,177	3,426,477	3,732,166	1,253,764	1,273,427
% Rentable Square Feet(2).......	7.6%	16.1%	13.9%	17.0%	10.8%	11.7%	3.9%	4.0%
Annualized Base Rent (000s).....	$10,312	$20,911	$18,990	$23,919	$17,002	$15,362	$5,310	$5,400
Number of Leases Expiring.......	63	184	161	169	116	94	25	14
Expiring Rent Per Sq. Ft.(3)....	$4.28	$4.08	$4.30	$4.42	$4.96	$4.12	$4.24	$4.24

<CAPTION>

REGION	2005	2006	2007 AND BEYOND	TOTAL/WEIGHTED AVERAGE
WESTERN				
Rentable Square Feet(1).........	86,200	439,520	157,325	10,468,548
% Rentable Square Feet(2).......	0.8%	4.1%	1.5%	97.4%
Annualized Base Rent (000s).....	$585	$2,933	$568	$52,013
Number of Leases Expiring.......	3	5	2	306
Expiring Rent Per Sq. Ft.(3)....	$6.79	$6.67	$3.61	$4.97
SOUTHERN				
Rentable Square Feet(1).........	649,124	251,041	352,759	7,513,932
% Rentable Square Feet(2).......	8.4%	3.2%	4.5%	96.7%
Annualized Base Rent (000s).....	$3,679	$1,519	$1,325	$32,512
Number of Leases Expiring.......	7	3	4	271
Expiring Rent Per Sq. Ft.(3)....	$5.67	$6.05	$3.76	$4.33
MIDWESTERN				
Rentable Square Feet(1).........	513,271	323,740	605,261	9,413,745

% Rentable Square Feet(2).......	5.2%	3.3%	6.1%	94.9%
Annualized Base Rent (000s).....	$1,279	$781	$1,644	$33,477
Number of Leases Expiring.......	3	3	5	222
Expiring Rent Per Sq. Ft.(3)....	$2.49	$2.41	$2.72	$3.56
EASTERN				
Rentable Square Feet(1).........	0	0	0	3,041,692
% Rentable Square Feet(2).......	0.0%	0.0%	0.0%	89.6%
Annualized Base Rent (000s).....	$0	$0	$0	$13,517
Number of Leases Expiring.......	0	0	0	62
Expiring Rent Per Sq. Ft.(3)....	$0.00	$0.00	$0.00	$4.44
TOTAL/WEIGHTED AVERAGE RENTABLE SQUARE FEET(1)..................	1,248,595	1,014,301	1,115,345	30,437,917
% Rentable Square Feet(2).......	3.9%	3.2%	3.5%	95.6%
Annualized Base Rent (000s).....	$5,543	$5,233	$3,537	$131,519
Number of Leases Expiring.......	13	11	11	861
Expiring Rent Per Sq. Ft.(3)....	$4.44	$5.16	$3.17	$4.32

</TABLE>

- ---------------

(1) Reflects total rentable square footage of expiring leases from October 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.

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 September 30, 1997:

<TABLE>
<CAPTION>

DISTRIBUTION OF 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)	PERCENTAGE OF AGGREGATE ANNUALIZED BASE RENT
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Ground leases..........	7	0.8%	N/A	N/A	$ 92	N/A	0.1%
10,000 or Less..........	262	30.5	1,374,147	4.5%	7,971	$ 5.80	6.1
10,001 - 25,000.........	232	26.9	3,721,557	12.2	18,915	5.08	14.3
25,001 - 50,000.........	179	20.8	6,444,520	21.2	29,534	4.58	22.4
50,001 - 100,000........	111	12.9	7,795,397	25.6	34,264	4.40	26.1
100,001 or greater......	70	8.1	11,102,296	36.5	40,743	3.67	31.0
Total/Weighted Average..............	861	100.0%	30,437,917	100.0%	$131,519	$ 4.32	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 33 Retail Properties aggregating approximately 6.3 million rentable square feet. As of September 30, 1997, the Retail Properties were 94.3% leased to over 700 tenants, the largest of which accounted for approximately 4.1% of the Company's Annualized Base Rent from its Retail Properties as of September 30, 1997. The Retail Properties have an average age of five years since built, expanded or renovated. Renovated 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. The Company's historical weighted average retention rate for the Retail Properties for the period beginning January 1, 1994 through September 30, 1997 was approximately 81.4%, based on 0.7 million rentable square feet of expiring leases.

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. The two graphs below compare the population density and income levels surrounding the Company's retail centers to the national averages.

LOGO LOGO

<TABLE>
<S> <C>
(1) Weighted by number of households.
(2) Derived from information compiled by Claritas Inc. The Company has
been advised that the information comes from various government
and industry sources, but the Company has not independently
verified the information.
(3) Derived from data obtained from Regional Financial Associates.
(4) Derived from data published by Regional Financial Associates.

<CAPTION>
(1) Weighted by number of households. (1) Derived from information compiled by
Claritas Inc. The C
ompany has
been advised that the information comes from various government and industry sources, but the Company has
not independen
tly
and industry sources, but the Company has not independently verified the information.
verified the information. (2) For all shopping centers greater than or
equal to 50,000
square
(3) Derived from data obtained from Regional Financial Associates. feet and less than or equal to 400,000 square
feet.
(4) Derived from data published by Regional Financial Associates.

<CAPTION>
(2) Derived from information compiled by Claritas Inc. The Company has been advised that the information comes
from various gov
ernment
</TABLE>

Management believes that the characteristics of its trade areas tend to result in centers with above-average retail sales. The graph below compares the retail sales for the AMB Retail Centers to the national average.

LOGO

(1) Includes sales/sq. ft. for grocer anchors reporting a full year of sales. 27 of 33 centers are represented above. Of the six centers not represented, (i) two do not have grocer anchors, (ii) three centers did not have a full year of sales due to one center being built and two centers repositioned during 1996 and (iii) the grocer-anchor store at one center is not owned by the Company and does not report sales.

(2) All but five of the 27 centers included in this calculation report on a calendar year basis.

(3) Derived from data published in the Progressive Grocer Annual Report, April 1997.

Property Characteristics. The Retail Properties generally contain between 80,000 and 350,000 rentable square feet. On average, 67% 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>

<S>	TYPICAL PROPERTY <C>	TYPICAL RANGE <C>
Rentable Square Feet......................	190,000	80,000 - 350,000
Percentage Leased by Anchor Tenants........	67%	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, defined as leases in which tenants pay 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 base rent excluding reimbursements and percentage rent for the Retail Properties for the years ended December 31, 1994, 1995 and 1996, and for the nine months ended September 30, 1997 was $14.0 million, $27.2 million, $43.0 million and $44.3 million, respectively, which amounted to 35%, 33%, 32% and 33%, respectively, of the Company's contractual base rent, excluding reimbursements and percentage rents, from industrial and retail properties during such periods.

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

RETAIL PROPERTIES BY REGION

AT SEPTEMBER 30, 1997

<TABLE>
<CAPTION>

REGION <S>	NUMBER OF CENTERS <C>	LEASED ANCHOR RENTABLE SQUARE FEET <C>	LEASED NON-ANCHOR RENTABLE SQUARE FEET <C>	AVAILABLE RENTABLE SQUARE FEET <C>	TOTAL RENTABLE SQUARE FEET <C>	PERCENTAGE OF TOTAL RENTABLE SQUARE FEET <C>	PERCENTAGE LEASED <C>
Western.........................	16	1,539,698	991,953	84,325	2,615,976	41.8%	

96.8%

Southern	10	1,108,510	443,705	205,331	1,757,546	28.0	88.3
Midwestern	4	552,707	138,400	19,545	710,652	11.3	97.2
Eastern	3	1,005,618	130,010	48,834	1,184,462	18.9	95.9
Total/Weighted Average	33	4,206,533	1,704,068	358,035	6,268,636	100.0%	94.3%

<CAPTION>

REGION	ANNUALIZED BASE RENT (000S)	PERCENTAGE OF ANNUALIZED BASE RENT	ANNUALIZED BASE RENT PER OCCUPIED SQUARE FOOT(1)
Western	$ 33,023	47.0%	$13.04
Southern	17,414	24.8	11.22
Midwestern	6,698	9.5	9.69
Eastern	13,119	18.7	11.55
Total/Weighted Average	$ 70,254	100.0%	$11.89

</TABLE>

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

RETAIL PROPERTIES BY MARKET

AT SEPTEMBER 30, 1997

<TABLE>
<CAPTION>

REGION/MARKET	NUMBER OF CENTERS	LAND AREA (ACRES)	TOTAL RENTABLE SQUARE FEET	PERCENTAGE LEASED	ANCHOR RENTABLE SQUARE FEET
WESTERN					
Denver	2	44	512,493	98.8%	342,854
Los Angeles	3	68	748,927	95.1	406,904
Reno	1	7	76,757	95.5	47,140
San Diego	2	31	276,479	94.7	107,015
San Francisco Bay Area	5	53	673,031	97.6	419,117
Santa Barbara	1	11	144,775	96.9	92,980
Seattle	2	16	183,514	98.4	123,688
Western Region Total/Weighted Average	16	230	2,615,976	96.8	1,539,698
SOUTHERN					
Atlanta	1	11	97,899	100.0	68,499
Houston	5	67	823,599	95.1	553,677
Miami	4	86	836,048	80.3	486,334
Southern Region Total/Weighted Average	10	164	1,757,546	88.3	1,108,510
MIDWESTERN					
Chicago	3	43	504,735	96.1	400,950
Minneapolis	1	25	205,917	100.0	151,757
Midwestern Region Total/Weighted Average	4	68	710,652	97.2	552,707
EASTERN					
Albany	1	91	602,477	93.6	490,444

Baltimore/Washington, D.C.	1	42	404,669	98.5	390,064
Hartford..............................	1	20	177,316	97.5	125,110
Eastern Region Total/Weighted Average.....	3	153	1,184,462	95.9	1,005,618
Total/Weighted Average...................	33	615	6,268,636	94.3%	4,206,533

</TABLE>

RETAIL PROPERTY SUMMARY

Anchor Tenants account for 67% of the aggregate square footage of the Retail Properties. As of September 30, 1997, Annualized Base Rent for the Company's 25 largest Anchor Tenants was approximately $27.2 million, representing approximately 38.7% of Annualized Base Rent for all Retail Properties. Annualized Base Rent for the remaining retail tenants was approximately $43.0 million as of the same date, representing approximately 61.3% 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 September 30, 1997. Ownership of each Property is in fee simple unless otherwise noted.

<TABLE>
<CAPTION>

REGION/MARKET/PROPERTY	LOCATION	YEAR BUILT/ RENOVATED (1)	LEASED ANCHOR RENTABLE SQUARE FEET	LEASED NON-ANCHOR RENTABLE SQUARE FEET	AVAILABLE RENTABLE SQUARE FEET	TOTAL RENTABLE SQUARE FEET	PERCENT LEASED
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
WESTERN							
Denver							
Applewood Village S.C........	Wheat Ridge	1994R	258,538	88,903	5,815	353,256	98.4%
Arapahoe Village S.C.........	Boulder	1989R	84,316	74,770	151	159,237	99.9
Los Angeles							
Granada Village..............	Granada Hills	1996R	124,638	81,956	18,189	224,783	91.9
Manhattan Village S.C........	Manhattan Beach	1992R	223,791	181,644	18,515	423,950	95.6
Twin Oaks S.C................	Agoura Hills	1996R	58,475	41,719	--	100,194	100.0
Reno							
Southwest Pavilion...........	Reno	1997E	47,140	26,133	3,484	76,757	95.5
San Diego							
La Jolla Village(4)..........	La Jolla	1989R	67,238	97,989	--	165,227	100.0
Rancho San Diego Village S.C.........................	La Mesa	1994R	39,777	56,688	14,787	111,252	86.7
San Francisco Bay Area							
Bayhill S.C..................	San Bruno	1997R	59,221	57,417	5,403	122,041	95.6
Lakeshore Plaza S.C..........	San Francisco	1993	38,836	83,426	599	122,861	99.5
Pleasant Hill S.C............	Pleasant Hill	1990R	210,614	23,063	--	233,677	100.0
Silverado Plaza S.C..........	Napa	1994R	58,328	24,676	2,019	85,023	97.6
Ygnacio Plaza................	Walnut Creek	1990R	52,118	49,373	7,938	109,429	92.7
Santa Barbara							
Five Points S.C..............	Santa Barbara	1996	92,980	47,295	4,500	144,775	96.9
Seattle							
Aurora Marketplace...........	Edmonds	1991	74,113	29,912	2,925	106,950	97.3
Eastgate Plaza...............	Bellevue	1995R	49,575	26,989	--	76,564	100.0

WESTERN REGION TOTAL/WEIGHTED AVERAGE..........	1993	1,539,698	991,953	84,325	2,615,976	96.8

<CAPTION>

<S> <C> <C> <C> <C>

REGION/MARKET/PROPERTY	ANNUALIZED BASE RENT (000S)	NUMBER OF LEASES	AVERAGE BASE RENT PER SQUARE FOOT(2)	PRIMARY TENANTS(3)
WESTERN				
Denver				
Applewood Village S.C.........	$ 2,715	42	$ 7.81	Wal-Mart, King Soopers
Arapahoe Village S.C..........	1,719	26	10.81	Safeway, SoFro Fabrics
Los Angeles				
Granada Village...............	2,830	37	13.70	Hughes Market, TJ Maxx
Manhattan Village S.C.........	6,228	85	13.63	Ralphs, Sav-on Drugs
Twin Oaks S.C.................	1,056	24	10.54	Ralphs, Thrifty Drug
Reno				
Southwest Pavilion............	732	15	9.99	Scolari's Market, Payless Drugs
San Diego				
La Jolla Village(4)...........	3,345	40	20.24	Whole Foods Market, Savon Drugs
Rancho San Diego Village S.C.........................	1,258	41	13.04	Lucky, Thrifty Drug
San Francisco Bay Area				
Bayhill S.C...................	1,147	27	9.83	Mollie Stone's Markets, Longs Drugs
Lakeshore Plaza S.C...........	3,256	36	26.63	Lucky, Ross
Pleasant Hill S.C.............	2,340	12	10.01	Target, Toys 'R Us
Silverado Plaza S.C...........	781	16	9.41	Payless Drugs, Nob Hill Foods
Ygnacio Plaza.................	1,241	22	12.23	Lucky, Thrifty Drug
Santa Barbara				
Five Points S.C...............	2,204	25	15.71	Lucky, Ross
Seattle				
Aurora Marketplace............	1,394	17	13.40	Safeway, Drug Emporium
Eastgate Plaza................	777	16	10.15	Albertson's, Payless Drugs
	-------	---	------	
WESTERN REGION TOTAL/WEIGHTED AVERAGE..........	33,023	481	13.04	

</TABLE>

<TABLE>
<CAPTION>

<S> <C> <C> <C> <C> <C> <C> <C>

REGION/MARKET/PROPERTY	LOCATION	YEAR BUILT/ RENOVATED (1)	LEASED ANCHOR RENTABLE SQUARE FEET	LEASED NON-ANCHOR RENTABLE SQUARE FEET	AVAILABLE RENTABLE SQUARE FEET	TOTAL RENTABLE SQUARE FEET	PERCENT LEASED
SOUTHERN							
Atlanta							
Woodlawn S.C..................	Cobb County	1993	68,499	29,400	--	97,899	100.0%
Houston							

Randall's Austin Parkway......	Sugarland	1993	90,650	21,025	--	111,675	100.0
Randall's Commons Memorial....	Houston	1993	75,689	31,002	3,504	110,195	96.8
Randall's Dairy Ashford.......	Houston	1993	115,360	20,575	--	135,935	100.0
Weslayan Plaza................	Houston	1986R	206,870	125,546	23,834	356,250	93.3
Woodway Collection............	Houston	1993	65,108	31,146	13,290	109,544	87.9
Miami							
Kendall Mall(5)...............	Miami	1995R	194,550	79,915	25,040	299,505	91.6
Palm Aire(5)..................	Pompano Beach	1997R	33,164	26,508	84,315	143,987	41.4
Shoppes at Lago Mar...........	Miami	1995	42,323	30,253	10,532	83,108	87.3
The Plaza at Delray(5)........	Delray Beach	1996R	216,297	49,335	44,816	309,448	85.5
		----	---------	-------	-------	--------	-----
SOUTHERN REGION TOTAL/WEIGHTED AVERAGE.........................		1993	1,108,510	443,705	205,331	1,757,546	88.3
MIDWESTERN							
Chicago							
Brentwood Commons.............	Bensenville	1990R	61,621	39,631	877	102,129	99.1
Civic Center Plaza............	Niles	1989	238,655	18,944	5,735	263,334	97.8
Riverview Plaza S.C...........	Chicago	1981	100,674	25,665	12,933	139,272	90.7
Minneapolis							
Rockford Road Plaza...........	Plymouth	1991	151,757	54,160	--	205,917	100.0%
		----	---------	-------	-------	--------	-----
MIDWESTERN REGION TOTAL/WEIGHTED AVERAGE.........................		1988	552,707	138,400	19,545	710,652	97.2

<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 S.C..................	$ 1,193	18	$12.19	Publix Supermarket, Zany Brainy
Houston				
Randall's Austin Parkway......	1,091	12	9.77	Randall's, Sears Hardware
Randall's Commons Memorial....	941	15	8.82	Randall's, Walgreen's
Randall's Dairy Ashford.......	1,304	12	9.59	Randall's, PetsMart
Weslayan Plaza................	3,813	47	11.47	Randall's, Bering's Home Center
Woodway Collection............	1,325	16	13.77	Randall's, Eckerd Drug
Miami				
Kendall Mall(5)...............	3,525	41	12.84	Byrons, J.C. Penney Home Store
Palm Aire(5)..................	430	16	7.21	Winn-Dixie, Eckerd Drug
Shoppes at Lago Mar...........	833	16	11.48	Publix Supermarket
The Plaza at Delray(5)........	2,959	33	11.18	Regal Cinema, Home Place
	-------	---	------	
SOUTHERN REGION TOTAL/WEIGHTED AVERAGE.........................	17,414	226	11.22	
MIDWESTERN				
Chicago				
Brentwood Commons.............	1,029	20	10.16	Dominick's, Super Trak
Civic Center Plaza............	2,489	15	9.66	Dominick's, Home Depot
Riverview Plaza S.C...........	1,173	13	9.28	Dominick's, Toys 'R Us

Minneapolis				
Rockford Road Plaza..........	2,007	27	9.75	TJ Major, PetsMart
MIDWESTERN REGION TOTAL/WEIGHTED AVERAGE........................	6,698	75	9.69	

</TABLE>

<TABLE>
<CAPTION>

REGION/MARKET/PROPERTY	LOCATION	YEAR BUILT/ RENOVATED (1)	LEASED ANCHOR RENTABLE SQUARE FEET	LEASED NON-ANCHOR RENTABLE SQUARE FEET	AVAILABLE RENTABLE SQUARE FEET	TOTAL RENTABLE SQUARE FEET	PERCENT LEASED
EASTERN							
Albany							
Latham Farms.................	Albany	1993	490,444	73,733	38,300	602,477	93.6%
Baltimore							
Long Gate S.C................	Ellicott City	1996	390,064	8,468	6,137	404,669	98.5
Hartford							
Corbins Corner S.C...........	Hartford	1988R	125,110	47,809	4,397	177,316	97.5
EASTERN REGION TOTAL/WEIGHTED AVERAGE........................		1993	1,005,618	130,010	48,834	1,184,462	95.9
TOTAL/WEIGHTED AVERAGE..........		1992	4,206,533	1,704,068	358,035	6,268,636	94.3%

<CAPTION>

REGION/MARKET/PROPERTY	ANNUALIZED BASE RENT (000S)	NUMBER OF LEASES	AVERAGE BASE RENT PER SQUARE FOOT (2)	PRIMARY TENANTS(3)
EASTERN				
Albany				
Latham Farms.................	$ 5,759	25	$10.21	Wal-Mart, Sam's Wholesale
Baltimore				
Long Gate S.C................	4,451	10	11.17	Target, Kohl's
Hartford				
Corbins Corner S.C...........	2,909	23	16.82	Toys 'R Us, Filene's Basement
EASTERN REGION TOTAL/WEIGHTED AVERAGE........................	13,119	58	11.55	
TOTAL/WEIGHTED AVERAGE..........	$ 70,254	840	$11.89	

</TABLE>

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(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 September 30, 1997.

(3) Primary tenants are defined as the two largest Anchor Tenants as measured by rentable square footage.

(4) This Property includes 33 apartment units which were acquired as part of the acquisition of the Property. Rental data relating to this Property includes data relating to the apartment units.

(5) 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	9.3%	$ 2,891	4.1%
Randall's Food & Drugs, Inc.	5	298,549	7.1	2,369	3.4
Safeway Stores, Inc.	4	187,334	4.5	1,860	2.6
Home Place...............................	2	109,104	2.6	1,450	2.1
Dominick's...............................	3	175,229	4.2	1,430	2.0
Target Stores Corp.	2	115,344	2.7	1,251	1.8
Toys 'R Us, Inc.	4	135,332	3.2	1,247	1.8
Blockbuster Video, Inc.	10	58,785	1.4	1,232	1.8
Home Quarters............................	1	101,783	2.4	1,167	1.7
Publix...................................	4	178,644	4.3	1,142	1.6
Home Depot...............................	1	116,095	2.8	1,016	1.4
Kohls....................................	1	86,889	2.1	949	1.3
PetsMart, Inc.	4	102,100	2.4	875	1.2
Barnes & Noble Super Stores, Inc.	2	46,180	1.1	840	1.2
Super Shop and Save......................	1	63,664	1.5	828	1.1
Gap, Inc.	3	42,361	1.0	793	1.1
Ross Stores, Inc.	2	56,911	1.4	769	1.1
Fry's Electronics........................	1	46,200	1.1	702	1.0
J.C. Penney..............................	1	45,000	1.1	626	0.9
Ralph's..................................	2	84,053	2.0	598	0.9
Bally Total Fitness......................	1	31,460	0.7	578	0.8
Eckerd Corporation.......................	4	40,206	1.0	537	0.8
Gateway Foods............................	1	65,608	1.6	535	0.8
Regal Cinemas............................	1	55,000	1.3	531	0.8
Hughes Market............................	1	40,198	1.0	502	0.7
Filene's Basement........................	1	26,750	0.5	495	0.7
Total/Weighted Average..........		2,697,645	64.3%	$ 27,213	38.7%

</TABLE>

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(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 33 Retail Properties, 31 are grocer-anchored.

The twenty-five largest retail tenants represent 38.7% of the Retail Properties' Annualized Base Rent. With over 700 tenants, the Retail Properties include other national retailers as well as regional and local tenants, many of which are privately held. In addition to the larger leases reflected above, leases of less than 2,500 rentable square feet represent 59% of the Retail

Property leases and 20.6% of the Retail Properties' Annualized Base Rent, as depicted in the table under the caption "Retail Property Lease Distributions."

RETAIL PROPERTY LEASE EXPIRATIONS

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

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)
1997(1)..........	54	194,527	3.1%	$ 2,546	3.6%	$13.09
1998.............	118	446,155	7.1	5,629	8.0	12.62
1999.............	121	308,513	4.9	4,910	7.0	15.92
2000.............	104	415,380	6.6	5,150	7.3	12.40
2001.............	97	297,142	4.7	4,687	6.7	15.77
2002.............	91	321,195	5.2	4,711	6.7	14.67
2003.............	25	189,212	3.0	2,537	3.6	13.41
2004.............	28	142,916	2.4	2,020	2.9	14.13
2005.............	38	152,818	2.4	2,998	4.3	19.62
2006.............	50	339,670	5.4	4,804	6.8	14.14
2007 and beyond.........	114	3,103,073	49.5	30,262	43.1	9.75
Total/Weighted Average........	840	5,910,601	94.3%	$70,254	100.0%	$11.89

- ---------------

(1) Represents lease expirations from October 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 September 30, 1997, the Company renewed 73 retail leases representing a retention rate of 87.8% of the expiring retail space. During the period from October 1, 1997 through December 31, 2000, 397 leases covering an aggregate of 1.4 million rentable square feet of retail space are scheduled to expire. As of September 30, 1997, the average rent for this retail space was $11.89 per rentable square foot. The following table sets forth a schedule of lease expirations by region for Retail Property leases in place as of September 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 358,035 square feet of unleased space.

REGION	1997	1998	1999	2000	2001	2002	2003	2004
Western								
Rentable Square Feet(1)..............	120,797	313,957	187,438	278,150	163,511	183,469		

							71,111	97,126
% Rentable Square Feet(2)...........	4.6%	12.0%	7.2%	10.6%	6.3%	7.0%	2.7%	3.7%
Annualized Base Rent (000s)..........	$1,929	$3,807	$3,150	$3,193	$2,950	$2,857	$1,296	$1,225
Number of Leases Expiring...........	40	71	74	62	63	53	15	16
Expiring Rent Per Sq. Ft.(3).........	$15.97	$12.13	$16.81	$11.48	$18.04	$15.57	$18.23	$12.61
SOUTHERN								
Rentable Square Feet(1).............	38,850	101,276	66,669	70,924	56,517	83,326	50,625	32,412
% Rentable Square Feet(2)...........	2.2%	5.8%	3.8%	4.0%	3.2%	4.7%	2.9%	1.8%
Annualized Base Rent (000s)..........	$382	$1,293	$999	$1,235	$757	$1,052	$467	$580
Number of Leases Expiring...........	8	34	27	31	15	23	4	9
Expiring Rent Per Sq. Ft.(3).........	$9.83	$12.77	$14.98	$17.41	$13.39	$12.63	$9.22	$17.89
MIDWESTERN								
Rentable Square Feet(1).............	19,230	23,922	17,338	66,306	68,394	35,506	0	0
% Rentable Square Feet(2)...........	2.7%	3.4%	2.4%	9.3%	9.6%	5.0%	0.0%	0.0%
Annualized Base Rent (000s)..........	$69	$372	$282	$722	$779	$419	$0	$0
Number of Leases Expiring...........	4	11	9	11	16	10	0	0
Expiring Rent Per Sq. Ft.(3).........	$3.59	$15.55	$16.26	$10.89	$11.39	$11.80	$0.00	$0.00
EASTERN								
Rentable Square Feet(1).............	15,650	7,000	37,068	0	8,720	18,894	67,476	13,378
% Rentable Square Feet(2)...........	1.3%	0.6%	3.1%	0.0%	0.7%	1.6%	5.7%	1.1%
Annualized Base Rent (000s)..........	$166	$157	$479	$0	$201	$383	$774	$215
Number of Leases Expiring...........	2	2	11	0	3	5	6	3
Expiring Rent Per Sq. Ft.(3).........	$10.61	$22.43	$12.92	$0.00	$23.05	$20.27	$11.47	$16.07
TOTAL/WEIGHTED AVERAGE								
Rentable Square Feet(1).............	194,527	446,155	308,513	415,380	297,142	321,195	189,212	142,916
% Rentable Square Feet(2)...........	3.1%	7.1%	4.9%	6.6%	4.7%	5.2%	3.0%	2.4%
Annualized Base Rent (000s)..........	$2,546	$5,629	$4,910	$5,150	$4,687	$4,711	$2,537	$2,020
Number of Leases Expiring...........	54	118	121	104	97	91	25	28
Expiring Rent Per Sq. Ft.(3).........	$13.09	$12.62	$15.92	$12.40	$15.77	$14.67	$13.41	$14.13

<CAPTION>

	2005	2006	2007 AND BEYOND	TOTAL WEIGHTED AVERAGE
<S>	<C<C>	<C>	<C>	<C>
REGION				
Western				
Rentable Square Feet(1).............	59,456	122,867	933,769	2,531,651
% Rentable Square Feet(2)...........	2.3%	4.7%	35.7%	96.8%
Annualized Base Rent (000s)..........	$1,121	$2,332	$9,163	$33,023
Number of Leases Expiring...........	15	26	46	481
Expiring Rent Per Sq. Ft.(3).........	$18.85	$18.98	$9.81	$13.04
SOUTHERN				
Rentable Square Feet(1).............	56,135	163,585	831,896	1,552,215
% Rentable Square Feet(2)...........	3.2%	9.4%	47.3%	88.3%
Annualized Base Rent (000s)..........	$1,112	$2,080	$7,457	$17,414
Number of Leases Expiring...........	18	21	36	226
Expiring Rent Per Sq. Ft.(3).........	$19.81	$12.72	$8.96	$11.22
MIDWESTERN				
Rentable Square Feet(1).............	1,340	53,218	405,853	691,107
% Rentable Square Feet(2)...........	0.2%	7.5%	57.1%	97.2%
Annualized Base Rent (000s)..........	$17	$392	$3,646	$6,698
Number of Leases Expiring...........	1	3	10	75
Expiring Rent Per Sq. Ft.(3).........	$12.69	$7.37	$8.98	$9.69
EASTERN				
Rentable Square Feet(1).............	35,887	0	931,555	1,135,628
% Rentable Square Feet(2)...........	3.0%	0.0%	78.8%	95.9%
Annualized Base Rent (000s)..........	$748	$0	$9,996	$13,119
Number of Leases Expiring...........	4	0	22	58
Expiring Rent Per Sq. Ft.(3).........	$20.84	$0.00	$10.73	$11.55

TOTAL/WEIGHTED AVERAGE				
Rentable Square Feet(1)	152,818	339,670	3,103,073	5,910,601
% Rentable Square Feet(2)	2.4%	5.4%	49.5%	94.3%
Annualized Base Rent (000s)	$2,998	$4,804	$30,262	$70,254
Number of Leases Expiring	38	50	114	840
Expiring Rent Per Sq. Ft.(3)	$19.62	$14.14	$9.75	$11.89

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(1) Reflects total square footage of expiring leases from October 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 September 30, 1997.

DISTRIBUTION OF 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)	PERCENTAGE OF AGGREGATE ANNUALIZED BASE RENT
Ground Leases	28	3.3%	N/A	N/A	$ 1,096	N/A	1.6%
1,000 or Less	120	14.3	85,536	1.4%	2,339	$27.35	3.3
1,001-2,500	344	41.0	552,706	9.4	11,033	19.96	15.7
2,501-5,000	155	18.5	549,250	9.3	9,887	18.00	14.1
5,001-10,000	84	10.0	600,285	10.2	9,741	16.23	13.9
10,001-20,000	28	3.3	405,447	6.9	4,651	11.47	6.6
20,001-50,000	56	6.7	1,778,636	30.1	15,280	8.59	21.7
50,001-100,000	18	2.1	1,099,857	18.5	9,902	9.00	14.1
100,001 or Greater	7	0.8	838,884	14.2	6,325	7.54	9.0
Total/Weighted Average	840	100.0%	5,910,601	100.0%	$ 70,254	$11.89	100.0%

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(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>

<S>	YEAR ENDED DECEMBER 31, 1994 <C>	1995 <C>	1996 <C>	NINE MONTHS ENDED SEPTEMBER 30, 1997 <C>	TOTAL/WEIGHTED AVERAGE <C>
Retail Properties					
Square feet renewed......	97,641	89,368	213,185	148,065	548,259
Total square feet expired..............	118,439	140,801	241,093	173,302	673,635
Retention rate...........	82.4%	63.5%	88.4%	85.4%	81.4%
Industrial Properties					
Square feet renewed......	783,901	1,592,905	3,027,639	2,944,897	8,349,342
Total square feet expired..............	1,224,779	2,345,338	3,822,307	4,242,266	11,634,690
Retention rate...........	64.0%	67.9%	79.2%	69.4%	71.8%

</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 nine months ended September 30, 1997. The amounts set forth below are not necessarily indicative of future levels of building improvements.

INDUSTRIAL PROPERTIES

<TABLE>
<CAPTION>

<S>	FISCAL YEARS ENDED 1994 <C>	1995 <C>	1996 <C>	NINE MONTHS ENDED SEPTEMBER 30, 1997 <C>
Number of Industrial Properties(1).................	27	40	56	63
Rentable square feet (in millions).................	13.11	20.01	28.02	30.24
Annual building improvements per square foot........	$ 0.00	$ 0.01	$ 0.01	$ 0.03

</TABLE>

- ---------------

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

RETAIL PROPERTIES

<TABLE>
<CAPTION>

<S>	FISCAL YEARS ENDED 1994 <C>	1995 <C>	1996 <C>	NINE MONTHS ENDED SEPTEMBER 30, 1997 <C>
Number of Retail Properties........................	14	19	30	33
Rentable square feet (in millions).................	2.42	3.30	5.28	6.27
Annual building improvements per square foot........	$ 0.01	$ 0.03	$ 0.04	$ 0.09

</TABLE>

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 nine months ended September 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.

	FISCAL YEARS ENDED			NINE MONTHS ENDED SEPTEMBER 30,	
	1994	1995	1996	1997	WEIGHTED AVERAGE
Industrial Properties:					
Renewal space:					
Expenditures (in thousands)	$ 719	$1,319	$2,392	$2,047	
Square feet leased (in thousands)	869	1,454	2,586	2,191	
Per square foot leased	$ 0.83	$ 0.91	$ 0.93	$ 0.93	$ 0.91
Re-tenanted space:					
Expenditures (in thousands)	$2,719	$2,442	$2,767	$2,787	
Square feet leased (in thousands)	1,268	1,399	1,404	1,499	
Per square foot leased	$ 2.14	$ 1.75	$ 1.97	$ 1.86	$ 1.92
Retail Properties:					
Renewal space:					
Expenditures (in thousands)	$ 158	$ 438	$ 493	$ 449	
Square feet leased (in thousands)	32	79	104	115	
Per square foot leased	$ 4.95	$ 5.53	$ 4.72	$ 3.90	$ 4.65
Re-tenanted space:					
Expenditures (in thousands)	$ 257	$ 304	$ 634	$1,018	
Square feet leased (in thousands)	42	57	97	181	
Per square foot leased	$ 6.11	$ 5.37	$ 6.53	$ 5.62	$ 5.87

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 September 30, 1997.

	YEARS ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,
	1994	1995	1996	1997
INDUSTRIAL PROPERTIES:				
Number of Industrial Properties at period end	28	44	60	67
Total industrial rentable square footage of properties at period end (in thousands)	13,364	21,598	29,609	31,834
Industrial occupancy rate at period end	96.9%	97.3%	97.2%	95.6%
Average base rent per square foot	$ 3.48	$ 3.43	$ 3.81	$ 4.09(1)
RETAIL PROPERTIES:				
Number of Retail Properties at period end	14	19	30	33
Total retail rentable square footage of properties at period end (in thousands)	2,422	3,299	5,282	6,269
Retail occupancy rate at period end	93.7%	92.4%	92.4%	94.3%
Average base rent per square foot	$ 9.45	$10.46	$11.32	$11.43(1)

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(1) 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.

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 September 30, 1997.

<TABLE>
<CAPTION>

					DEVELOPMENT ACTIVITY			
PROPERTY NAME	LOCATION	DATE ACQUIRED	INITIAL ACQUISITION PRICE (000S)	SQUARE FEET AT ACQUISITION	TYPE(2)	ESTIMATED COMPLETION DATE(3)	TOTAL ESTIMATED INVESTMENT(4)	SQUARE FEET AT COMPLETION
Industrial Properties								
Dock's Corner...	South Brunswick, NJ	May-96	$21,000	554,521	Expansion	July-98	$46,900	1,200,000
Fairway Drive Phase II....	San Leandro, CA	Aug-96	5,400	175,325	Development	Jan-98	10,600	255,300
Fairway Drive Phase III...	San Leandro, CA	Aug-97	1,100	--	Development		4,800	115,000
Mendota Heights...	Mendota Heights, MN	Jun-97	1,100	--(1)	Development	Nov-97	6,900	150,400
Subtotal-Industrial...			28,600	729,846			67,300	1,720,700
Retail Properties								
Palm Aire...	Miami, FL	May-96	3,100	143,987	Renovation	Feb-98	11,500	144,300
Southwest Pavilion...	Reno, NV	Sep-90	8,600	76,757	Expansion	May-98	9,100	80,800
Subtotal-Retail...			11,700	220,744			20,600	225,100
Total.....			$40,300	950,590			$87,900	1,945,800

</TABLE>

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(1) Represents the development of a building.

(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 September 30, 1997, the Company held interests in nine 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 eight of the Joint Ventures and a 50% interest in the ninth 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
Manhattan Village..........	Joint Venture	90% interest in Limited Liability Company	Joint Venture Participant

</TABLE>

The Company accounts for all of the above investments on a consolidated basis for financial reporting purposes because of its ability to exercise control over significant aspects of the investment as well as its significant economic interest in such investments. See Note 2 to the historical combined financial statements of the AMB Contributed Properties.

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 September 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 23.2% (22.8% 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 increased the CIF Facility with MGT from $100 million to $200 million pursuant to an amended and restated unsecured revolving credit agreement, 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 and as amended as of the consummation of the Offering, the "Credit Facility"). The Company, through the Operating Partnership, expects to obtain a commitment to increase the availability under the Credit Facility to $400 million and make certain amendments thereto. The Company intends to use the Credit Facility principally for acquisitions and for working capital purposes. Borrowings under the Credit Facility will bear interest at a floating rate equal to LIBOR plus 110 basis points for the first nine months after the Offering or until such time that the Company receives its investment grade rating.

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 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 and expand and modify the terms thereof in connection with the Formation Transactions is subject to final approval of the lenders, 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 September 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, 39 of the Properties secure mortgage indebtedness. The aggregate principal amount of such mortgage indebtedness was $441 million, $403 million and $254 million at September 30, 1997 and December 31, 1996 and 1995, respectively. The mortgage indebtedness and the Secured Facility 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 1998 to 2008. The mortgage indebtedness will be assumed by the Company, through the Operating Partnership, upon completion of the Formation Transactions.

Construction Debt. On April 8, 1997, VAF entered into a construction loan agreement in the amount of $8 million to fund building improvements. The loan matures 3 years from the date of the first loan draw, which occurred in July 1997. Borrowings under the construction loan bear interest at LIBOR plus 275 basis points, or the greater of the prime rate or the federal funds rate plus

0.5%, at the borrower's option. The balance of the construction loan outstanding at September 30, 1997 was $1.9 million.

The following table sets forth scheduled principal payments under the Secured Facility and mortgage debt for the Properties on a historical combined basis as of September 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. 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 (three months)........................	$ 1,536	$ --	$ 1,536	7.87%
1998.......................................	6,314	13,076	19,390	7.88
1999.......................................	6,099	3,567	9,666	7.86
2000.......................................	7,357	--	7,357	7.85
2001.......................................	7,840	27,814	35,654	7.86
2002.......................................	7,792	36,175	43,967	7.85
2003.......................................	7,046	114,982	122,028	7.76
2004.......................................	5,149	36,085	41,234	7.65
2005.......................................	4,500	33,416	37,916	7.54
2006.......................................	2,893	103,922	106,815	7.60
2007.......................................	1,078	13,751	14,829	7.55
2008.......................................	1,004	73,000	74,004	0.00
Total/Weighted Average.....................	$ 58,608	$455,788	$514,396	7.81%

</TABLE>

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

<TABLE>
<CAPTION>

PROPERTY	INTEREST RATE AT SEPTEMBER 30, 1997	NOTE BALANCE AT SEPTEMBER 30, 1997 (000S)	ANNUAL DEBT SERVICE (000S)	MATURITY DATE
<S>	<C>	<C>	<C>	<C>
INDUSTRIAL PROPERTIES:				
Harvest Business Park....................	10.38%	$ 3,661	$ 438	04/01/99
Ardenwood................................	7.84	10,000	883	09/01/07
Chancellor...............................	7.45	2,966	273	01/15/03
Blue Lagoon..............................	7.15	11,897	1,032	02/01/03
Kingsport Industrial Park................	7.81	17,584	1,582	08/01/03
Moffett Business Center..................	7.20	12,857	1,123	12/15/03
Bensenville..............................	8.53	20,146	2,034	08/01/04
Bensenville..............................	8.53	6,733	678	08/01/04
Bensenville..............................	8.35	2,721	267	08/01/04
Bensenville..............................	8.35	7,111	691	08/01/04
Bensenville..............................	8.35	5,142	499	08/01/04
South Bay Industrial(1)..................	8.31	19,516	1,843	04/05/05
Lonestar.................................	8.23	17,000	1,399	08/01/05
Activity Distribution Center.............	7.27	5,362	478	01/01/06
Stadium Business Park....................	7.27	4,875	434	01/01/06
Hewlett Packard Distribution.............	7.27	3,412	304	01/01/06
Minneapolis Industrial Portfolio IV......	7.27	8,287	739	01/01/06
Amwiler-Gwinnett Ind. Portfolio..........	7.01	8,693	838	04/01/06
Pacific Business Center..................	8.59	9,898	1,003	08/01/06
Chicago Industrial.......................	8.59	3,267	331	08/01/06
Valwood..................................	8.59	4,036	409	08/01/06
West North Carrier.......................	8.59	3,267	331	08/01/06

Artesia Industrial Center	7.29	54,100	3,944	11/15/06
Amwiler-Gwinnett Ind. Portfolio	7.68	5,648	514	01/01/07
Mendota Heights	8.50	668	57	06/18/07
Minneapolis Industrial	8.88	7,477	1,053	12/01/08
CIF Debt Facility-Industrial(2)	7.53	47,450	3,573	12/12/08
Subtotal/Weighted Average (rate/number of years)	7.81	303,774	26,750	8.3
RETAIL PROPERTIES:				
Lakeshore Plaza	7.68	13,970	1,867	11/10/98
The Plaza at Delray	7.78	23,000	1,983	09/01/02
Woodlawn Point	8.50	4,659	474	01/01/01
Kendall Mall	7.65	24,780	2,169	11/15/01
Silverado Plaza	9.02	4,906	534	04/10/02
Arapahoe Village	7.81	10,839	1,002	08/01/02
Brentwood Commons	8.74	5,109	502	06/01/03
Granada Village	8.74	14,669	1,441	06/01/03
Ygnacio Plaza	8.74	7,827	769	06/01/03
La Jolla Village	8.74	18,006	1,768	06/01/03
Latham Farms	7.88	37,761	3,665	12/01/03
Civic Center Plaza	7.27	13,668	1,216	02/01/06
Shoppes at Lago Mar	7.50	5,878	532	04/01/06
CIF Debt Facility-Retail(2)	7.53	25,550	1,924	12/12/08
Subtotal/Weighted Average (rate/number of years)	7.96	210,622	19,846	6.0
Totals/Weighted Averages (rate/number of years)	7.87%	$514,396	$46,596	7.4

</TABLE>

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(1) Comprised of three loans with identical terms that are not cross-collateralized.

(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.

INSURANCE

The Company carries blanket coverage for owned and managed properties, with a single aggregate policy limit and deductible. 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 September 30, 1997, there are 21 Industrial Properties (aggregating 9,135,110 square feet) and 11 Retail Properties (aggregating 1,843,212 square feet). 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 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 105 persons, 88 of whom are located at the Company's headquarters in San Francisco, and 17 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.

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 and those set forth under "Conflicts of Interest" 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. Such legal requirements include those arising from fiduciary principles under the Maryland General Corporation Law, including Section 2-419 thereof (which provides procedures for approval of interested director transactions), and the Delaware Revised Uniform Limited Partnership Act, and the judicial decisions under each of such statutes. See "Conflicts of Interest."

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 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 (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. For purposes of this paragraph, "disinterested directors" means those Independent Directors who do not have an interest in the transaction in question.

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.

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. To the extent that transactions arise between the Company and a client of the Investment Management Subsidiary, it is anticipated that the Investment Management Subsidiary generally will not exercise decision-making authority on behalf of the client, and the client will act through its own managers or through other representatives designated thereby. Similarly, it is expected that the terms of co-investment arrangements between the Company and clients of the Investment Management Subsidiary will be negotiated at arms-length at the time the applicable investment management agreement is entered into, with any subsequent modifications thereto to be likewise entered into on the basis of arms-length negotiations with the client or another representative designated thereby at the time of such negotiation.

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 lists the executive officers and directors of the Company:

NAME	AGE	POSITION
Douglas D. Abbey	48	Chairman of the Investment Management Subsidiary, Director
Hamid R. Moghadam	41	President and Chief Executive Officer, Director
T. Robert Burke	54	Chairman of the Board of Directors
Luis A. Belmonte	56	Managing Director, Industrial Division
S. Davis Carniglia	46	Managing Director, Chief Financial Officer and General Counsel
John H. Diserens	43	Managing Director, Retail Division
Bruce H. Freedman	49	Managing Director, Industrial Division
Jean Collier Hurley	57	Managing Director, Investor Relations
Barbara J. Linn	45	Managing Director, President of Investment Management Division
Craig A. Severance	45	Managing Director, Acquisitions
Daniel H. Case, III	40	Director
Robert H. Edelstein, Ph.D.	54	Director
Lynn M. Sedway	55	Director
Paul P. Shepherd	65	Director
Jeffrey L. Skelton, Ph.D.	48	Director
Thomas W. Tusher	56	Director
Caryl B. Welborn, Esq.	46	Director

Set forth below are the biographies of such persons in the table above and certain other key employees of the Company.

DIRECTORS NAME	AGE	POSITION AND BACKGROUND
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.

DIRECTORS NAME	AGE	POSITION AND BACKGROUND
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.
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
<S>	<C>	<C>
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.	48	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, NAREIT, and Bay Area Mortgage Association.
John H. Diserens	43	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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<S>	<C>	<C>
Bruce H. Freedman	49	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	57	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	45	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	36	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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Jane L. Harris	38	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	43	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.

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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.
John L. Rossi	46	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.

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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.
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	38	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.

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<S>	<C>	<C>
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 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.

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 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").

NAME AND PRINCIPAL POSITION	ANNUAL BASE COMPENSATION	OPTIONS
T. Robert Burke Chairman of the Board	$150,000	225,000
Hamid R. Moghadam President and Chief Executive Officer	$400,000	500,000
Douglas D. Abbey Chairman of Investment Committee	$200,000	250,000
S. Davis Carniglia Chief Financial Officer and General Counsel	$200,000	130,000
Craig A. Severance Managing Director, Acquisitions	$200,000	130,000
John H. Diserens Managing Director, Retail Division	$200,000	130,000

OPTION GRANTS IN 1997

POTENTIAL REALIZABLE VALUE OF ASSUMED ANNUAL RATE OF COMMON SHARE

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	PRICE APPRECIATION FOR OPTION TERM(3) (000S)	
					5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
T. Robert Burke..............	225,000	7.6%	$21.00	11/25/07	$2,972	$ 7,531
Hamid R. Moghadam............	500,000	16.9	21.00	11/25/07	6,605	16,735
Douglas D. Abbey.............	250,000	8.5	21.00	11/25/07	3,303	8,368
S. Davis Carniglia...........	130,000	4.4	21.00	11/25/07	1,717	4,351
Craig A. Severance...........	130,000	4.4	21.00	11/25/07	1,717	4,351
John H. Diserens.............	130,000	4.4	21.00	11/25/07	1,717	4,351

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(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.

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. It is expected that the Executive Officers will have the right to elect to receive restricted stock or stock options in lieu of their bonus. The number of shares of restricted stock to be so issued will equal 125% of the amount of the bonus, divided by the current market price of the stock. The number of options to purchase shares of Common Stock so granted will be determined based on 150% of the amount of the bonus and the current market price of the Common Stock, using option-pricing methodology adopted by the Compensation Committee. Such restricted stock and options to purchase Common Stock will vest ratably over a three-year period. 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.

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 two years 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.

The Company has reserved 5,750,000 shares of Common Stock for issuance under the Stock Incentive Plan and presently expects, upon consummation of the Offering, to issue to certain officers and employees options to purchase 2,950,000 of such 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

(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

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 31, 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 all stockholders.

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 nine months ended September 30, 1997 was $9,940,762, $13,564,178, $16,842,615 and $14,305,400, 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 (other than its leasehold interest for office space and certain office equipment) and employ the employees utilized in its business, and all other AMBI employees will be transferred to AMBCREA. Accordingly, upon consummation of the Offering, the Intercompany Agreement will be modified so that it applies only to the office space and certain office equipment leased by AMBI, which will be used by the Company, the Operating Partnership and the Investment Management Subsidiary, respectively, for fees equal to an allocation of AMBI's cost thereof. It is also 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 use office space leased by AMBI for a fee equal to its allocated cost, and the Company may 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."

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.

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)
T. Robert Burke................	847,515	--	1.2%	1.0%
Hamid R. Moghadam..............	1,396,756	--	2.0	1.7
Douglas D. Abbey...............	1,123,050	--	1.6	1.4
S. Davis Carniglia.............	224,439	--	*	*
Craig A. Severance.............	328,052	--	*	*
John H. Diserens...............	284,257	--	*	*
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 Pension Trust(5).....	12,444,906	--	17.8	15.2
City and County of San Francisco Employees' Retirement System(6).........	6,879,735	--	9.8	8.4
Southern Company Services, Inc.(7)......................	8,015,222	--	11.5	9.8
All directors, nominated directors and executive officers as a group(17 persons).....................	4,204,069	--	6.0%	5.1%

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* 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) Reflects shares held by State Street Bank and Trust Company, as trustee, the voting and investment power with respect to which are held by Ameritech Corporation. The address of Ameritech Corporation for this purpose is 225 W. Randolph, HQ13A, Chicago, Illinois 60606, Attn.: Director -- Real Estate.

(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. ("SoCo") is 64 Perimeter Center East, Atlanta, Georgia 06831. The number of shares of Common Stock to be issued to SoCo in the Consolidation may not exceed 9.8% of the total shares outstanding upon consummation of the Offering (without giving effect to exercise of the underwriters' over-allotment option), with the balance of its interest acquired for cash.

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 97.2% 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.

- 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 4,290,067.

- 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 97.2% of the ownership interests in, the Operating Partnership. The remaining 2.8% 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 4,290,067 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

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 4,747,893 shares of Common Stock (on a fully converted basis), with a total value of $99.7 million (based on the assumed initial public offering price of $21 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 September 30, 1997, was approximately $9.5 million. The cost of such shares to the current AMB stockholders was $2.6 million, resulting in an unrealized gain of $97.1 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 during the second year following the Offering become the beneficial owners of Performance Units which under the applicable arrangements will not exceed 4,290,067. Any issuance of these Performance Units will not dilute the interests of the purchasers of Common Stock in the Offering.

- 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 1,885,000 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. Such allocation will be made pursuant to a profits interest held by such persons in the Investment Management Partnership.

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.

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 Ameritech Pension Trust, allowing it to own up to 14.7% of the Common Stock. However, such waiver will be conditioned upon the receipt of undertakings or representations from Ameritech Pension Trust 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.

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 Boston EquiServe,

L.P.

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.

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

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.

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

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,

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 value 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

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.

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

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."

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.

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 81,962,908 shares of Common Stock (83,762,908 shares if the Underwriters' over-allotment option is exercised in full). In addition, 2,387,531 shares of Common Stock are reserved for issuance upon exchange of Units. The 12,000,000 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 2,950,000 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

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.

FEDERAL INCOME TAX CONSEQUENCES

The following summary of 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. In the opinion of Latham & Watkins, 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 is based on various assumptions and is conditioned upon certain representations made by the Company, the Operating Partnership, AMBIRA, the Private REITs and certain other persons as to factual matters. In addition, this opinion is based upon the factual representations of the Company concerning its business and properties as set forth in this Prospectus, and assumes that the actions described in this Prospectus are completed in a timely fashion. Moreover, such qualification and taxation as a REIT depends 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 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." 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).

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."

In the opinion of Latham & Watkins, 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. The rules described above will also apply to a REIT's membership interest in a limited liability company which is taxable as a partnership for income tax purposes. Accordingly, references to partnerships and their partners in this discussion of certain Federal income tax consequences shall include limited liability companies and their members, respectively. 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.

The Company owns 100% of the stock of a subsidiary that is a qualified REIT subsidiary (a "QRS") and may acquire stock of one or more new subsidiaries. A corporation will qualify as a QRS if 100% of its stock is held by the Company. A QRS will not be treated as a separate corporation, and all assets, liabilities, and items of income, deduction, and credit of a QRS will be treated as assets, liabilities and such items (as the case may be) of the Company for all purposes of the Code including the REIT qualification tests. For this reason, references under "Federal Income Tax Considerations" to the income and assets of the Company shall include the income and assets of any QRS. A QRS will not be subject to federal income tax and the Company's ownership of the voting stock of a QRS will not violate the restrictions against ownership of securities of any one issuer which constitute more than 10% of such issuer's voting securities or more than 5% of the value of the Company's total assets, described below under "-- Asset Tests."

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.

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 -- e.g., 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 distributions with declaration and record dates falling in the last three months of the calendar year, by the end of January immediately following such year) at least the sum of (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 and are not distributed by the Company prior to the end of its first taxable year as a REIT. 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. In the opinion of Morrison & Foerster, 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 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, Latham & Watkins has rendered to the Company 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 whose administration is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust. Notwithstanding the preceding sentence, to the extent provided in regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to such date that elect to continue to be treated as United States persons, shall also be considered U.S. Stockholders.

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. It is not clear whether such amounts will be taxable to non-corporate U.S. Stockholders at mid-term capital gain rates (applicable to gains from the sale of capital assets held for more than one year but not more than eighteen months), long-term capital gain rates (applicable to gains from the sale of capital assets held for more than eighteen months), or some other rate. This uncertainty may be clarified by future legislation or

regulations. 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.

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.

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 or, if an income tax treaty applies, as attributable to a United States permanent establishment of the Non-U.S. Stockholder. Dividends that are effectively connected with such a trade or business (or, if an income tax treaty applies, that are attributable to a United States permanent establishment of the Non-U.S. Stockholder) 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.

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 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 and permanent establishment exemptions 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. 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. A Non-U.S. Stockholder may obtain such a refund by

filing the appropriate claim for refund with the I.R.S.

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 (or, if an income tax treaty applies, is attributable to a United States permanent establishment of the Non-U.S. Stockholder), 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 Non-U.S. Stockholders. The Company believes that it will be a "domestically controlled REIT," and therefore that the sale of shares of Common Stock will not be 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 (i) its investment in the stock is effectively connected with the Non-U.S. Stockholder's United States trade or business (or, if an income tax treaty applies, is attributable to a United States permanent establishment of the Non-U.S. Stockholder) 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 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 "regularly 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. Backup withholding is not an additional tax. 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 Withholding Regulations. Final regulations dealing with withholding tax on income paid to foreign persons and related matters (the "New Withholding Regulations") were recently promulgated. In general, the New Withholding Regulations do not significantly alter the substantive withholding and information reporting requirements, but unify current certification procedures and forms and clarify reliance standards. For example, the New Withholding Regulations adopt a certification rule which was in the proposed regulations under which a foreign stockholder who wishes to claim the benefit of an applicable treaty rate with respect to dividends received from a United Stated corporation will be required to satisfy certain certification and other requirements. In addition, the New Withholding Regulations require a corporation that is a REIT to treat as a dividend the portion of a distribution that is not designated as a capital gain dividend or return of basis and apply the 30% withholding tax (subject to any applicable deduction or exemption) to such portion, and to apply the FIRPTA withholding rules (discussed above) with respect to the portion of the distribution designated by the REIT as capital gain dividend. The New Withholding Regulations will generally be effective for payments made after December 31, 1998, subject to certain transition rules. THE DISCUSSION SET FORTH ABOVE IN "TAXATION OF NON-U.S. STOCKHOLDERS" DOES NOT TAKE THE NEW WITHHOLDING REGULATIONS INTO ACCOUNT. PROSPECTIVE NON-U.S. STOCKHOLDERS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE NEW WITHHOLDING REGULATIONS.

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 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 the opinion of Latham & Watkins, 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 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 on 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 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 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., NationsBanc Montgomery Securities, Inc. 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), NationsBanc Montgomery Securities, Inc. 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

<S>	<C>
U.S. Underwriters:	
Morgan Stanley & Co. Incorporated............................	
BT Alex. Brown Incorporated..................................	
Lehman Brothers Inc..	
NationsBanc Montgomery Securities, Inc.......................	
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)........................	
NationsBanc Montgomery Securities, Inc........................	
Smith Barney Inc.	

Subtotal..	

Total..	12,000,000
	=======

</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-

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.

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 reallow, 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 1,800,000 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 500,000 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.

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.

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.

"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 $400 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 including the states of Connecticut, Delaware, Kentucky, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont and West Virginia, and in Washington, D.C. 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 of furniture, fixtures and equipment less FFO distributable to minority interests in consolidated joint ventures.

"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 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), NationsBanc Montgomery Securities, Inc. and Smith Barney Inc. are acting as International Representatives.

"Investment Management Partnership" means AMB Institutional Realty Advisors, L.P., a Maryland limited partnership, of which the Investment Management Subsidiary will be the sole general partner and own the entire capital interests, and through which the operations of the Investment Management Subsidiary will be conducted.

"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) with its operations conducted through the Investment Management

Partnership and which, through the Investment Management Partnership, 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.

"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 including the states of Illinois, Iowa, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin, and 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.

"New Withholding Regulations" means final regulations which were recently promulgated which deal with withholding tax on income paid to foreign persons and related matters.

"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.

"Partnership Act" means the Delaware Uniform Limited Partnership Act.

"Partnership Agreement" means the partnership agreement of the Operating Partnership.

"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.

"QRS" means a qualified REIT subsidiary.

"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.

"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 September 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.

"SoCo" means Southern Company Services, Inc., an Alabama corporation.

"Southern region" means the Southern region of the United States as defined by the National Council of Real Estate Investment Fiduciaries including the states of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, Tennessee and Texas, and 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.

"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., NationsBanc Montgomery Securities, Inc. and Smith Barney Inc. are acting as U.S. Representatives.

"VAF" means AMB Value Added Fund, Inc., a Maryland corporation.

"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 including the states of Alaska, Arizona, California, Colorado, Hawaii, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming, and 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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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 September 30, 1997 has been prepared to reflect: (i) the acquisition of properties subsequent to September 30, 1997, (ii) the partial disposition of a property subsequent to September 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 September 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 nine months ended September 30, 1997 and during the year ended December 31, 1996, (ii) the acquisition of properties subsequent to September 30, 1997, (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.

AMB PROPERTY CORPORATION

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 1997 (UNAUDITED)

(IN THOUSANDS)

<TABLE>
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	AMB CONTRIBUTED PROPERTIES (1)	AMB (2)	PROPERTY ACQUISITIONS (3)	PROPERTY DISPOSITIONS (4)	FORMATION TRANSACTIONS (5)	PRE-OFFERING AS ADJUSTED	OFFERING (6)	AMB PROPERTY CORPORATION PRO FORMA
ASSETS								
Investments in real estate, net.......	$1,813,326	$ --	$ 86,095	$ (4,900)	$ 319,053	$2,213,574	$ --	$ 2,213,574
Cash and cash equivalents.......	46,055	6,163	--	5,900	(33,882)	24,236	(13,869)	10,367
Financing and leasing costs, net..............	15,130	--	--	--	(15,130)	--	800	800
Other assets........	30,364	7,555	--	--	(11,371)	26,548	(3,017)	23,531
Total assets....	$1,904,875	$13,718	$ 86,095	$ 1,000	$ 258,670	$2,264,358	$ (16,086)	$ 2,248,272
LIABILITIES								
Secured line of credit...........	$43,613	$ --	$(43,613)	$ --	$ --	$ --	$ --	$ --
Secured debt facility.........	73,000	--	--	--	2,176	75,176	--	75,176
Credit Facility.....	181,300	--	--	--	--	181,300	(181,300)	--
Mortgage loans......	443,324	--	--	--	16,406	459,730	--	459,730
Other liabilities...	49,613	4,195	--	--	54,206	108,014	(51,012)	57,002
Total liabilities...	790,850	4,195	(43,613)	--	72,788	824,220	(232,312)	591,908
MINORITY INTERESTS.........	16,224	--	965	--	50,144	67,333	(545)	66,788
SHAREHOLDERS' EQUITY								
Common shares.......	--	--	--	--	700	700	120	

								820
Additional paid-in capital..........	--	--	--	--	1,372,105	1,372,105	216,651	1,588,756
Owners' equity/retained earnings..........	1,097,801	9,523	128,743	1,000	(1,237,067)	--	--	--
Total equity....	1,097,801	9,523	128,743	1,000	135,738	1,372,805	216,771	1,589,576
	$1,904,875	$13,718	$ 86,095	$ 1,000	$ 258,670	$2,264,358	$ (16,086)	$ 2,248,272

</TABLE>

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

AMB PROPERTY CORPORATION

NOTES TO PRO FORMA
CONDENSED CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 1997 (UNAUDITED)

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

1. Reflects the historical combined balance sheet of the AMB Contributed Properties as of September 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 September 30, 1997. See the historical financial statements and notes thereto of AMB included elsewhere in this Prospectus.

3. Reflects pending property acquisitions subsequent to September 30, 1997 for an estimated total purchase price of approximately $86,095, including estimated acquisition costs. See "Business and Properties -- Property Additions and Projects in Progress." The Company expects to fund these acquisitions with the issuance of common stock in connection with the Formation Transactions and capital contributions by the owners of the AMB Contributed Properties. The pending property acquisitions include the following properties:

<TABLE>
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PROPERTY NAME	LOCATION	EXPECTED ACQUISITION PRICE
Manhattan Village Phase II....................	Los Angeles	$ 9,650
Boulden.......................................	Wilmington	10,412
Mid-Atlantic Business Center..................	Philadelphia	24,407
Brittania Business Park.......................	Miami	11,865
Silicon Valley R&D............................	San Jose	29,761
		$86,095

</TABLE>

See the combined statements of revenues and certain expenses of the 1997 Acquired Properties included elsewhere in this Prospectus.

Manhattan Village Phase II 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. This parcel is considered a part of the Manhattan Village Shopping Center and is not counted as a separate property in determining the aggregate number of the Company's Properties.

Also reflects the repayment of the secured line of credit with capital contributed by the owners of the AMB Contributed Properties of approximately $43,613. The secured line of credit is secured by contribution subscriptions receivable of certain investors. As capital contributions are made against these subscriptions receivable to fund acquisitions, the collateralizing asset is reduced, therefore requiring a corresponding paydown on the secured line of credit.

The net increase in owners' equity/retained earnings of $128,743 represents the paydown of the secured line of credit and property acquisitions funded through capital contributions by the owners of the AMB Contributed Properties.

4. Reflects the effects of the partial disposition of a property, a building included in the L.A. County Industrial property, subsequent to September 30, 1997 resulting in net sales proceeds of approximately $5,900 and a gain on sale of approximately $1,000.

5. Reflects the effect of the Formation Transactions which, in accordance with GAAP, will be accounted for as the purchase of real estate assets by AMB.

The following table sets forth the Company's calculation of the fair value of the real estate assets purchased and the allocation of the consideration paid in establishing the pre-Offering as adjusted balances:

Shares and units issued for equity interests in real estate assets	67,602,536
Fair value of shares and units per share or unit	$ 21.00
Fair value of equity interests in real estate assets acquired	$1,419,653
Fair value of debt assumed, including debt premium of approximately $18,582	716,206
Purchase of investor interests	50,301
Fair value of minority interests in consolidated joint ventures	20,485
Total consideration paid by AMB	2,206,645
Net working capital contributed	--
Purchase accounting accruals	6,929
Fair value of real estate assets	$2,213,574

The application of the purchase accounting results in (i) an increase in the investments in real estate of approximately $319,053 (based upon a pro forma value of approximately $2,213,574, including certain acquisition costs), (ii) the write-off of financing and leasing costs associated with the AMB Contributed Properties of approximately $15,130, (iii) the write-off of deferred rent receivables of approximately $8,347, (iv) the distribution of estimated net working capital balances of approximately $33,882 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 $2,176 and

$16,406 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 and (ii) the Company's pro forma equity investment in the Investment Management Subsidiary of approximately $400, which is based upon the expected net book value of assets contributed by the Company.

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 $3,024, (ii) purchase accounting accruals of $6,929, including acquisition costs and accrued interest on debt assumed and (iii) the pro forma accrual of approximately $50,301 related to the acquisition of interests in certain properties from an individual account investor. The pro forma basis in such properties is included in the Company's calculation of the fair value of real estate assets purchased set forth above. The purchase is expected to be funded with the net proceeds of the Offering. See Note 7 below.

The following table sets forth the calculation of the pre-offering minority interest in the Operating Partnership and the Company:

Total equity, before minority interests	$1,440,138
Minority interests in consolidated joint ventures	(20,485)
Equity in the Operating Partnership	1,635,879
Minority interests ownership percentage	3.3%
Minority interests in the Operating Partnership	$ 46,848
Minority interests in consolidated joint ventures	20,485
Total minority interests in the Company	$ 67,333

6. Reflects (i) the repayment of indebtedness of approximately $181,300 and (ii) the acquisition of interests in certain properties from an Individual Account Investor for a purchase price of approximately $50,301 with the net proceeds of the Offering of approximately $217,732 and cash on hand of $13,869. In addition the Company expects to repay $1,100 in temporary borrowings incurred after September 30, 1997.

Also reflects financing costs of approximately $800 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 to $400,000.

Also, reflects an adjustment to eliminate approximately $711 of accrued Offering costs and $3,017 of deferred Offering costs, which have been included in the historical financial statements of AMB.

The following table sets forth the calculation of the pro forma minority

interest in the Operating Partnership and the Company:

<TABLE>

<S>	<C>
Total equity, before minority interests	$1,656,364
Minority interests in consolidated joint ventures	(20,485)
Equity in the Operating Partnership	1,635,879
Minority interests ownership percentage	2.8%
Minority interest in the Operating Partnership	$ 46,303
Minority interests in consolidated joint ventures	20,485
Total minority interests in the Company	$ 66,788

</TABLE>

AMB PROPERTY CORPORATION

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997 (UNAUDITED)

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

<S>	AMB CONTRIBUTED PROPERTIES (1)	AMB (2)	PROPERTY ACQUISITIONS (3)	PROPERTY DISPOSITIONS (4)	OTHER ADJUSTMENTS (5)	FORMATION TRANSACTIONS (6)	PRE-OFFERING AS ADJUSTED
REVENUES							
Rental revenue	$ 168,267	$ --	$ 23,806	$ (1,165)	$ --	$ 365	$ 191,273
Net advisory income	--	23,150	--	--	(7,047)	(15,301)	802
Interest and other income	1,017	137	22	--	--	--	1,176
Total revenues	169,284	23,287	23,828	(1,165)	(7,047)	(14,936)	193,251
OPERATING EXPENSES							
Property operating expenses	34,923	--	4,042	(162)	--	(8,238)	30,565
Real estate taxes	24,043	--	2,387	(196)	--	--	26,234
Interest expense	35,517	--	--	(75)	414	--	35,856
Depreciation and amortization	26,686	--	--	(166)	(60)	4,775	31,235
General, administrative and other	674	14,305	--	--	(3,715)	(5,613)	5,651
Total operating expenses	121,843	14,305	6,429	(599)	(3,361)	(9,076)	129,541
Income from operations before disposal of real estate and minority interests	47,441	8,982	17,399	(566)	(3,686)	(5,860)	63,710
Gain on disposal of real estate	56	--	--	(56)	--	--	--

Income from operations before minority interests	47,497	8,982	17,399	(622)	(3,686)	(5,860)	63,710
Minority interests	(662)	--	(293)	--	--	(2,071)	(3,026)
Net income	$ 46,835	$ 8,982	$ 17,106	$ (622)	$(3,686)	$ (7,931)	$ 60,684
Net income per common share							$ 0.87
Weighted average common shares outstanding							69,962,908

<CAPTION>

<S>	PRO FORMA DEBT AND OTHER ADJUSTMENTS (7) <C>	AMB PROPERTY CORPORATION PRO FORMA <C>
REVENUES		
Rental revenue	$ --	$ 191,273
Net advisory income	--	802
Interest and other income	--	1,176
Total revenues	--	193,251
OPERATING EXPENSES		
Property operating expenses	--	30,565
Real estate taxes	--	26,234
Interest expense	(8,936)	26,920
Depreciation and amortization	--	31,235
General, administrative and other	--	5,651
Total operating expenses	(8,936)	120,605
Income from operations before disposal of real estate and minority interests	8,936	72,646
Gain on disposal of real estate	--	--
Income from operations before minority interests	8,936	72,646
Minority interests	42	(2,984)
Net income	$ 8,978	$ 69,662
Net income per common share		$ 0.85
Weighted average common shares outstanding		81,962,908

</TABLE>

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

AMB PROPERTY CORPORATION

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1996 (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

<S>	<C> AMB CONTRIBUTED PROPERTIES (1)	<C> AMB (2)	<C> PROPERTY ACQUISITIONS (3)	<C> PROPERTY DISPOSITIONS (4)	<C> OTHER ADJUSTMENTS (5)	<C> FORMATION TRANSACTIONS (6)	<C> PRE-OFFERING AS ADJUSTED
REVENUES							
Rental revenue.................	$ 166,415	$ --	$ 72,991	$ (2,624)	$ --	$ 3,258	$ 240,040
Net advisory income...........	--	23,430	--	--	(7,898)	(14,357)	1,175
Interest and other income......	1,538	416	233	--	--	--	2,187
Total revenues.........	167,953	23,846	73,224	(2,624)	(7,898)	(11,099)	243,402
OPERATING EXPENSES							
Property operating expenses....	32,154	--	10,321	(584)	--	(3,965)	37,926
Real estate taxes..............	23,167	--	9,377	(415)	--	--	32,129
Interest expense...............	26,867	--	--	(128)	21,962	--	48,701
Depreciation and amortization.................	28,591	--	--	(414)	(80)	13,470	41,567
General, administrative and other........................	838	16,843	--	--	(4,785)	(5,663)	7,233
Total operating expenses............	111,617	16,843	19,698	(1,541)	17,097	3,842	167,556
Income from operations before disposal of real estate and minority interests...........	56,336	7,003	53,526	(1,083)	(24,995)	(14,941)	75,846
Loss on disposal of real estate.......................	(1,471)	--	--	1,471	--	--	--
Income from operations before minority interests...........	54,865	7,003	53,526	388	(24,995)	(14,941)	75,846
Minority interests.............	(465)	--	(494)	--	--	(2,471)	(3,430)
Net income.....................	$ 54,400	$ 7,003	$ 53,032	$ 388	$ (24,995)	$(17,412)	$ 72,416
Net income per common share....							$ 1.04
Weighted average common shares outstanding..................							69,962,908

<CAPTION>

	PRO FORMA DEBT AND OTHER ADJUSTMENTS (7)	AMB PROPERTY CORPORATION PRO FORMA

<S>	<C>	<C>
REVENUES		
Rental revenue.................	--	$ 240,040
Net advisory income...........	--	1,175
Interest and other income......	--	2,187
Total revenues.........	--	243,402
OPERATING EXPENSES		
Property operating expenses....	--	37,926
Real estate taxes.............	--	32,129
Interest expense..............	(12,004)	36,697
Depreciation and amortization.................	--	41,567
General, administrative and other........................	--	7,233
Total operating expenses.............	(12,004)	155,552
Income from operations before disposal of real estate and minority interests...........	12,004	87,850
Loss on disposal of real estate.......................	--	--
Income from operations before minority interests...........	12,004	87,850
Minority interests.............	(12)	(3,442)
Net income.....................	$11,992	$ 84,408 (8)
Net income per common share....		$ 1.03 (9)
Weighted average common shares outstanding..................		81,962,908

</TABLE>

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

AMB PROPERTY CORPORATION

NOTES TO PRO FORMA
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 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) properties acquired during 1996, (ii) properties acquired during the nine months ended September 30, 1997 and the pending acquisition of properties subsequent to September 30, 1997 based on the historical operations of such properties 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 ACQUIRED PROPERTIES	1997 ACQUIRED PROPERTIES	OTHER PROPERTIES	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Rental Revenues.....	$17,856	$5,950	$23,806	$25,383	$27,274	$ 20,334	$ 72,991
Other income........	22	--	22	2	118	113	233

Property operating expenses..........	(2,589)	(1,453)	(4,042)	(3,630)	(3,992)	(2,399)	(10,321)
Real estate taxes...	(1,883)	(504)	(2,387)	(3,960)	(3,529)	(1,888)	(9,377)
Pro forma effect on net income before disposal of real estate and minority interests.........	$13,406	$3,993	$17,399	$17,795	$19,871	$ 16,160	$ 53,526

</TABLE>

One of the pending acquisitions described above, Manhattan Village Phase II, 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.

See the combined statements of revenues and certain expenses of the 1997 Acquired Properties and 1996 Acquired Properties included elsewhere in this Prospectus.

4. Reflects the incremental effects of a disposition of one property during 1996 and the disposition or partial disposition of properties during 1997, based upon the historical operations of such properties.

See Note 7 to the historical combined financial statements of the AMB Contributed Properties included elsewhere in this Prospectus.

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 $7,047 and $7,898, respectively, (ii) general and administrative expenses of $3,715 and $4,785, respectively, and (iii) depreciation and amortization of $60 and $80, respectively, for the nine months ended September 30, 1997 and the year ended December 31, 1996. The pro forma operations of the Investment Management Subsidiary and the Company's

share of the Investment Management Subsidiary's net income based upon its 95% economic interest are as follows:

<TABLE>
<CAPTION>

<S>	1997 <C>	1996 <C>
Advisory revenues......................................	$ 4,194	$ 5,610
General and administrative expenses.....................	(3,715)	(4,785)
Depreciation and amortization...........................	(60)	(80)
Income before income taxes..............................	419	745
Income taxes (at assumed effective tax rate of 40%)......	(168)	(298)
Net income..	251	$ 447
Company's share of net income...........................	$ 239	$ 425

</TABLE>

Advisory revenues consist of actual fees earned by AMB during the nine months ended September 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.

In addition to its share of the net income of the Investment Management Subsidiary's net income, the Company will receive an acquisition fee for acquisition services provided to the subsidiary. The pro forma fees for 1997 and 1996 amount to $563 and $750, respectively.

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 September 30, 1997. The calculation of pre-Offering as adjusted interest expense is as follows:

	1997	1996
Secured debt facility, pre-Offering balance of $73,000 (before premium of $2,176), assumed interest rate of 7.53%	$ 4,123	$ 5,497
Credit Facility, pre-Offering balance of $181,300, assumed interest rate of 7.14%	9,708	12,945
Mortgage loans, pro forma balance of $443,324 (before premium of $16,406), assumed weighted average interest rate of 7.8%	25,934	34,579
Amortization of debt premium, $18,582 balance, eight year term	(2,193)	(2,924)
Unused Credit Facility fees, unused balance of $18,700, fee of 0.20%	27	36
Capitalized interest, average historical construction in process of $29,187 and $19,095 at September 30, 1997 and December 31, 1996, respectively, overall weighted average interest rate of 7.98%	(1,743)	(1,432)
Pre-Offering as adjusted interest expense	$35,856	$48,701

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 $228.

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 nine months ended September 30, 1997, and the year ended December 31, 1996 as follows: (i) an increase in depreciation expense of $4,775 and $13,470, respectively (including the effect of depreciation in the amount of $107 and $143, respectively, on furniture, fixtures and equipment), (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 $4,330 and $5,543, respectively, and (iii) a decrease in general, administrative and other expenses of $1,283 and $120, respectively. Such changes are the result of the estimated changes 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 nine months ended September 30, 1997 and the year ended December 31, 1996, including: (i) the elimination of $15,301 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 $12,568 (excluding approximately $2,733 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. The following table sets forth the calculation of pre-offering as adjusted minority interest in the Operating Partnership and the Company:

<TABLE>
<CAPTION>

<S>	1997 <C>	1996 <C>
Income from operations before minority interests	$63,710	$75,846
Minority interests in consolidated joint ventures	(955)	(959)
Income from operations of the Operating Partnership	62,755	74,887
Minority interests ownership percentage	3.3%	3.3%
Minority interests in the Operating Partnership	$ 2,071	$ 2,471
Minority interests in consolidated joint ventures	955	959
Total minority interests in the Company	$ 3,026	$ 3,430

</TABLE>

Also, reflects an adjustment to record rental revenues on a straight line basis for the Properties from January 1, 1996, the assumed date of acquisition by AMB. The pro forma straight-line rent adjustments for the nine months ended September 30, 1997 and the year ended December 31, 1996 are calculated as the difference between (i) pro forma straight-line rental revenues of $2,813 and $5,692, respectively and (ii) historical straight-line rental revenues of $2,448 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 $6,550.

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.

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 September 30, 1997. The calculation of pro forma interest expense is as follows:

	1997	1996
Secured debt facility, pro forma balance of $73,000 (before premium of $2,176), assumed interest rate of 7.53%	$ 4,123	$ 5,497
Mortgage loans, pro forma balance of $443,324 (before premium of $16,406), assumed weighted average interest rate of 7.8%	25,934	34,579
Deferred financing fee amortization, $800 balance, three year term	200	267
Amortization of debt premium, $18,582 balance, eight year term	(2,193)	(2,924)
Unused Credit Facility fees, unused pro forma balance of $400,000, fee of 0.20%	600	800
Capitalized interest, average historical construction in process of $29,187 and $19,095 at September 30, 1997 and December 31, 1996, respectively, overall weighted average interest rate of 7.98%	(1,744)	(1,522)
Pro forma interest expense	$26,920	$36,697

In connection with the Offering, the Company expects to increase the amount available under the Credit Facility from $200,000 to $400,000. The Credit Facility bears variable interest at LIBOR plus 110 basis points (which may be lowered depending upon the credit rating of the Company), requires interest only payments and has a three-year term. A 1/8% increase or decrease in LIBOR would result in an increase or decrease in annual interest expense of approximately $15.

Also reflects the effect of the Offering on minority interests. The following table sets forth the calculation of pre-offering pro forma minority interest in the Operating Partnership and the Company:

	1997	1996
Income from operations before minority interests	$72,646	$87,850
Minority interests in consolidated joint ventures	(955)	(959)
Income from operations of the Operating Partnership	71,691	86,891
Minority interests ownership percentage	2.8%	2.8%
Minority interest in the Operating Partnership	$ 2,029	$ 2,483
Minority interests in consolidated joint ventures	955	959
Total minority interests in the Company	$ 2,984	$ 3,442

8. The pro forma taxable income of the Company for the 12 months ended September 30, 1997 is approximately $92,291 which is based upon pro forma income from operations before minority interest of the Operating Partnership of approximately $95,140 plus book depreciation and amortization of approximately $41,627 less other book/tax differences of approximately $7,037 and less tax depreciation and amortization of approximately $37,439.

9. Represents both primary and fully diluted earnings per share. 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.

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 the related combined statements of operations, owners' equity and cash flows for the years ended December 31, 1994, 1995 and 1996. 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 the results of their operations and their cash flows for the years ended December 31, 1994, 1995 and 1996, 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,

October 17, 1997

AMB CONTRIBUTED PROPERTIES

COMBINED BALANCE SHEETS
AS OF DECEMBER 31, 1995 AND 1996

AND SEPTEMBER 30, 1997 (UNAUDITED)

(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	DECEMBER 31,		SEPTEMBER 30,
	1995	1996	1997
			(UNAUDITED)
<S>	<C>	<C>	<C>
ASSETS			
Investments in real estate:			
Land and land improvements	$ 252,627	$ 431,869	$ 502,385
Buildings and improvements	754,623	1,157,464	1,367,162
Construction in progress	11,431	26,758	31,615
Total investments in real estate	1,018,681	1,616,091	1,901,162
Less -- accumulated depreciation	(33,726)	(61,704)	(87,836)
Net investments in real estate	984,955	1,554,387	1,813,326
Cash and cash equivalents	110,474	33,120	46,055
Accounts receivable, net of reserves of $403, $877, and $845, respectively	9,646	13,842	17,112
Deferred rent receivable	3,465	5,899	8,347
Deferred financing and leasing costs, net	6,281	13,840	15,130
Prepaid expenses and other assets	2,360	1,471	4,905
Total assets	$1,117,181	$1,622,559	$ 1,904,875
LIABILITIES AND OWNERS' EQUITY			
Debt:			
Mortgage loans	$ 254,067	$ 403,321	$ 443,324
Secured debt facility	--	73,000	73,000
Secured line of credit	--	46,313	43,613
Unsecured line of credit	--	25,500	181,300
Total debt	254,067	548,134	741,237
Accounts payable and other liabilities	11,395	14,298	19,662
Accounts payable to affiliates	529	2,713	3,117
Accrued real estate taxes	7,240	8,465	16,278
Security deposits payable	2,141	6,714	8,202
Unearned rental income	896	1,703	2,354
Total liabilities	276,268	582,027	790,850
Commitments and contingencies			
Minority interests	3,714	12,931	16,224
Owners' equity	838,007	1,028,377	1,098,526
Note receivable from owner	(808)	(776)	(725)
Total owners' equity	837,199	1,027,601	1,097,801
Total liabilities and owners' equity	$1,117,181	$1,622,559	$ 1,904,875

</TABLE>

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

AMB CONTRIBUTED PROPERTIES

COMBINED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996, AND

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 (UNAUDITED) AND 1997 (UNAUDITED)

(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
-	1994	1995	1996	1996	1997
-				(UNAUDITED)	

(UNAUDITED)

<S>	<C>	<C>	<C>	<C>	<C>
REVENUES					
Rental income	$50,893	$106,180	$166,415	$ 120,146	$168,267
Interest and other income	789	2,069	1,538	1,066	1,017
Total revenues	51,682	108,249	167,953	121,212	169,284
OPERATING EXPENSES					
Rental expenses	7,216	15,210	22,646	16,013	22,355
Real estate taxes	6,361	15,431	23,167	17,460	24,043
Interest expense, including amortization of financing costs	12,023	20,533	26,867	18,927	35,517
Depreciation and amortization	8,812	17,524	28,591	20,549	26,686
Asset management fees to affiliate	3,167	6,250	9,508	6,593	12,568
General, administrative and other expenses	350	782	838	586	674
Total operating expenses	37,929	75,730	111,617	80,128	121,843
Income from operations before disposal of real estate properties and minority interests	13,753	32,519	56,336	41,084	47,441
Gain (loss) on disposition of properties	--	--	(1,471)	43	56
Income from operations before minority interests	13,753	32,519	54,865	41,127	47,497
Minority interests' share of (income) loss	(559)	12	(465)	(678)	(662)
Net income	$13,194	$ 32,531	$ 54,400	$ 40,449	$ 46,835

</TABLE>

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

AMB CONTRIBUTED PROPERTIES

COMBINED STATEMENTS OF OWNERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996, AND

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997 (UNAUDITED)

(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

<S>	OWNERS' EQUITY <C>	NOTE RECEIVABLE FROM OWNER <C>	TOTAL <C>
Balance at December 31, 1993	$ 208,810	$(767)	$ 208,043
Contributions	312,241	--	312,241
Distributions	(43,367)	--	(43,367)
Net income	13,194	--	13,194
Balance at December 31, 1994	490,878	(767)	490,111
Contributions	392,662	--	392,662
Distributions	(78,064)	--	(78,064)
Increase in note receivable from owner	--	(41)	(41)
Net income	32,531	--	32,531
Balance at December 31, 1995	838,007	(808)	837,199
Contributions	253,322	--	253,322
Distributions	(117,352)	--	(117,352)
Principal reduction on note receivable from owner	--	32	32
Net income	54,400	--	54,400
Balance at December 31, 1996	1,028,377	(776)	1,027,601
Contributions	112,912	--	112,912
Distributions	(89,598)	--	(89,598)
Principal reduction on note receivable from owner	--	51	51
Net income	46,835	--	46,835
Balance at September 30, 1997	$1,098,526	$(725)	$1,097,801

</TABLE>

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

AMB CONTRIBUTED PROPERTIES

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996,

AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 (UNAUDITED)

AND 1997 (UNAUDITED)

(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
	1994	1995	1996	1996 (UNAUDITED)	1997 (UNAUDITED)
<S>	<C>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income	$ 13,194	$ 32,531	$ 54,400	$ 40,449	$ 46,835
Adjustments to reconcile net income to net cash provided by operating activities					
Depreciation and amortization	8,812	17,524	28,591	20,549	26,686
Amortization of deferred financing costs	138	217	479	360	890
Straight-line rents	(1,404)	(2,061)	(2,434)	(1,826)	(2,448)
Minority interests' share of net income (loss)	559	(12)	465	678	662
(Gain) loss on disposition of properties	--	--	1,471	(43)	(56)
Increase in accounts receivable and other assets	(776)	(5,603)	(3,307)	(1,116)	(6,704)
Increase (decrease) in payable to affiliates	1,001	(472)	2,184	(1,413)	404
Increase in accounts payable and other liabilities	3,364	6,679	7,844	4,458	7,503
Increase in accrued real estate taxes	3,634	3,605	1,225	3,947	7,813
Net cash provided by operating activities	28,522	52,408	90,918	66,043	81,585
CASH FLOWS FROM INVESTING ACTIVITIES:					
Additions to properties	(345,042)	(352,984)	(566,278)	(220,685)	(280,263)
Additions to leasing costs	(1,898)	(2,741)	(6,002)	(3,732)	(3,603)
Net cash used for investing activities	(346,940)	(355,725)	(572,280)	(224,417)	(283,866)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Borrowings on debt	125,527	59,852	331,023	121,342	262,254
Payments on debt	(20,534)	(7,744)	(36,956)	(29,054)	(69,151)
Additions to financing fees	(836)	(816)	(3,248)	(3,077)	(244)
Capital distributions	(43,367)	(78,064)	(117,352)	(85,437)	(89,598)
Capital contributions	312,241	384,596	231,491	--	112,912
Contributions by minority interests	150	457	556	78,824	--
Distributions to minority interests	(368)	(2,994)	(1,538)	(1,463)	(1,008)
Decrease (increase) in note receivable from owner	(767)	(41)	32	83	51
Net cash provided by financing activities	372,046	355,246	404,008	81,218	215,216
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	53,628	51,929	(77,354)	(77,156)	12,935
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	$ 33,318	$ 46,055

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:					
Cash paid for interest	$ 11,285	$ 19,699	$ 25,949	$ 20,174	$ 34,115
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.

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 96 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." During the periods presented, the AMB Contributed Properties were all 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 September 30, 1997 is as follows:

<TABLE>
<CAPTION>

PROPERTY OWNER	NUMBER OF PROPERTIES	SQUARE FOOTAGE
AMB Current Income Fund, Inc.(1)	34	14,866,408
AMB Value Added Fund, Inc.	5	1,740,103
AMB Western Properties Fund-I	8	1,118,907
Ameritech Corporation	11	4,398,878
City and County of San Francisco Employees' Retirement System	12	3,933,608
First Allmerica Financial Life Insurance Company	1	484,370
Milwaukee Employes' Retirement System(1)	1	285,480
Southern Company Services Inc.	20	8,427,537
SPP Investment Management	1	699,512
Various Family Trusts	3	510,298
Total	96	36,465,101

</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.

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 balance sheet as of September 30, 1997 and statements of operations for the nine months ended September 30, 1996 and 1997 are unaudited; however, in management's opinion, all adjustments of a normal recurring nature necessary for a fair presentation of the combined financial statements for such periods 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, September 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:

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.

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 September 30, 1997 (unaudited) include restricted cash of $77,593, $11,042, and $1,740, 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, September 30, 1997 (unaudited) was $1,239, $2,930 and $5,487 respectively.

Fair Value of Financial Instruments

Based on the borrowing rates currently available to the Properties, the fair value of its debt at September 30, 1997 (unaudited) (with a carrying amount of $741,237) was approximately $760,000. 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 nine real estate limited partnerships and limited liability companies that are consolidated for financial reporting purposes. Such investments are consolidated because 1) the Company is the general partner or holds a majority member interest, or 2) the Company as limited partner holds significant control over the entity through a 50% or greater ownership interest combined with the ability to control major operating decisions such as approval of budgets, selection of property managers and change in financing. Further, in all cases, the Company has the ability to preclude a sale or refinancing proposed by any other partner.

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 September 30, 1997 (unaudited), 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 nine months ended September 30, 1996 (unaudited) and 1997 (unaudited), the AMB Contributed Properties incurred $3,167, $6,250, $9,508, $6,593 and $9,557, respectively, related to asset management fees for the Properties. In addition, acquisition fees paid to AMB of $3,521, $3,884, $4,849, $2,053 and $2,894 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 nine months ended September 30, 1996 (unaudited) and 1997 (unaudited), respectively. At December 31, 1995 and 1996 and September 30, 1997 (unaudited), total acquisition and asset management fees payable to AMB were $529, $2,713 and $3,024, 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 (whereby AMB will acquire the real estate assets) the owners of the AMB Contributed Properties agreed to terminate their respective existing incentive management fee agreements with AMB. One of the owners of the AMB Contributed Properties agreed to and paid a final incentive management fee of

$3,011.

5. DEBT

As of December 31, 1996 and 1995 and September 30, 1997 (unaudited), debt consisted of the following:

<TABLE>
<CAPTION>

	DECEMBER 31, 1995	DECEMBER 31, 1996	SEPTEMBER 30, 1997 (UNAUDITED)
<S>	<C>	<C>	<C>
Mortgage loans, varying interest rates from 7.0% to 10.4%, due November 1998 to December 2008.....	$254,067	$403,321	$443,324
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 September 30, 1997), due October 1998..............................	--	46,313	43,613
Unsecured line of credit, variable interest at LIBOR plus 1.5% (7.2% at September 30, 1997), due August 1999..............................	--	25,500	181,300
Total debt.................	$254,067	$548,134	$741,237

</TABLE>

The unsecured line of credit has total availability of $200,000. The unsecured line includes a one year option to extend and a fee on average unused funds of 0.25%.

The secured debt facility and secured line of credit in aggregate have total availability of $116,613 as of September 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 September 30, 1997 (unaudited) is $475,783, $934,233 and $935,074, respectively. In addition, Properties with a net book value of $129,192, $147,452 and $146,853 as of December 31, 1995 and 1996 and September 30, 1997 (unaudited), 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.

Also, included in mortgage loans is a construction loan with a balance of $1,928 as of September 30, 1997 (unaudited). Such loan matures in 2000, has total availability of $8,000 and bears interest at LIBOR plus 2.75% or prime plus 5% at the borrower's option.

The secured line is collateralized by capital subscriptions receivable of $149,436 at September 30, 1997 (unaudited) 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 September 30, 1997

(unaudited), was 7.87%. Interest capitalized related to construction projects for the years ended December 31, 1994, 1995, and 1996 and for the nine months ended September 30, 1996 (unaudited) and 1997 (unaudited) was $132, $105, $1,134, $537 and $896, respectively.

The scheduled maturities of all debt outstanding as of September 30, 1997 are as follows:

<TABLE>

<S>	<C>
1997 (three months)	$ 1,536
1998	63,002
1999	190,966
2000	9,285
2001	35,654
Thereafter	440,794
	$741,237

</TABLE>

6. LEASING ACTIVITY

Future minimum rentals due under noncancelable operating leases with tenants in effect at September 30, 1997 (unaudited) are as follows:

<TABLE>

<S>	<C>
1997 (three months)	$ 43,059
1998	178,488
1999	158,878
2000	138,977
2001	117,644
Thereafter	509,810
	$1,146,856

</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, $26,176 and $34,286 for the years ended December 31, 1994, 1995 and 1996 and for the nine months ended September 30, 1996 (unaudited) and 1997 (unaudited), 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 that 10% of rental revenues.

7. PROPERTY DISPOSITIONS

During the year ended December 31, 1996 and the nine months ended September 30, 1997 (unaudited), 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 nine months ended September 30, 1996 (unaudited) and 1997 (unaudited).

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,	NINE MONTHS ENDED SEPTEMBER 30,

<S>	1994	1995	1996	1996	1997
Revenues	$1,248	$ 2,170	$ 2,624	$ 1,909	$1,165
Expenses	(489)	(1,005)	(1,541)	(1,075)	(599)
Net Income	$ 759	$ 1,165	$ 1,083	$ 834	$ 566

</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, the AMB Contributed Properties have incurred offering costs of $2,162 which is included in prepaid expenses and other assets, representing legal, accounting and other costs. In the event the offering is unsuccessful, these costs will be expensed.

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.

AMB CONTRIBUTED PROPERTIES

SCHEDULE III
HISTORICAL COMBINED REAL ESTATE AND ACCUMULATED DEPRECIATION

AS OF SEPTEMBER 30, 1997

(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

GROSS

AMOUNT CARRIED AT

COSTS

END OF PERIOD

CAPITALIZED ------

INITIAL COSTS SUBSEQUENT TO

PROPERTY	LOCATION	TYPE	ENCUMBRANCES(1)	LAND	BUILDING	ACQUISITION	LAND	IMPROVEMENTS
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Alvarado Business Center..................	CA	IND	$ --	$ 6,385	$ 19,156	$ 308	$ 6,385	$ 19,464
Ardenwood Corporate Park....................	CA	IND	10,000	4,980	14,939	172	4,980	15,111
Corporate Square..........	MN	IND	--	3,566	10,699	479	3,566	11,178
Crossroads Industrial.....	IL	IND	--	2,348	7,045	121	2,348	7,166
Fairway Drive Industrial.............	CA	IND	--	2,567	4,179	3,291	2,567	7,470
Harvest Business Park.....	WA	IND	3,661	2,133	6,399	64	2,133	6,463
Itasca Industrial Portfolio..............	IL	IND	--	5,352	16,055	775	5,352	16,830
Melrose Park.............	IL	IND	--	2,435	7,306	--	2,435	7,306
Norcross/Brookhollow Portfolio..............	GA	IND	--	3,146	9,439	395	3,146	9,834
Penn James Office Warehouse..............	MN	IND	--	1,635	4,905	517	1,635	5,422
Twin Cities..............	MN	IND	--	4,094	12,281	984	4,094	13,265
Mendota Heights(2)........	MN	IND	668	1,146	--	2,031	1,146	2,031
Linder Skokie............	IL	IND	--	3,626	6,419	--	3,626	6,419
Activity Distribution Center..................	CA	IND	5,360	3,050	9,150	85	3,050	9,235
Amwiler-Gwinnett Industrial Portfolio....	GA	IND	14,341	6,442	19,325	389	6,442	19,714
Civic Center Plaza........	IL	RET	13,668	5,965	17,896	628	5,965	18,524
The Plaza at Delray.......	FL	RET	23,000	2,696	8,088	18,083	2,696	26,171
Hewlett Packard Distribution...........	CA	IND	3,412	1,629	4,886	--	1,629	4,886
Kendall Mall.............	FL	RET	24,780	6,022	18,067	3,144	6,022	21,211
Lakeshore Plaza Shopping Center..................	CA	RET	13,970	7,915	23,746	702	7,915	24,448
Lincoln Industrial Center..................	TX	IND	--	571	1,712	175	571	1,887
Metric Center............	TX	IND	--	9,955	29,864	1,448	9,955	31,312

<CAPTION>

PROPERTY	TOTAL COSTS	ACCUMULATED DEPRECIATION	YEAR OF CONSTRUCTION OR ACQUISITION	DEPRECIABLE LIFE (YEARS)
<S>	<C>	<C>	<C>	<C>
Alvarado Business Center..................	$ 25,849	$ 1,208	1995	5-40
Ardenwood Corporate Park....................	20,091	568	1996	5-40
Corporate Square..........	14,744	410	1996	5-40
Crossroads Industrial.....	9,514	268	1996	5-40
Fairway Drive Industrial.............	10,037	181	1996/97	5-40
Harvest Business Park.....	8,596	403	1995	5-40
Itasca Industrial Portfolio..............	22,182	1,418	1994/95	5-40
Melrose Park.............	9,741	460	1995	5-40
Norcross/Brookhollow Portfolio..............	12,980	369	1996	5-40
Penn James Office Warehouse..............	7,057	190	1996	5-40

Twin Cities..............	17,359	780	1995	5-40
Mendota Heights(2)........	3,177	26	1997	5-40
Linder Skokie............	10,045	781	1994	5-40
Activity Distribution Center.................	12,285	806	1994	5-40
Amwiler-Gwinnett Industrial Portfolio....	26,156	737	1995/96	5-40
Civic Center Plaza........	24,489	1,579	1994	5-40
The Plaza at Delray.......	28,867	631	1995	5-40
Hewlett Packard Distribution...........	6,515	430	1994	5-40
Kendall Mall.............	27,233	927	1994	5-40
Lakeshore Plaza Shopping Center..................	32,363	1,650	1995	5-40
Lincoln Industrial Center.................	2,458	152	1994	5-40
Metric Center............	41,267	1,051	1995/96/97	5-40

</TABLE>

AMB CONTRIBUTED PROPERTIES

SCHEDULE III (CONTINUED)
HISTORICAL COMBINED REAL ESTATE AND ACCUMULATED DEPRECIATION

AS OF SEPTEMBER 30, 1997

(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

PROPERTY	LOCATION	TYPE	ENCUMBRANCES(1)	INITIAL COSTS LAND	BUILDING	COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT CARRIED AT END OF PERIOD LAND
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Minneapolis Industrial Portfolio IV............................	MN	IND	$ 8,287	$ 4,124	$ 12,372	$ 1,232	$ 4,124
Silverado Plaza Shopping Center.........................	CA	RET	4,906	2,214	6,641	199	2,214
Stadium Business Park............	CA	IND	4,875	2,980	8,940	969	2,980
2 South Middlesex................	NJ	IND	--	1,498	7,621	67	1,498
Applewood Village Shopping Center.........................	CO	RET	--	10,921	20,344	566	10,921
Bayhill Shopping Center..........	CA	RET	--	5,318	5,761	382	5,318
Beacon Industrial Park...........	FL	IND	--	10,175	30,870	--	10,175
Corbins Corner Shopping Center...	CT	RET	--	9,455	19,982	625	9,455
Elk Grove Village Industrial(3)..................	IL	IND	--	6,846	22,161	625	6,846
Five Points Shopping Center......	CA	RET	--	15,227	8,460	328	15,227
Kent Centre......................	WA	IND	--	3,022	8,277	248	3,022
L.A. County Industrial Portfolio(4)..................	CA	IND	--	6,574	37,343	670	6,574
Lake Michigan Industrial Portfolio.....................	IL	IND	--	3,189	6,938	7	

							3,189
Artesia Industrial Portfolio.....	CA	IND	54,100	28,288	61,801	588	28,288
Lisle Industrial................	IL	IND	--	2,619	5,868	--	2,619
Milmont Page....................	CA	IND	--	3,283	7,401	72	3,283
Pleasant Hill Shopping Center....	CA	RET	--	9,809	13,646	24	9,809
Randall's Houston Retail Portfolio(5)..................	TX	RET	--	19,405	28,508	323	19,405
Riverview Plaza Shopping Center........................	IL	RET	--	3,986	8,972	38	3,986
South Bay Industrial............	CA	IND	19,516	11,417	26,900	578	11,417
Southfield......................	GA	IND		6,342	19,982	314	6,342
Minneapolis Distribution Portfolio.....................	MN	IND	--	4,864	21,127	2,797	4,864
Texas Industrial Portfolio(6)....	TX	IND	--	3,312	33,852	3,254	3,312
Long Gate Shopping Center........	MD	RET	--	21,502	25,456	12	21,502
Rockford Road Plaza.............	MN	RET	--	6,179	14,723	64	6,179
Windsor Court...................	IL	IND	--	935	1,986	--	935
Patuxent........................	MD	IND	--	944	5,522	--	944
Executive Drive.................	IL	IND	--	1,644	3,689	--	1,644
Weslayan Plaza..................	TX	RET	--	13,934	23,223	--	13,934
Acer Distribution Center.........	CA	IND	--	5,776	6,225	--	5,776
Cabot Business Park.............	MA	IND	--	6,614	54,465	--	6,614
Moffett Business Center..........	CA	IND	12,857	5,574	16,723	11	5,574
Southwest Pavilion..............	NV	RET	--	2,492	6,126	69	2,492
Arapahoe Village Shopping Center........................	CO	RET	10,839	4,451	13,352	31	4,451
Atlanta South...................	GA	IND	--	5,933	17,798	1	5,933

<CAPTION>

PROPERTY	IMPROVEMENTS	TOTAL COSTS	ACCUMULATED DEPRECIATION	YEAR OF CONSTRUCTION OR ACQUISITION	DEPRECIABLE LIFE (YEARS)
<S>	<<C>	<C>	<C>	<C>	<C>
Minneapolis Industrial Portfolio IV............................	$ 13,604	$ 17,728	$ 1,097	1994	5-40
Silverado Plaza Shopping Center........................	6,840	9,054	586	1994/96	5-40
Stadium Business Park...........	9,909	12,889	793	1994	5-40
2 South Middlesex...............	7,688	9,186	394	1995	5-40
Applewood Village Shopping Center........................	20,910	31,831	1,117	1996	5-40
Bayhill Shopping Center..........	6,143	11,461	343	1995	5-40
Beacon Industrial Park...........	30,870	41,045	1,355	1995/96/97	5-40
Corbins Corner Shopping Center...	20,607	30,062	1,200	1995	5-40
Elk Grove Village Industrial(3)..................	22,786	29,632	1,084	1995/97	5-40
Five Points Shopping Center......	8,788	24,015	500	1995	5-40
Kent Centre.....................	8,525	11,547	430	1995	5-40
L.A. County Industrial Portfolio(4)..................	38,013	44,587	3,082	1994	5-40
Lake Michigan Industrial Portfolio.....................	6,945	10,134	697	1995	5-40
Artesia Industrial Portfolio.....	62,389	90,677	2,214	1996	5-40
Lisle Industrial................	5,868	8,487	303	1995	5-40
Milmont Page....................	7,473	10,756	306	1996	5-40
Pleasant Hill Shopping Center....	13,670	23,479	677	1996	5-40
Randall's Houston Retail Portfolio(5)..................	28,831	48,236	967	1996	5-40
Riverview Plaza Shopping Center........................	9,010	12,996	238	1996	5-40
South Bay Industrial............	27,478	38,895	2,039	1995	5-40

Southfield......................	20,296	26,638	1,068	1995/97	5-40
Minneapolis Distribution Portfolio.....................	23,924	28,788	1,655	1994	5-40
Texas Industrial Portfolio(6)....	37,106	40,418	3,077	1994	5-40
Long Gate Shopping Center........	25,468	46,970	827	1996	5-40
Rockford Road Plaza.............	14,787	20,966	360	1997	5-40
Windsor Court...................	1,986	2,921	15	1997	5-40
Patuxent........................	5,522	6,466	43	1997	5-40
Executive Drive.................	3,689	5,333	29	1997	5-40
Weslayan Plaza..................	23,223	37,157	330	1997	5-40
Acer Distribution Center.........	6,225	12,001	48	1997	5-40
Cabot Business Park.............	54,465	61,079	572	1997	5-40
Moffett Business Center..........	16,734	22,308	636	1996	5-40
Southwest Pavilion..............	6,195	8,687	1,152	1990	5-40
Arapahoe Village Shopping Center.........................	13,383	17,834	507	1996	5-40
Atlanta South...................	17,799	23,732	648	1996/97	5-40

</TABLE>

AMB CONTRIBUTED PROPERTIES

SCHEDULE III (CONTINUED)
HISTORICAL COMBINED REAL ESTATE AND ACCUMULATED DEPRECIATION

AS OF SEPTEMBER 30, 1997

(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

						COSTS CAPITALIZED	GROSS AMOUNT CARRIED AT END OF PERIOD	
PROPERTY	LOCATION	TYPE	ENCUMBRANCES(1)	INITIAL COSTS LAND	BUILDING	SUBSEQUENT TO ACQUISITION	LAND	IMPROVEMENTS
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Bensenville..............	IL	IND	$ 41,854	$ 17,214	$ 51,664	$ 3,992	$ 17,214	$ 55,656
Blue Lagoon..............	FL	IND	11,897	4,714	14,143	242	4,714	14,385
Brentwood Commons.........	IL	RET	5,109	2,279	6,837	971	2,279	7,808
Chicago Industrial........	IL	IND	3,267	1,307	3,921	630	1,307	4,551
Granada Village..........	CA	RET	14,669	6,114	18,341	5,795	6,114	24,136
Kingsport Industrial Park....................	WA	IND	17,584	6,691	20,073	975	6,691	21,048
La Jolla Village.........	CA	RET	18,006	7,036	21,108	269	7,036	21,377
Latham Farms.............	NY	RET	37,761	16,416	49,249	(284)	16,416	48,965
Lonestar.................	TX	IND	17,000	6,432	19,296	908	6,432	20,204
Minneapolis Industrial(7)..........	MN	IND	7,478	3,788	11,364	1,296	3,788	12,660
Pacific Business Center...	CA	IND	9,898	4,054	12,163	309	4,054	12,472
Shoppes at Lago Mar.......	FL	RET	5,878	2,497	7,491	45	2,497	7,536
Toys 'R Us...............	MD	IND	--	2,837	8,511	13	2,837	8,524
Valwood..................	TX	IND	4,036	1,775	5,326	519	1,775	5,845
West North Carrier........	TX	IND	3,267	1,309	3,928	67	1,309	3,995
Woodlawn Point Shopping Center..................	GA	RET	4,659	2,827	8,482	34	2,827	8,516
Ygnacio Plaza............	CA	RET	7,827	3,094	9,282	1,055	3,094	10,337
O'Hare Industrial Portfolio..............	IL	IND	--	6,609	19,826	102		

							6,609	19,928
7575 Chancellor..........	FL	IND	2,966	525	3,234	779	525	4,013
Dock's Corner............	NJ	IND	--	3,420	17,497	9,594	3,420	27,091
Moffett Park R&D Portfolio..............	CA	IND	--	16,723	23,956	316	16,723	24,272
Palm Aire................	FL	RET	1,928	592	2,474	5,139	592	7,613
Manhattan Village Shopping Center.................	CA	RET	--	23,495	43,981	--	23,495	43,981
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	614	3,281	10,458
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..............	$ 72,870	$ 6,263	1993	5-40
Blue Lagoon..............	19,099	539	1996	5-40
Brentwood Commons.........	10,087	950	1992	5-40
Chicago Industrial........	5,858	545	1992	5-40
Granada Village...........	30,250	2,720	1992	5-40
Kingsport Industrial Park....................	27,739	2,776	1992	5-40
La Jolla Village..........	28,413	2,914	1992	5-40
Latham Farms..............	65,381	4,481	1994	5-40
Lonestar..................	26,636	1,978	1993	5-40
Minneapolis Industrial(7)...........	16,448	1,014	1994/97	5-40
Pacific Business Center...	16,526	1,376	1993	5-40
Shoppes at Lago Mar.......	10,033	285	1996	5-40
Toys 'R Us................	11,361	749	1994	5-40
Valwood...................	7,620	472	1994	5-40
West North Carrier........	5,304	444	1993	5-40
Woodlawn Point Shopping Center..................	11,343	696	1994	5-40
Ygnacio Plaza.............	13,431	1,288	1992	5-40
O'Hare Industrial Portfolio..............	26,537	759	1996/97	5-40
7575 Chancellor...........	4,538	125	1996	5-40
Dock's Corner.............	30,511	877	1996	5-40
Moffett Park R&D Portfolio..............	40,995	1,063	1996	5-40
Palm Aire.................	8,205	127	1996	5-40
Manhattan Village Shopping Center..................	67,476	584	1997	5-40
Eastgate Plaza............	7,689	774	1992	5-40
International Multifoods.............	5,872	495	1993	5-40
Northpointe Commerce......	5,629	477	1993	5-40
Northwest Distribution Center..................	6,529	669	1992	5-40
Rancho San Diego Village Shopping Center.........	13,739	1,362	1992	5-40
Systematics..............	3,235	273	1993	5-40

</TABLE>

AMB CONTRIBUTED PROPERTIES

SCHEDULE III (CONTINUED)
HISTORICAL COMBINED REAL ESTATE AND ACCUMULATED DEPRECIATION

AS OF SEPTEMBER 30, 1997

(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

PROPERTY	LOCATION	TYPE	ENCUMBRANCES(1)	INITIAL COSTS LAND	BUILDING	COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT CARRIED AT END OF PERIOD LAND	IMPROVEMENTS
<S>	<C>	<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	985	2,969	9,892
Aurora Marketplace........	WA	RET	--	3,714	11,141	18	3,714	11,159
Dowe Industrial...........	CA	IND	--	2,652	7,955	1,362	2,652	9,317
TOTAL.....................			$ 443,324	$ 502,385	$1,313,154	$85,623	$502,385	$1,398,777

<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	989	1992	5-40
Zanker/Charcot Industrial.............	12,861	1,236	1992	5-40
Aurora Marketplace........	14,873	1,816	1991	5-40
Dowe Industrial...........	11,969	1,306	1991	5-40
TOTAL.....................	$1,901,162	$87,836		

</TABLE>

A summary of activity for real estate and accumulated depreciation for the years ended December 31, 1995 and 1996 and the nine months ended September 30, 1997 is as follows:

<TABLE>
<CAPTION>

	1995	1996	1997
<S>	<C>	<C>	<C>
INVESTMENTS IN REAL ESTATE:			
Balance at beginning of year.........	$ 596,356	$1,018,681	$1,616,091
Acquisition of properties and limited partners' interests.....	396,210	568,335	260,634
Improvements......................	26,115	36,340	32,957
Disposition of properties.........	--	(7,265)	(8,520)
Balance at end of year..............	$1,018,681	$1,616,091	$1,901,162

ACCUMULATED DEPRECIATION:			
Balance at beginning of year.........	$ 16,722	$ 33,726	$ 61,704
Depreciation expense.............	17,004	27,978	26,132
Balance at end of year..............	$ 33,726	$ 61,704	$ 87,836

</TABLE>

- ---------------

(1) As of September 30, 1997, Properties with a net book value of $197,570 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) Includes property newly acquired on September 30, 1997.

(4) Consists of two properties with seven buildings in Los Angeles and one building in Anaheim.

(5) Includes four individual grocer anchor centers.

(6) Consists of two properties with five buildings in Houston and 18 buildings in Dallas.

(7) Includes property newly acquired on July 31, 1997.

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 the related statements of operations, changes in shareholders' equity and cash flows for the years ended December 31, 1994, 1995 and 1996. 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 the results of its operations and its cash flows for the years ended December 31, 1994, 1995 and 1996 in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

San Francisco, California,

October 17, 1997

AMB INSTITUTIONAL REALTY ADVISORS, INC.

BALANCE SHEETS
AS OF DECEMBER 31, 1995 AND 1996

AND SEPTEMBER 30, 1997 (UNAUDITED)

(DOLLARS IN THOUSANDS)

	DECEMBER 31, 1995	DECEMBER 31, 1996	SEPTEMBER 30, 1997 (UNAUDITED)
ASSETS			
Cash	$1,080	$2,783	$ 6,163
Accounts receivable	3,016	925	2,262
Receivable from affiliates	704	3,027	3,024
Deferred offering costs	--	--	711
Furniture, fixtures and equipment, net of accumulated depreciation of $0 as of September 30, 1997	--	--	1,436
Other assets	114	213	122
Total assets	$4,914	$6,948	$13,718
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable	$ 440	$ 298	$ 792
Accrued liabilities	233	350	3,403
Total liabilities	673	648	4,195
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	6,876
Notes receivable from shareholders	(880)	(869)	--
Total shareholders' equity	4,241	6,300	9,523
Total liabilities and shareholders' equity	$4,914	$6,948	$13,718

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

AMB INSTITUTIONAL REALTY ADVISORS, INC.

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996,

AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 (UNAUDITED)

AND 1997 (UNAUDITED)

(DOLLARS IN THOUSANDS)

	YEARS ENDED DECEMBER 31, 1994	1995	1996	NINE MONTHS ENDED SEPTEMBER 30, 1996 (UNAUDITED)	1997 (UNAUDITED)
REVENUES					
Investment management income	$ 6,111	$ 6,468	$ 9,073	$ 5,580	$ 7,688
Investment management income from affiliates	6,688	10,134	14,357	8,668	15,462
Interest and other income	66	224	416	303	137

Total Revenues	12,865	16,826	23,846	14,551	23,287
EXPENSES					
Salaries, general and administrative expenses paid to affiliates	9,940	13,564	16,843	11,510	14,305
Net Income	$ 2,925	$ 3,262	$ 7,003	$ 3,041	$ 8,982

</TABLE>

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

AMB INSTITUTIONAL REALTY ADVISORS, INC

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996,

AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997 (UNAUDITED)

(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	COMMON STOCK					
	NUMBER OF SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	NOTES RECEIVABLE FROM SHAREHOLDERS	TOTAL
<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	--	--	--	8,982	--	8,982
Dividends declared and paid	--	--	--	(6,628)		(6,628)
Principal payment of notes receivable from shareholders	--	--	--	--	869	869
Issuance of common stock for notes	--	--	--	--	--	--
Balance at September 30, 1997	1,728,986	$1,349	$1,298	$ 6,876	$ --	$ 9,523

</TABLE>

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

AMB INSTITUTIONAL REALTY ADVISORS, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1994, 1995, AND 1996,

AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 (UNAUDITED)

AND 1997 (UNAUDITED)

(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
	1994	1995	1996	1996	1997
				(UNAUDITED)	(UNAUDITED)
<S>	<C>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net Income....................................	$ 2,925	$ 3,262	$ 7,003	$ 3,041	$ 8,982
Adjustments to reconcile net income to net cash provided by operating activities:					
Changes in assets and liabilities:					
Accounts Receivable......................	(213)	(1,665)	2,091	2,103	(1,337)
Receivable from affiliates...............	39	28	(2,323)	(1,427)	3
Other Assets.............................	(31)	8	(99)	(89)	91
Accounts Payable.........................	30	258	(142)	(452)	494
Accrued Liabilities......................	(45)	171	117	1,041	3,053
Net cash provided by operating activities......	2,705	2,062	6,647	4,217	11,286
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of furniture, fixtures and equipment..................................	--	--	--	--	(1,436)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Additions to Deferred offering costs...........	--	--	--	--	(711)
Borrowings on line of credit...................	--	750	--	--	--
Repayments of line of credit...................	--	(750)	--	--	--
Dividends paid.................................	(1,600)	(2,925)	(5,262)	(3,762)	(6,628)
Principal payment of notes receivable from shareholders...............................	43	56	318	228	869
Net cash used in financing activities..........	(1,557)	(2,869)	(4,944)	(3,534)	(6,470)
NET INCREASE (DECREASE) IN CASH................	1,148	(807)	1,703	683	3,380
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	$ 1,763	$ 6,163
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:					
CASH PAID FOR INTEREST.........................	$ --	$ 3,713	$ --	$ --	$ --

</TABLE>

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

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.

Shortly before the closing of the initial public offering, AMB Property Corporation, a shell company with no assets or liabilities, will be formed. This company will be the registrant and will merge with AMB. The investment management activities previously carried out by AMB for substantially all of its clients, will be transferred to AMB Property Corporation. As a result of these planned transactions, AMB is deemed to be the de facto registrant in the initial filing with the Securities and Exchange Commission.

The balance sheet as of September 30, 1997 and statements of operations for the nine months ended September 30, 1996 and 1997 are unaudited; however, in management's opinion, all adjustments of a normal recurring nature necessary for a fair presentation of the financial statements for such periods 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.

Furniture, Fixtures and Equipment

In September 1997, AMB purchased and recorded office furniture, fixtures and equipment at net book value from a related party. Such furniture, fixtures and equipment are carried at cost less accumulated depreciation. Depreciation is computed on these assets using an accelerated depreciation method over five and seven years.

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 September 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 expensed.

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 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 nine months ended September 30, 1996 (unaudited) and 1997 (unaudited), AMB's three largest clients provided over 82, 80, 72, 70, and 77 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.

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's profit sharing interest is not in excess of 50% and the arrangement is under a planned dissolution to be completed in 1998. Neither the operations nor the financial position of the Limited Partnership are material to the accompanying financial statements.

AMB's interest in the Limited Partnership was $76, $180 and $107 as of

December 31, 1995 and 1996 and September 30, 1997 (unaudited), respectively, and its equity in earnings of the Limited Partnership totaled $0, $30, $135, $100 and $8 for the years ended December 31, 1994, 1995 and 1996, and for the nine months ended September 30, 1996 (unaudited) and 1997 (unaudited), 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 September 30, 1997 (unaudited), accrued liabilities include $3,053 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. At December 31, 1995 and 1996, and September 30, 1997 (unaudited), outstanding principal and interest on the notes totaled $880, $869 and $0, 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 September 30, 1997 (unaudited)). 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 September 30, 1997 (unaudited).

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, prior to acquiring its furniture, fixtures and equipment from AMB Investments, Inc., AMB paid 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, $2,553 and $2,779 for the years ended December 31, 1994, 1995 and 1996, and for the nine months ended September 30, 1996 (unaudited) and 1997 (unaudited), respectively. Receivables from affiliates of $176, $314 and $0, and payables to affiliates of $4, $1 and $93, as of December 31, 1995 and 1996, and September 30, 1997 (unaudited), 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. In addition, certain owners of the AMB Contributed Properties are 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, the owners of the AMB Contributed Properties agreed to terminate their respective existing incentive management fee agreements with AMB. One of the owners of the AMB Contributed Properties agreed to and paid a final incentive management fee of $3,011. Included in receivables from affiliates is $529, $2,713 and $3,117 of asset management and other fees receivable from the AMB Contributed Properties, as of December 31, 1995 and 1996 and September 30, 1997 (unaudited), respectively.

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 nine months ended September 30, 1996 (unaudited) and 1997 (unaudited) 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 nine months ended September 30, 1996 (unaudited) and 1997 (unaudited), were $397, $591, $783, $583 and $699. Of this amount, $289, $435, $510, $436 and $500, respectively, was allocated to AMB based on square footage. AMB Investments, Inc.'s minimum annual and aggregate future rentals are as follows:

1997 (three months)	$ 230
1998	918
1999	404
2000	404
2001	404
	$ 2,360

Minimum annual lease payments of $514 are subject to a three-year renewal option beginning January 1, 1999.

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,

October 17, 1997

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 SEPTEMBER 30, 1997 (UNAUDITED)

(DOLLARS IN THOUSANDS)

	1996	1997 (UNAUDITED)
REVENUES		
Rental revenues	$27,274	$17,856
Other income	118	22
	27,392	17,878
CERTAIN EXPENSES		
Property operating and maintenance	3,992	2,589
Real estate taxes	3,529	1,883
	7,521	4,472
REVENUES IN EXCESS OF CERTAIN EXPENSES	$19,871	13,406

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

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 acquired by the Owners of the AMB Contributed Properties during the period from January 1, 1997 to October 17, 1997 and one property to be acquired by AMB Property Corporation upon completion of its contemplated initial public offering. Collectively, the Owners of the AMB Contributed Properties and AMB Property Corporation are referred to as the "Company," and the seven and one property are referred to as the "Properties."

PROPERTY NAME	LOCATION	RENTABLE SQUARE FEET
Manhattan Village Shopping Center	Manhattan Beach, CA	515,666
Rockford Road Plaza	Plymouth, MN	205,917
Cabot Business Park	Mansfield, MA	1,071,517
Weslayan Plaza	Houston, TX	356,250
Acer Distribution Center	San Jose, CA	196,643
Patuxent	Jessup, MD	147,383
Executive Drive	Addison, IL	75,020
Silicon Valley Portfolio	San Jose, CA	287,228

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.

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 (three months)	$ 5,154
1998	22,499
1999	23,166
2000	22,324
2001	21,668
Thereafter	48,575
Total	$143,386

</TABLE>

In addition to minimum rental payments, tenants pay reimbursements for their pro rata share of specified operating expenses, which amounted to $6,462 and $4,372 for the year ended December 31, 1996 and for the period from January 1, 1997 to the earlier of the acquisition date or September 30, 1997 (unaudited). Certain leases contain options to renew.

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

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)

	1995	1996 (UNAUDITED)
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

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

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.

PROPERTY NAME	DATE OF ACQUISITION	LOCATION	RENTABLE SQUARE FEET
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	699,512

</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.

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.

ALTERNATE COVER PAGE FOR INTERNATIONAL PROSPECTUS

PROSPECTUS (Subject to Completion)
Issued , 1997

12,000,000 Shares

AMB Property Corporation

COMMON STOCK

[AMB LOGO]

ALL OF THE SHARES OF COMMON STOCK OFFERED HEREBY ARE BEING SOLD BY THE COMPANY AND WILL REPRESENT APPROXIMATELY 14.2% OF THE COMPANY'S OUTSTANDING COMMON

EQUITY. THE REMAINING COMMON EQUITY (OR INTERESTS EXCHANGEABLE FOR COMMON EQUITY) IN THE COMPANY WILL BE BENEFICIALLY OWNED 5.6% BY THE COMPANY'S OFFICERS AND DIRECTORS AND 80.2% BY THE COMPANY'S OTHER EXISTING STOCKHOLDERS, EXCLUDING SHARES TO BE PURCHASED IN THE OFFERING. OF THE SHARES OF COMMON STOCK OFFERED HEREBY, 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. SEE "UNDERWRITING." UPON CONSUMMATION OF THE OFFERING, THE COMPANY WILL OWN 100 PROPERTIES ENCOMPASSING 38.1 MILLION FEET. THE COMPANY IS SELF-ADMINISTERED AND EXPECTS TO QUALIFY AS A REAL ESTATE INVESTMENT TRUST ("REIT") FOR FEDERAL INCOME TAX PURPOSES.

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 $20 AND $22. SEE "UNDERWRITING" FOR A DISCUSSION OF THE FACTORS CONSIDERED IN DETERMINING THE INITIAL PUBLIC OFFERING PRICE. THE COMMON STOCK HAS BEEN APPROVED FOR LISTING ON THE NEW YORK STOCK EXCHANGE UNDER THE SYMBOL "AMB," SUBJECT TO OFFICIAL NOTICE OF ISSUANCE.

SEE "RISK FACTORS" BEGINNING ON PAGE 16 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.

- - The continued involvement of certain officers and directors in other real estate activities and investments and the discharge of the Company's fiduciary duties to limited partners of the Operating Partnership, each of which may conflict with the interests of stockholders.

- - Material benefits to certain officers and directors from the use of $1.1 million of net Offering proceeds to repay indebtedness incurred to purchase certain assets from an affiliate.

- - 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 involving a change in control.

- - The Company's estimated initial payout ratio will be 102.0% for the twelve months ending December 31, 1998, assuming no leases are renewed during such period, and 95.9%, assuming leases are renewed during such period at the Company's weighted average historical retention rate since January 1, 1994.

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, as amended. See "Underwriting."

(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

NationsBanc Montgomery Securities, Inc.

, 1997 Smith Barney Inc.

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.

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..	$ 92,000
NYSE Filing Fee...	100,000
Printing and Engraving Expenses.................................	500,000
Legal Fees and Expenses...	2,300,000
Accounting Fees and Expenses....................................	1,200,000
Real Estate Transfer Taxes......................................	6,500,000
Title Insurance and Expenses....................................	1,500,000
Mortgage Transfer Fee...	1,125,000
Registrar and Transfer Agent Fees and Expenses..................	5,000
Blue Sky Fees and Expenses......................................	15,000
National Association of Securities Dealers, Inc.................	30,500

Miscellaneous Expenses	3,512,500
Total	$16,880,000

</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 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 September 30, 1997.

Notes to pro forma condensed consolidated balance sheet.

Pro forma condensed consolidated statements of operations for the nine months ended September 30, 1997 and for the year ended December 31, 1996.

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 September 30, 1997 (unaudited).

Combined statements of operations for the years ended December 31, 1994, 1995 and 1996 and for the nine months ended September 30, 1996 (unaudited) and 1997 (unaudited).

Combined statements of owners' equity for the years ended December 31, 1994, 1995 and 1996 and for the nine months ended September 30, 1997 (unaudited).

Combined statements of cash flows for the years ended December 31, 1994, 1995 and 1996 and for the nine months ended September 30, 1996 (unaudited) and 1997 (unaudited).

Notes to combined financial statements.

AMB INSTITUTIONAL REALTY ADVISORS, INC.

Report of independent public accountants.

Balance sheets as of December 31, 1995 and 1996 and September 30, 1997 (unaudited).

Statements of operations for the years ended December 31, 1994, 1995 and 1996 and for the nine months ended September 30, 1996 (unaudited) and 1997 (unaudited).

Statement of changes in shareholders' equity for the years ended December 31, 1994, 1995 and 1996, and for the nine months ended September 30, 1997 (unaudited).

Statements of cash flows for the years ended December 31, 1994, 1995 and 1996, and for the nine months ended September 30, 1996 (unaudited) and 1997 (unaudited).

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 September 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
*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	Amended and Restated Credit Agreement, dated August 8, 1997.
***10.4	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.

EXHIBIT NUMBER	DESCRIPTION
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**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.
*27.1	Financial Data Schedule -- AMB Contributed Properties.
*27.2	Financial Data Schedule -- AMB Institutional Realty Advisors, Inc.

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* Filed herewith.

** Previously filed.

*** 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.

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 Amendment No. 1 to 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 24th day of October, 1997.

AMB PROPERTY CORPORATION

By: /s/ HAMID R. MOGHADAM

Hamid R. Moghadam
President and Chief Executive Officer

Date: October 24, 1997

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to 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

/s/ T. ROBERT BURKE T. Robert Burke	Chairman of the Board and Director	October 24, 1997
/s/ HAMID R. MOGHADAM Hamid R. Moghadam	President, Chief Executive Officer and Director (Principal Executive Officer)	October 24, 1997
/s/ DOUGLAS D. ABBEY Douglas D. Abbey	Chairman of Investment Committee and Director	October 24, 1997
/s/ S. DAVIS CARNIGLIA S. Davis Carniglia	Chief Financial Officer and General Counsel (Principal Financial Officer and Principal Accounting Officer)	October 24, 1997

GRAPHICAL MATERIALS ON COLOR-FOLD OUT COVERS

INSERT LOGO

AMB PROPERTY CORPORATION

National property company, two complementary property types

*Select market focus, research driven market selection
Photographs of the following properties:

Dock's Corner
Northern NJ-554,521 Square feet

Eastgate Plaza
Seattle, WA-76,564 Square feet

*Consistent strategy focused on industrial properties and community shopping centers

*10 Executive Officers average nine years at AMB and 22 years of real estate experience

*Technology driven management systems and controls

*Highly rated in independent surveys by its tenants, investor clients and their consultants
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

Dallas Industrial Portfolio
Dallas, Texas
1,066,098 Square Feet

Bensenville Industrial Portfolio
Chicago, Illinois
2,137,370 Square Feet

Riverview Plaza Shopping Center
Chicago, Illinois
139,272 Square Feet

Two South Middlesex
Northern New Jersey
218,088 Square Feet

Southfield Industrial Portfolio
Atlanta, Georgia
780,623 Square Feet

Long Gate Shopping Center

Columbia, MD
404,669 Square Feet

Woodlawn Shopping Center
Atlanta, GA
97,899 Square Feet

Insert Logo
AMB Property Corporation

100 Industrial Properties and 33 Community
Shopping Centers
AMB LOGO
PROPERTY CORPORATION

38 million square feet in 24 markets

US MAP SHOWING PROPERTY LOCATIONS

List of Cities on Map

Albany
Atlanta
Austin
Baltimore
Chicago
Dallas
Denver
Hartford
Houston
Los Angeles
Miami
Minneapolis
N. New Jersey
Orlando
Sacramento
Philadelphia
Reno
San Diego
San Francisco
Seattle
Washington D.C.

Western Region
10.6 Million Square Feet -- Industrial
34% of Total Industrial
129 Buildings
2.6 Million Square Feet -- Retail
42% of Total Retail
16 Centers

Midwestern Region
9.9 Million Square Feet -- Industrial
31% of Total Industrial
82 Buildings
0.7 Million Square Feet -- Retail
11% of Total Retail
4 Centers

Southern Region
7.8 Million Square Feet -- Industrial
24% of Total Industrial
78 Buildings
1.8 Million Square Feet -- Retail
28% of Total Retail
10 Centers

Eastern Region
3.4 Million Square Feet -- Industrial
11% of Total Industrial
33 Buildings
1.2 Million Square Feet -- Retail
19% of Total Retail
3 Centers

AMB Headquarters
AMB Boston Office

AMB Property Corporation

EXHIBIT INDEX

<TABLE>
<CAPTION>

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</TABLE>

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* Filed herewith.

** Previously filed.

*** To be filed by amendment.

EXHIBIT 1.1

____________ Shares

AMB PROPERTY CORPORATION

Common Stock, par value $.01 per share

UNDERWRITING AGREEMENT

________ __, 1997

_________ __, 1997

Morgan Stanley & Co. Incorporated
BT Alex. Brown Incorporated
Lehman Brothers Inc.
Montgomery Securities
Smith Barney Inc.
c/o Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

Morgan Stanley & Co. International Limited
BT Alex. Brown International, division of Bankers Trust
International PLC
Lehman Brothers International (Europe)
Montgomery Securities
Smith Barney Inc.
c/o Morgan Stanley & Co. International Limited
215 Cabot Square
Canary Wharf
London E14 4QA
England

Dear Sirs and Mesdames:

AMB Property Corporation, a Maryland corporation (the "Company"), proposes to issue and sell to the several Underwriters (as defined below) ___________ shares of its Common Stock, par value $.01 per share (the "Firm Shares").

It is understood that, subject to the conditions hereinafter stated, _______________ Firm Shares (the "U.S. Firm Shares") will be sold to the several U.S. Underwriters named in Schedule I hereto (the "U.S. Underwriters") in connection with the offering and sale of such U.S. Firm Shares in the United States and Canada to United States and Canadian Persons (as such terms are defined in the Agreement Between U.S. and International Underwriters of even date herewith), and ______________ Firm Shares (the "International Shares") will be sold to the several International Underwriters named in Schedule II hereto (the "International Underwriters") in connection with the offering and sale of such International Shares outside the United States and Canada to persons other than United States and Canadian Persons. Morgan Stanley & Co. Incorporated, BT Alex. Brown Incorporated, Lehman Brothers Inc., Montgomery Securities and Smith Barney Inc. shall act as representatives (the "U.S. Representatives") of the several U.S. Underwriters, and 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. shall act as representatives (the "International

Representatives") of the several International Underwriters. The U.S. Underwriters and the International Underwriters are hereinafter collectively referred to as the "Underwriters."

The Company also proposes to issue and sell to the several U.S. Underwriters not more than an additional __________ shares of its Common Stock, par value $.01 per share (the "Additional Shares"), if and to the extent that the U.S. Representatives shall have determined to exercise, on behalf of the U.S. Underwriters, the right to purchase such shares of common stock granted to the U.S. Underwriters in Section 2 hereof. The Firm Shares and the Additional Shares are hereinafter collectively referred to as the "Shares." The shares of Common Stock, par value $.01 per share, of the Company to be outstanding after giving effect to the sales contemplated hereby are hereinafter referred to as the "Common Stock."

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-11 (File No. 333-35915) relating to the Shares. The registration statement contains two prospectuses to be used in connection with the offering and sale of the Shares: the U.S. prospectus, to be used in connection with the offering and sale of Shares in the United States and Canada to United States and Canadian Persons, and the international prospectus, to be used in connection with the offering and sale of Shares outside the United States and Canada to persons other than United States and Canadian Persons. The international prospectus is identical to the U.S. prospectus except for the outside front cover page. The registration statement as amended at the time it becomes effective, including the information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A under the Securities Act of 1933, as amended (the "Securities Act"), is hereinafter referred to as the "Registration Statement"; the U.S. prospectus and the international prospectus in the respective forms first used to confirm sales of Shares are hereinafter collectively referred to as the "Prospectus." If the Company has filed an abbreviated registration statement to register additional shares of Common Stock pursuant to Rule 462(b) under the Securities Act (the "Rule 462 Registration Statement"), then any reference herein to the term "Registration Statement" shall be deemed to include such Rule 462 Registration Statement.

At or prior to the Closing Date (as hereinafter defined), the Company and AMB Property, L.P., a Delaware limited partnership (the "Operating Partnership"), will complete a series of transactions described in each of the Preliminary Prospectus and the Prospectus (as hereinafter defined) under the heading "Formation and Structure of the Company--Formation Transactions." As part of these transactions, among other things, the Operating Partnership will acquire direct or indirect interests in 70 industrial properties and 33 retail properties (collectively, the "Properties") and the investment management business of AMB Institutional Realty Advisors, Inc., a California corporation ("AMBIRA"), one of the Predecessor Entities (as defined below). As used herein, the term "Formation Transactions" shall mean the occurrence of all the events described in the Prospectus under the heading "Formation and Structure of the Company--Formation Transactions" and the other transactions related thereto, and the term "Formation Documents" shall mean all the material contracts, agreements and other documents executed in connection with the Formation Transactions set forth in Schedule III hereto.

As part of the offering contemplated by this Agreement, Morgan Stanley & Co. Incorporated ("Morgan Stanley") has agreed to reserve out of the Shares set forth opposite its

name on Schedule I to this Agreement, up to ______ shares, for sale to the Company's employees, officers and directors (collectively, "Participants"), as set forth in the Prospectus under the heading "Underwriting" (the "Directed Share Program"). The Shares to be sold by Morgan Stanley pursuant to the Directed Share Program (the "Directed Shares") will be sold by Morgan Stanley pursuant to this Agreement at the public offering price. Any Directed Shares not orally confirmed for purchase by any Participants by the end of the first business day after the date on which this Agreement is executed will be offered to the public by Morgan Stanley as set forth in the Prospectus.

1. REPRESENTATIONS AND WARRANTIES. The Company and the Operating Partnership, jointly and severally, represent and warrant to and agree with each of the Underwriters that:

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

(b) (i) The Registration Statement, when it became effective, did not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder and (iii) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that

the representations and warranties set forth in this paragraph 1(b) do not apply to statements or omissions in the Registration Statement or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein.

(c) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Maryland, and has all power and authority necessary to own, lease and operate its properties and to conduct the businesses in which it is engaged or proposes to engage as described in the Prospectus and to enter into and perform its obligations under this Agreement and the Formation Documents to which it is a party. The Company is duly qualified or registered as a foreign corporation and is in good standing in California and is in good standing in each other jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or be registered or to be in good standing in such other jurisdiction would not result in a material adverse effect on the consolidated financial position, results of operations or business of the Company, the Operating Partnership and each subsidiary of the Company set forth on Schedule IV hereto (each, a "Subsidiary," and, collectively, the "Subsidiaries"), taken as a whole (a "Material Adverse Effect").

(d) The Operating Partnership is a limited partnership duly formed and existing under and by virtue of the laws of the State of Delaware and is in good standing under the Delaware Revised Uniform Limited Partnership Act with partnership power and authority to own, lease and operate its properties, to conduct the business in which it is engaged or proposes to engage as described in the Prospectus and to enter into and perform its obligations under this Agreement and the Formation Documents to which it is a party. The Operating Partnership is duly qualified or registered as a foreign partnership and is in good standing in California and is in good standing in each other jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or be registered or to be in good standing in such other jurisdiction would not have Material Adverse Effect. The Company is the sole general partner of the Operating Partnership and, immediately after the Closing Date will be the sole general partner of the Operating Partnership and will own approximately 97.2% of all outstanding partnership interests in the Operating Partnership.

(e) Each Subsidiary of the Company has been, as the case may be, duly incorporated or organized, is validly existing as a partnership, corporation, limited liability company or real estate investment trust in good standing under the laws of its respective jurisdiction of organization, has the corporate, partnership or other power and authority to own its property and to conduct its business as described in the Prospectus and to enter into and perform its obligations under the Formation Documents to which it is a party. Each Subsidiary is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect; all of the issued shares of capital stock or other ownership interests of each Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and, except as set forth in the Prospectus, are owned directly or indirectly by the Company or the Operating Partnership, free and clear of all liens, encumbrances, equities or claims. The Company has no subsidiaries other than the Subsidiaries.

(f) Each of AMBIRA, AMB Current Income Fund, Inc., AMB Value Added Fund, Inc. and AMB Western Properties Fund-I ("WPF," and collectively, the "Predecessor Entities") has been duly formed and is validly existing as a partnership or corporation in good standing under the laws of its state of organization, with power and authority to own, lease and operate its properties, to conduct the business in which it is engaged and to enter into and perform its respective obligations under the Formation Documents to which it is a party. Each Predecessor Entity is duly qualified or registered as a foreign corporation or partnership, as applicable, to transact business in each jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or

the conduct of business, except where the failure so to qualify or be registered would not have a Material Adverse Effect.

(g) Each of the joint venture partnerships or limited liability companies listed on Schedule V hereto (the "Joint Ventures") has been duly formed and is validly existing

as a limited partnership or limited liability company in good standing under the laws of its state of organization, with power and authority to own, lease and operate its properties, to conduct the business in which it is engaged and to enter into and perform its respective obligations under the Formation Documents to which it is a party. Each Joint Venture is duly qualified or registered as a foreign limited partnership or limited liability company to transact business in each jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or be registered would not have a Material Adverse Effect. The Company, the Operating Partnership or a Subsidiary of the Company owns the partnership or other equity interest in each of the Joint Ventures as set forth on Schedule V hereto (the "Joint Venture Interests"), and each of the Joint Venture Interests is validly issued and fully paid and free and clear of any security interest, mortgage, pledge, lien encumbrance, claim or equity.

(h) (i) This Agreement has been duly authorized, executed and delivered by the Company and the Operating Partnership and constitutes the valid and binding agreement of the Company and the Operating Partnership, enforceable against them in accordance with its terms; (ii) on the Closing Date, the Agreement of Limited Partnership of the Operating Partnership (the "Partnership Agreement") will have been duly and validly authorized, executed and delivered by the parties thereto and will be a valid and binding agreement, enforceable in accordance with its terms; and (iii) on the Closing Date, each of the Formation Documents to which the Company, the Operating Partnership, any Subsidiary or any Predecessor Entity is a party pursuant to the Formation Transactions will have been duly and validly authorized, executed and delivered by such parties, and will be valid and binding agreements of such parties, enforceable in accordance with their terms; provided, however, that the enforceability of each of the foregoing documents may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally.

(i) Pursuant to the Agreement for Transfer of Realty and Assets (the "Contribution Agreement"), the Company or the Operating Partnership will acquire, as of the Closing Date, all, right, title and interest to the Properties (as defined in the Contribution Agreement) of the individual account investors named therein (the "Transferors").

(j) The transfer of interests or other assets pursuant to the Formation Documents does not violate the declaration of trust, charter, limited liability company agreement, certificate of limited partnership or partnership agreement, as the case may be, of any Predecessor Entity or, to the knowledge of the Company and the Operating Partnership based solely upon the representations and warranties of the Transferors contained in their respective Proxy, Representation Letter, Consent and Power of Attorney (the "Consents"), any Transferor. The Formation Documents are sufficient to effect the transfer to the Company or Operating Partnership of all direct or indirect interests in the Properties and other assets specified therein upon payment of the consideration therefor.

(k) The Company has an authorized capitalization as set forth in the Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and conform to the description thereof contained in the Prospectus.

(l) The shares of Common Stock outstanding prior to the issuance of the Shares have been duly authorized and are validly issued, fully paid and non-assessable, have been and will be offered and sold on or prior to Closing Date in compliance with all applicable laws (including, without limitation, federal and state securities laws) and are not subject to preemptive or other similar rights arising by operation of the Maryland General Corporation Law (the "MGCL") or under the charter or bylaws of the Company or any agreement or other instrument.

(m) The units of the Operating Partnership (the "Units") to be issued in connection with the Formation Transactions, including, without limitation, the Units to be issued to the Company, have been duly authorized for issuance by the Operating Partnership to the holders or prospective holders thereof, and at the Closing Date will be validly issued and fully paid and, with respect to the Units owned by the Company, are owned directly by the Company, free and clear of all liens, encumbrances, equities or claims. Immediately after the Closing Date, ______ Units will be issued and outstanding. The Units have been and will be offered and sold on or prior to the Closing Date in compliance with all applicable laws (including, without limitation, federal and state securities laws).

(n) The Shares have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Shares will not be subject to any preemptive or similar rights.

(o) The execution, delivery and performance of this Agreement by the Company and the Operating Partnership and the consummation of the transactions contemplated hereby, including without limitation the Formation Transactions, will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any material indenture, mortgage, deed of trust, loan agreement, joint venture agreement, partnership agreement, limited liability company agreement or any other agreement or instrument to which the Company, the Operating Partnership, any Subsidiary or any Predecessor Entity is a party or by which the Company, the Operating Partnership, any Subsidiary or any Predecessor Entity is bound or to which any of the property or assets of the Company, the Operating Partnership, any Subsidiary or any Predecessor Entity is subject, nor will such actions result in any violation of the provisions of the charter, by-laws, certificate of limited partnership, partnership agreement or other organizational documents of the Company, the Operating Partnership, any Subsidiary or any Predecessor Entity, as the case may be, or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company, the Operating Partnership, any Subsidiary or any Predecessor Entity or any of properties, assets or businesses to be owned by them after the Formation Transactions.

No consent, approval, authorization or order of, or filing or registration with, any such court or governmental agency or body is required for the execution, delivery and performance of this Agreement by the Company and the Operating Partnership and the consummation of the transactions contemplated hereby, including the Formation Transactions, except for the registration of the Shares under the Securities Act and such consents, approvals, authorizations, registrations or qualifications as may be required under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and applicable state and foreign securities laws in connection with the purchase and distribution of the Shares by the Underwriters.

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

(q) Upon completion of the Formation Transactions and the

sale of Shares hereunder, the Company is intended to be organized in conformity with the requirements for qualification as a real estate investment trust under the Internal Revenue Code of 1986, as amended (the "Code"), and its proposed method of operation will enable it to meet the requirements for taxation as a real estate investment trust under the Code for its taxable periods beginning or otherwise including the period after the Closing Date.

(r) Each preliminary prospectus filed as part of the registration statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Securities Act, complied when so filed in all material respects with the Securities Act and the applicable rules and regulations of' the Commission thereunder.

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

(t) Other than as set forth in the Prospectus, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company or to require the Company to include such securities with the Shares registered pursuant to the Registration Statement.

(u) Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, (i) the Company, the Operating Partnership,

the Subsidiaries and the Predecessor Entities have not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction not in the ordinary course of business; (ii) the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock; (iii) the Operating Partnership has not purchased any of its outstanding Units, other than ____ Units originally issued to an executive officer of the Company in connection with the formation and nominal capitalization of the Operating Partnership, nor declared, paid or otherwise made any dividend or distribution of any kind on its Units; and (iv) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company, the Operating Partnership, the Subsidiaries or the Predecessor Entities, except in each case as described in or contemplated by the Prospectus.

(v) (i) With respect to the Properties in which the Operating Partnership will succeed to all of the ownership interest, the Predecessor Entities and the Transferors that currently own such Properties have, and at the Closing Date the Operating Partnership will have, good and marketable fee simple title to the land underlying such Properties and good and marketable title to the improvements thereon and all other assets that are required for the effective operation of such Properties in the manner in which they currently are operated, subject, however, to existing mortgages on such Properties, to utility easements serving such Properties, to liens of ad valorem taxes not due and payable as of the Closing Date, to zoning and similar governmental land use matters affecting such Properties that are consistent with the current uses of such Properties, to matters of title not adversely affecting marketability of title to such Properties, other statutory liens not due and payable as of the Closing Date, title matters that may be material in character, amount or extent but which do not materially detract from the value, or interfere with the use of, the Properties or otherwise materially impair the business operations being conducted or proposed to be conducted thereon, service marks and trade names used in connection with such Properties (which are owned by the Predecessor Entities or the Transferors and to which the Operating Partnership shall succeed), and ownership by others of certain items of equipment and other items of personal property that are not material to the conduct of business operations at such Properties; (ii) with respect to the Properties in which the Operating Partnership will acquire less than all of the ownership interest (the "Joint Venture Properties"), the Joint

Ventures that currently own such Properties, to the knowledge of the Company and the Operating Partnership have, and at the Closing Date the Operating Partnership will have, good and marketable fee simple title to the land underlying such Properties and good and marketable title to the improvements thereon and all other assets that are required for the effective operation of such Properties in the manner in which they currently are operated, subject to the exceptions set forth in clause (i) above; (iii) all liens, charges, encumbrances, claims, or restrictions on or affecting any of the Properties and the assets of the Company, the Operating Partnership, any Subsidiary, any Predecessor Entity or any Transferor which are required to be disclosed in the Prospectus are disclosed therein; (iv) neither any Subsidiary nor any tenant of any of the Properties is in default under any of the leases pursuant to which any Subsidiary, as lessor, leases its Property (and neither the Company nor the Operating Partnership knows of any event which, but for the passage of time or the giving of notice,

or both, would constitute a default under any of such leases) other than such defaults that would not result in a Material Adverse Effect; (v) any real property and buildings held under lease by the Company, the Operating Partnership and the Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company, the Operating Partnership and the Subsidiaries, in each case except as described in or contemplated by the Prospectus; (vi) except as described in the Prospectus, no person has an option or right of first refusal to purchase all or part of any Property or any interest therein; (vii) each of the Properties complies with all applicable codes, laws and regulations (including, without limitation, building and zoning codes, laws and regulations and laws relating to access to the Properties), except if and to the extent disclosed in the Prospectus and except for such failures to comply that would not individually or in the aggregate result in a Material Adverse Effect; (viii) neither of the Company nor the Operating Partnership has knowledge of any pending or threatened condemnation proceedings, zoning change, or other similar proceeding or action that will in any manner affect the size of, use of, improvements on, construction on or access to any of the Properties, except such proceedings or actions that would not have a Material Adverse Effect; and (ix) the ground leases listed on Schedule VI hereto are in full force and effect, and the Company, the Operating Partnership, the Subsidiaries and the Predecessor Entities and, to the knowledge of the Company and the Operating Partnership, the Joint Ventures or other named lessees under such leases (A) are not in default in respect of any of the terms or provisions of such leases and (B) have not received notice of the assertion of any claim by anyone adverse to such person's or entity's rights as lessees under such leases, or affecting or questioning such person's or entity's right to the continued possession or use of the Property under such leases or of a default under such leases;

(w) Except as disclosed in the Prospectus: (i) each Property, including, without limitation, the Environment (as defined below) associated with such Property, is free of any Hazardous Substance (as defined below) in violation of any Environmental Law (as defined below) applicable to such Property, except for Hazardous Substances that would not result in a Material Adverse Effect; (ii) none of the Company, the Operating Partnership, any Subsidiary, any Predecessor Entity or any Transferor has caused or suffered to occur any Release (as defined below) of any Hazardous Substance into the Environment on, in, under or from any Property in violation of any Environmental Law applicable to such Property, and no condition exists on, in, under or, to the knowledge of the Company and the Operating Partnership, adjacent to any Property that could result in the incurrence of material liabilities or any material violations of any Environmental Law applicable to such Property, give rise to the imposition of any Lien (as defined below) under any Environmental Law, or cause or constitute a material health, safety or environmental hazard to any property, person or entity; (iii) none of the Company, the Operating Partnership, any Subsidiary, any Predecessor Entity or, to the knowledge of the Company and the Operating Partnership, any Transferor is engaged, and neither the Company, the Operating Partnership or any of the Subsidiaries intends to engage in any manufacturing or any other similar operations at the Properties that (1) require the use,

handling, transportation, storage, treatment or disposal of any Hazardous Substance (other than cleaning solvents and similar materials and other than insecticides and herbicides that are used in the ordinary course of operating the Properties and in compliance with all applicable Environmental Laws) or (2) require permits or are otherwise regulated pursuant to any Environmental Law; (iv) none of the Company, the Operating Partnership, any Subsidiary, any Predecessor Entity or any Transferor has received any written notice of a claim under or pursuant to any Environmental Law applicable to a Property or under common law pertaining to Hazardous Substances on or originating from any Property; (v) none of the Company, the Operating Partnership, any Subsidiary, any Predecessor Entity or any Transferor has received any notice from any Governmental Authority (as defined below) claiming any violation of any Environmental Law applicable to a Property that is uncured or unremediated as of the date hereof; (vi) no Property is included or, to the knowledge of the Company and the Operating Partnership, proposed for inclusion on the National Priorities List issued pursuant to CERCLA (as defined below) by the United States Environmental Protection Agency (the "EPA") or on the Comprehensive Environmental Response, Compensation, and Liability Information System database maintained by the EPA, and has not otherwise been identified by the EPA as a potential CERCLA removal, remedial or response site or included or, to the knowledge of the Company and the Operating Partnership, proposed for inclusion on, any similar list of potentially contaminated sites pursuant to any other applicable Environmental Law nor has the Company, the Operating Partnership, any Subsidiary, any Predecessor Entity or any Transferor received any written notice from the EPA or any other Governmental Authority proposing the inclusion of any Property on such list; and (vii) there are no underground storage tanks located on or in any Property which have not been disclosed to the U.S. Representatives.

As used herein: "Hazardous Substance" shall include, without limitation, any hazardous substance, hazardous waste, toxic or dangerous substance, pollutant, solid waste or similarly designated materials, including, without limitation, oil, petroleum or any petroleum-derived substance or waste, asbestos or asbestos-containing materials, PCBs, pesticides, explosives, radioactive materials, dioxins, urea formaldehyde insulation or any constituent of any such substance, pollutant or waste, including any such substance, pollutant or waste identified or regulated under any Environmental Law (including, without limitation, materials listed in the United States Department of Transportation Optional Hazardous Material Table, 49 C.F.R. Section 172.101, as heretofore amended, or in the EPA's List of Hazardous Substances and Reportable Quantities, 40 C.F.R. Part 302, as heretofore amended); "Environment" shall mean any surface water, drinking water, ground water, land surface, subsurface strata, river sediment, buildings, structures, and ambient, workplace and indoor air; "Environmental Law" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.) ("CERCLA"), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. Section 6901, et seq.), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.), the Clean Water Act, as amended (33 U.S.C. Section 1251, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, et seq.), the Occupational Safety and Health Act of 1970, as amended (29 U.S.C. Section

651, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801, et seq.), and all other applicable federal, state and local laws, ordinances, regulations, rules, orders, decisions and permits relating to the protection of the environment or of human health from environmental effects; "Governmental Authority" shall mean any federal, state or local governmental office, agency or authority having the duty or authority to promulgate, implement or enforce any Environmental Law; "Lien" shall mean, with respect to any Property, any mortgage, deed of trust, pledge, security interest, lien, encumbrance, penalty, fine, charge, assessment, judgment or other liability in, on or affecting such Property; and "Release" shall

mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, emanating or disposing of any Hazardous Substance into the Environment, including, without limitation, the abandonment or discard of barrels, containers, tanks (including, without limitation, underground storage tanks) or other receptacles containing or previously containing any Hazardous Substance or any release, emission, discharge or similar term, as those terms are defined or used in any Environmental Law.

(x) The Company, the Operating Partnership, the Subsidiaries and the Predecessor Entities (i) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of occupational health and safety and all Environmental Laws, (ii) have received all permits, licenses or other approvals required of them under applicable federal and state occupational safety and health laws and regulations and Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except in each case where such noncompliance, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a Material Adverse Effect.

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

(z) The Company, the Operating Partnership, the Subsidiaries and the Predecessor Entities own or possess, or can acquire on reasonable terms, all material patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names currently employed by them in connection with the business now operated by them, and none of the Company, the Operating Partnership, the Subsidiaries nor any Predecessor Entities have received any notice of infringement of or conflict with asserted rights of others with respect to any of the foregoing which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(aa) No material labor dispute with the employees of the Company, the Operating Partnership or any of the Subsidiaries exists, or, to the knowledge of the Company, is imminent; and the Company is not aware of any existing, threatened or imminent labor disturbance by the employees of any of its principal suppliers, manufacturers or contractors that could result in a Material Adverse Effect.

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

(cc) The Company, the Operating Partnership and each of the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they re engaged; none of the Company, the Operating Partnership nor any Subsidiary has been refused any insurance coverage sought or applied for; and none of the Company, the Operating Partnership nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not materially and adversely affect the condition, financial or otherwise, or the earnings, business or operations of the Company, the Operating Partnership and the Subsidiaries, taken as a whole, except as described in or contemplated by the Prospectus.

(dd) The Company, the Operating Partnership, the

Subsidiaries and the Predecessor Entities possess all certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses, and none of the Company, the Operating Partnership, any Subsidiary or any Predecessor Entity has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect, except as described in or contemplated by the Prospectus.

(ee) The Company, the Operating Partnership, the Subsidiaries and the Predecessor Entities maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(ff) The Company and the Operating Partnership have complied with all provisions of Section 517.075, Florida Statutes relating to doing business with the Government of Cuba or with any person or affiliate located in Cuba.

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

(hh) The financial statements (including the notes thereto) included in the Registration Statement and the Prospectus present fairly the financial position of the respective entity or entities presented therein at the respective dates indicated and the results of their operations for the respective periods specified, and except as otherwise stated in the Registration Statement, said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis. The supporting schedules included in the Registration Statement present fairly the information required to be stated therein. The financial information and data included in the Registration Statement and the Prospectus present fairly the information included therein and have been prepared on a basis consistent with that of the books and records of the respective entities presented therein. Pro forma financial information included in the Prospectus has been prepared in accordance with the applicable requirements of Rules 11-01 and 11-02 of Regulation S-X under the 1933 Act, and the necessary pro forma adjustments have been properly applied to the historical amounts in the compilation of such information, and, in the opinion of the Company, the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(ii) No relationship, direct or indirect, exists between or among the Company or the Operating Partnership on the one hand, and the directors, officers, stockholders (in the case of the Company), limited partners (in the case of the Operating Partnership), customers or suppliers of the Company or the Operating Partnership on the other hand, which is required to be described in the Prospectus which is not so described.

(jj) The Company and the Operating Partnership are in compliance in all material respects with all presently applicable provisions of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder ("ERISA"); no "reportable event" (as defined in ERISA) has occurred with respect to any "pension plan" (as defined in ERISA) for which the Company or the Operating Partnership would have any

liability; the Company or the Operating Partnership has not incurred and does not expect to incur liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "pension plan" or (ii) Sections 412 or 4971 of the Code including the regulations and published interpretations thereunder; each "pension plan" for which the Company or the Operating Partnership would have any liability that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification; and each "pension plan" for which the Company, the Operating Partnership or any of their affiliates has any liability

or with respect to which the Company, the Operating Partnership or any of their affiliates is a disqualified person (as defined in the Code) or party-in-interest (as defined in ERISA) has not been a party to any "prohibited transaction" (as defined in ERISA and the Code), except for such noncompliance, reportable events, liabilities, or failures to qualify that would not have a Material Adverse Effect.

(kk) Neither the Company nor the Operating Partnership, nor any director, officer, agent, employee or other person associated with or acting on behalf of the Company or the Operating Partnership, has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(ll) All of the representations and warranties of the Company and the Operating Partnership contained in the Formation Documents set forth on Schedule III hereof are true and correct in all material respects.

(mm) The Company, the Operating Partnership, the Subsidiaries and the Predecessor Entities are currently in substantial compliance with all presently applicable provisions of the Americans with Disabilities Act and no failure of the Company, the Operating Partnership, any Subsidiary or any Predecessor Entity to comply with all presently applicable provisions of the Americans with Disabilities Act would have a Material Adverse Effect.

(nn) The Company has not offered, or caused the Underwriters to offer, Shares to any person pursuant to the Directed Share Program with the specific intent to unlawfully influence (i) a customer or supplier of the Company or the Operating Partnership to alter the customer's or supplier's level or type of business with the Company or the Operating Partnership, or (ii) a trade journalist or publication to write or publish favorable information about the Company or its properties.

Furthermore, the Company represents and warrants to Morgan Stanley that (i) the Registration Statement, the Prospectus and any preliminary prospectus comply, and any further amendments or supplements thereto will comply, with any applicable laws or regulations of foreign jurisdictions in which the Prospectus or any preliminary prospectus, as amended or supplemented, if applicable, are distributed in connection with the Directed Share Program, and that (ii) no authorization, approval, consent, license, order, registration or qualification of or with any government, governmental instrumentality or court, other than such as have been obtained, is necessary under the securities laws and regulations of foreign jurisdictions in which the Directed Shares are offered outside the United States.

2. AGREEMENTS TO SELL AND PURCHASE. The Company hereby agrees to sell to the several Underwriters, and each Underwriter, upon the basis of the representations and warranties

herein contained, but subject to the conditions hereinafter stated, agrees, severally and not jointly, to purchase from the Company the respective numbers of Firm Shares set forth in Schedules I and II hereto opposite its names at U.S.$___ a share ("Purchase Price").

On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to sell to the U.S. Underwriters the Additional Shares, and the U.S. Underwriters shall have a one-time right to purchase, severally and not jointly, up to ______ Additional Shares at the Purchase Price. If the U.S. Representatives, on behalf of the U.S. Underwriters, elect to exercise such option, the U.S. Representatives shall so notify the Company in writing not later than 30 days after the date of this Agreement, which notice shall specify the number of Additional Shares to be purchased by the U.S. Underwriters and the date on which such shares are to be purchased. Such date may be the same as the Closing Date (as defined below) but not earlier than the Closing Date nor later than ten business days after the date of such notice. Additional Shares may be purchased as provided in Section 4 hereof solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. If any Additional Shares are to be purchased, each U.S. Underwriter agrees, severally and not jointly, to purchase the number of Additional Shares (subject to such adjustments to eliminate fractional shares as the U.S. Representatives may determine) that bears the same proportion to the total number of Additional Shares to be purchased as the number of U.S. Firm Shares set forth in Schedule I hereto opposite the name of such U.S. Underwriter bears to the total number of U.S. Firm Shares.

The Company hereby agrees that, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the Underwriters, it will not, during the period commencing on the date hereof and ending on the first anniversary of the date of the Prospectus, (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 Common Stock 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. The foregoing sentence shall not apply to (A) the Shares to be sold hereunder, (B) the issuance by the Company of shares of Common Stock upon the exercise of an option granted under the Company's 1997 Stock Option and Incentive Plan or the exercise of a warrant or the conversion of a security outstanding on the date hereof of which the Underwriters have been advised in writing, (C) the issuance of shares of Common Stock by the Company upon conversion or redemption of Units and (D) the issuance of Units in connection with strategic acquisitions by the Company, provided that such Units are not convertible into shares of Common Stock prior to the first anniversary of the date of the Prospectus.

3. TERMS OF PUBLIC OFFERING. The Company is advised by you that the Underwriters propose to make a public offering of their respective portions of the Shares as soon after the Registration Statement and this Agreement have become effective as in your judgment is advisable. The Company is further advised by you that the Shares are to be offered to the public initially at U.S.$______ a share (the "Public Offering Price") and to certain dealers selected by

you at a price that represents a concession not in excess of U.S.$ ______ a share under the Public Offering Price, and that any Underwriter may allow, and such dealers may reallow, a concession, not in excess of U.S.$ ____ a share, to any Underwriter or to certain other dealers.

4. PAYMENT AND DELIVERY. Payment for the Firm Shares shall be made to the Company in federal or other funds immediately available in New York City against delivery of such Firm Shares for the respective accounts of the several Underwriters at 10:00 A.M., New York City time, on ______ __, 1997, or at such other time on the same or such other date, not later than ______ __, 1997, as shall be designated in writing by you. The time and date of such payment are hereinafter referred to as the "Closing Date."

Payment for any Additional Shares shall be made to the Company in federal or other funds immediately available in New York City against delivery of such Additional Shares for the respective accounts of the several Underwriters at 10:00 A.M., New York City time, on the date specified in the notice described in Section 2 or at such other time on the same or on such

other date, in any event not later than _______, 1997, as shall be designated in writing by the U.S. Representatives. The time and date of such payment are hereinafter referred to as the "Option Closing Date."

Certificates for the Firm Shares and Additional Shares shall be in definitive form and registered in such names and in such denominations as you shall request in writing not later than one full business day prior to the Closing Date or the Option Closing Date, as the case may be. The certificates evidencing the Firm Shares and Additional Shares shall be delivered to you on the Closing Date or the Option Closing Date, as the case may be, for the respective accounts of the several Underwriters, with any transfer taxes payable in connection with the transfer of the Shares to the Underwriters duly paid, against payment of the Purchase Price therefor.

5. CONDITIONS TO THE UNDERWRITERS' OBLIGATIONS. The obligations of the Company to sell the Shares to the Underwriters and the several obligations of the Underwriters to purchase and pay for the Shares on the Closing Date are subject to the condition that the Registration Statement shall have become effective not later than _________ (New York City time) on the date hereof.

The several obligations of the Underwriters are subject to the following further conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date:

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

(ii) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement) that, in your judgment, is material and adverse and that makes it, in your judgment, impracticable to market the Shares on the terms and in the manner contemplated in the Prospectus.

(b) The Underwriters shall have received on the Closing Date a certificate, dated the Closing Date and signed by an executive officer of the Company, to the effect set forth in clause (a)(i) above and to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date.

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

(c) The Underwriters shall have received on the Closing Date an opinion of Latham & Watkins, outside counsel for the Company, dated the Closing Date, to the effect that:

(i) the Operating Partnership is a limited partnership duly formed and existing under and by virtue of the laws of the State of Delaware and is in good standing under the Delaware Revised Uniform Limited Partnership Act with partnership power and authority to own, lease and operate its properties, to conduct the business in which it is engaged or proposes to engage as described in the Prospectus and to enter into and perform its obligations under the Underwriting Agreement and the Formation Documents to which it is a party. The Operating Partnership is duly qualified or registered as a foreign partnership and is in good standing in California and is in good standing in each other jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of

business, except where the failure so to qualify or be registered or to be in good standing in such other jurisdiction would not have a Material Adverse Effect. The Company is the sole general partner of the Operating Partnership and, immediately after the Closing Date will be the sole general partner of the Operating Partnership and will own approximately 97.2% of all outstanding partnership interests in the Operating Partnership.

(ii) each Subsidiary has been duly incorporated, is validly existing as a partnership, corporation or limited liability company in good standing under the laws of its respective jurisdiction of organization, has the corporate, partnership or other power and authority to own its property and to conduct its business as

described in the Prospectus and to enter into and perform its obligations under the Formation Documents to which it is a party. Each Subsidiary is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect. Each of the partnership or member agreements of the Subsidiaries (as applicable) is in full force and effect.

(iii) at the time that each of the Formation Documents to which AMBIRA and WPF is a party, and at the time of the consummation of the transactions contemplated thereby, each of AMBIRA and WPF was duly formed and validly existing as a corporation or partnership in good standing under the laws of its state of organization, with power and authority to own, lease and operate its properties, to conduct the business in which it was engaged and to enter into and perform its respective obligations under the Formation Documents to which it is a party.

(iv) all of the issued shares of capital stock or other ownership interests of each Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and, except as described above, are owned directly or indirectly by the Company or the Operating Partnership, free and clear of all liens, encumbrances, equities or claims

(v) the Units to be issued in connection with the Formation Transactions, including, without limitation, the Units to be issued to the Company, have been, assuming the due authorization by the Company in its capacity as the sole general partner of the Operating Partnership, duly authorized for issuance by the Operating Partnership to the holders or prospective holders thereof, and at the Closing Date will be validly issued and fully paid. Immediately after the Closing Date, ______ Units will be issued and outstanding. The Units have been and will be offered and sold on or prior to the Closing Date in compliance with all federal and California securities laws.

(vi) the execution, delivery and performance of this Agreement by the Company and the Operating Partnership and the consummation of the transactions contemplated hereby, including without limitation the Formation Transactions, (A) will not, to the best of such counsel's knowledge, conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any of the documents set forth on Schedule VII hereto, (B) will not result in any violation of the provisions of the charter, by-laws, certificate of limited partnership, partnership agreement or other organizational documents of the Operating Partnership, any Subsidiary or any Predecessor Entity, as the case may be and (C) will not, to the best of such counsel's knowledge, result in any violation of federal securities laws, California law and the General Corporation Law of the State of Delaware. Except for the registration of the Shares under the Securities Act and such consents, approvals, authorizations, registrations or qualifications as

may be required under the Exchange Act, and applicable state Blue Sky and foreign securities laws in connection with the purchase and distribution of the Shares by the Underwriters, and assuming the accuracy of the representations and warranties of the Transferors contained in their respective Consents, no consent, approval, authorization or order of, or filing or registration with, any federal or California court or governmental agency or body is required by the Company, the Operating Partnership, any Subsidiary or any Predecessor Entity for the execution, delivery and performance of this Agreement by the Company and the Operating Partnership and the consummation of the transactions contemplated hereby, including the Formation Transactions.

(vii) the statements (A) in the Prospectus under the captions "Federal Income Tax Consequences," "ERISA Considerations" and "Underwriters" and (B) in the Registration Statement in Items 33 and 34, in each case insofar as such statements constitute summaries of the legal matters, documents or proceedings referred to therein, fairly present the information called for with respect to such legal matters, documents and proceedings and fairly summarize the matters referred to therein;

(viii) based upon the representations of the Company contained in this Agreement, the representations of the Transferors contained in their respective Consents and a certificate of an officer of the Company, such counsel does not know of any legal or governmental proceedings pending or threatened to which the Company, the Operating Partnership, any Subsidiary or any Predecessor Entity is a party or to which any of the properties of the Company, the Operating Partnership, any Subsidiary or any Predecessor Entity is subject that are required to be described in the Registration Statement or the Prospectus and are not so described or any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required. To the best knowledge of such counsel, all descriptions in the Registration Statement of contracts and other documents to which the Company, the Operating Partnership, any Subsidiary or any Predecessor Entity is a party fairly present the information called for with respect to such documents and fairly summarize the matters referred to therein;

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

(x) such counsel is of the opinion that the Registration Statement and Prospectus (except for financial statements and schedules and other financial and statistical data included therein as to which such counsel need not express any

opinion) comply as to form in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder;

(xi) commencing with its first taxable year and through the termination of its S status as part of the Formation Transactions, AMBIRA has been an S corporation within the meaning of Section 1361 of the Code;

(xii) the Operating Partnership is and will be treated as partnership for federal and state income tax purposes; and

(xiii) any other partnership or limited liability company in which the Company or the Operating Partnership will have a direct or indirect ownership interest will be treated as a partnership for federal and state income tax purposes.

(d) The Underwriters shall have received on the Closing Date an opinion of Ballard Spahr Andrews & Ingersoll, special Maryland counsel for the Company, dated the Closing Date, to the effect that:

(i) the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Maryland, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and to enter into and perform its obligations under the Underwriting Agreement and the Formation Documents to which it is a party. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect;.

(ii) the authorized capital stock of the Company conforms as to legal matters to the description thereof' contained in the Prospectus;

(iii) the shares of Common Stock outstanding prior to the issuance of the Shares have been duly authorized and are validly issued, fully paid and non-assessable, have been and will be offered and sold on or prior to Closing Date in compliance with all applicable laws (including, without limitation, federal and state securities laws) and are not subject to preemptive or other similar rights arising by operation of the MGCL or under the charter or bylaws of the Company or any agreement or other instrument known to such counsel;

(iv) the Shares have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Shares will not be subject to any preemptive or similar rights;

(v) this Agreement and each of the Formation Documents has been duly authorized, executed and delivered by the Company in its individual capacity and in its capacity as the general partner of the Operating Partnership and,

assuming due authorization, execution and delivery by the other parties thereto, this Agreement and each such Formation Document is a valid and binding agreement of the Company;

(vi) the execution, delivery and performance of this Agreement by the Company and the consummation of the transactions contemplated hereby, including without limitation the Formation Transactions, (A) will not contravene any provision of the MGCL, (B) will not result in any violation of the provisions of the charter or by-laws of the Company and (C) will not, to the best of such counsel's knowledge, result in any violation of any statute or any order, rule, regulation or administrative court decree issued under or pursuant to the MGCL and applicable to the properties, assets or businesses to be owned by the Company after the Formation Transactions;

(vii) the Company has duly authorized and reserved a sufficient number of shares of Common Stock for issuance upon redemption of outstanding Units issued by the Operating Partnership as contemplated by the Partnership Agreement and for issuance upon the exercise of options under the Company's Stock Option and Incentive Plan;

(viii) no consent, approval, authorization, order of or qualification with any court or governmental agency or

authority or other entity is required to be obtained by the Company, the Operating Partnership, any Subsidiary or any Predecessor Entity under the MGCL in connection with the offering, issuance or sale of the Shares under this Agreement except for such as have been obtained;

(ix) the form of certificate used to evidence the Shares is in due and proper form and complies with all applicable statutory requirements under the laws of the State of Maryland;

(x) the information in the Prospectus under the caption "Description of Capital Stock" (except for the information under the subsection thereof entitled "Restrictions on Ownership and Transfer"), to the extent that it constitutes matters of Maryland Law, summaries of legal matters, documents or proceedings, or legal conclusions, has been reviewed by them and is correct in all material respects, and the information under "Description of Capital Stock--Restrictions on Ownership and Transfer," to the extent that it constitutes a summary of the provisions of the Company's charter, has been reviewed by them and is correct in all material respects.

(e) The Underwriters shall have received on the Closing Date an opinion of Morrison & Foerster LLP, special counsel to each of CIF and VAF, 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 requirements for qualification as a REIT, and its method of operation has enabled each such corporation to qualify as a REIT under the Code.

(f) The Underwriters shall have received on the Closing Date an opinion of Gibson, Dunn & Crutcher LLP, counsel for the Underwriters, dated the Closing Date, covering the matters referred to in (viii) and (xii) of paragraph (c) above and (iv), (v) and (x) of paragraph (d) above (but only as to the statements in the Prospectus under "Description of Capital Stock" and "Underwriters").

With respect to subparagraph (xii) of paragraph (c) above, Latham & Watkins and Gibson, Dunn & Crutcher LLP may state that their opinion and belief are based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and review and discussion of the contents thereof, but are without independent check or verification, except as specified.

The opinions of Latham & Watkins, Ballard Spahr Andrews & Ingersoll and Morrison & Foerster LLP described in paragraph (c), (d) and (e) above shall be rendered to the Underwriters at the request of the Company and shall so state therein.

(g) The Underwriters shall have received, on each of the date hereof and the Closing Date, a letter dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to the Underwriters, from Arthur Andersen LLP, independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus; provided that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than the date hereof.

(h) The "lock-up" agreements, each substantially in the form of Exhibit A and Exhibit B hereto, between you and certain executive officers and independent directors of the Company, respectively, relating to sales and certain other dispositions of shares of Common Stock or certain other securities, delivered to you on or before the date hereof, shall be in full force and effect on the Closing Date.

(i) The several obligations of the U.S. Underwriters to purchase Additional Shares hereunder are subject to the delivery to the U.S. Representatives on the Option Closing Date of such documents as they may reasonably request with respect to the good standing of the Company, the due authorization and issuance of the Additional

Shares and other matters related to the issuance of the Additional Shares.

6. COVENANTS OF THE COMPANY. In further consideration of the agreements of the Underwriters herein contained, the Company covenants with each Underwriter as follows:

(a) To furnish to you, without charge, 11 signed copies of the Registration Statement (including exhibits thereto) and for delivery to each other Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and to furnish to you in New York City, without charge, prior to 10:00 A.M. New York City time on the business day next succeeding the date of this Agreement and during the period mentioned

in paragraph (c) below, as many copies of the Prospectus and any supplements and amendments thereto or to the Registration Statement as you may reasonably request.

(b) Before amending or supplementing the Registration Statement or the Prospectus, to furnish to you a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which you reasonably object, and to file with the Commission within the applicable period specified in Rule 424(b) under the Securities Act any prospectus required to be filed pursuant to such Rule.

(c) If, during such period after the first date of the public offering of the Shares, in the opinion of counsel for the Underwriters, the Prospectus is required by law to be delivered in connection with sales by an Underwriter or dealer, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances under which they were made not misleading when the Prospectus is delivered to a purchaser, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses you will furnish to the Company) to which Shares may have been sold by you on behalf of the Underwriters and to any other dealers upon request, either amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances under which they were made not misleading when the Prospectus is delivered to a purchaser, or so that the Prospectus, as amended or supplemented, will comply with law.

(d) To endeavor to qualify the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as you shall reasonably request.

(e) To make generally available to the Company's security holders and to you as soon as practicable an earnings statement covering the twelve-month period ending December 31, 1998 that satisfies the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(f) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Company's counsel and the Company's accountants in connection with the registration and delivery of the Shares under the Securities Act and all other fees or expenses in connection with the preparation and filing of the Registration Statement, any preliminary prospectus, the Prospectus and amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the Shares to the Underwriters, including any transfer or other taxes payable thereon, (iii) the cost of printing or producing any Blue Sky or Legal Investment memorandum in connection with the offer and sale of the Shares under state

securities laws and all expenses in connection with the qualification of the Shares for offer and sale under state securities laws as provided in Section 6(d) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky or Legal Investment memorandum, (iv) all filing fees and disbursements of counsel to the Underwriters incurred in connection with the review and qualification of the offering of the Shares by the National Association of Securities Dealers, Inc. (the "NASD"), (v) all fees and expenses in connection with the preparation and filing of the registration statement on Form 8-A relating to the Common Stock and all costs and expenses incident to listing the Shares on the New York Stock Exchange, (vi) the cost of printing certificates representing the Shares, (vii) the costs and charges of any transfer agent, registrar or depositary, (viii) the costs and expenses relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and, with the prior approval of the Company, the cost of any aircraft chartered in connection with the road show, and (ix) all other costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section. It is understood, however, that except as provided in this Section, Section 7 entitled "Indemnity and Contribution," and the last paragraph of Section 9 below, the Underwriters will pay all of their costs and expenses, including fees and disbursements of their counsel, stock transfer taxes payable on resale of any of the Shares by them and any advertising expenses connected with any offers they may make.

(g) that in connection with the Directed Share Program, the Company will ensure that the Directed Shares will be restricted to the extent required by the NASD or its rules from sale, transfer, assignment, pledge or hypothecation for a period of three months following the date of the effectiveness of the Registration Statement. Morgan Stanley will notify the Company in writing prior to the Closing Date as to which Participants will need to be so restricted. At the written request of Morgan Stanley, the Company will direct the transfer agent to place stop transfer restrictions upon such securities for such period of time.

(h) to pay all reasonable fees and disbursements of counsel incurred by the Underwriters in connection with the Directed Share Program and stamp duties, similar taxes or duties or other taxes, if any, incurred by the Underwriters in connection with the Directed Share Program.

Furthermore, the Company covenants with Morgan Stanley that the Company will comply with all applicable securities and other applicable laws, rules and regulations in each foreign jurisdiction in which the Directed Shares are offered in connection with the Directed Share Program.

7. INDEMNITY AND CONTRIBUTION. (a) The Company and the Operating Partnership, jointly and severally, agree to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged

untrue statement or omission based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein; provided, however, that the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages or liabilities purchased Shares, or any person controlling such Underwriter, if a copy of the Prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Underwriter to such person, if required by law so to have been delivered, at or prior to the written confirmation of the sale of the Shares to such person, and if the Prospectus (as so amended or supplemented) would have cured the defect giving rise to such losses, claims, damages or liabilities, unless such failure is the result of noncompliance by the Company with Section 6(a) hereof.

(b) The Company and the Operating Partnership jointly and severally agree to indemnify and hold harmless Morgan Stanley and each person, if any, who controls Morgan Stanley within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act ("Morgan Stanley Entities"), from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) (i) caused by any untrue statement or alleged untrue statement of a material fact contained in the prospectus wrapper material prepared by or with the consent of the Company for distribution in foreign jurisdictions in connection with the Directed Share Program attached to the Prospectus or any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement therein, when considered in conjunction with the Prospectus or any applicable preliminary prospectus, not misleading; provided, however, that the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Morgan Stanley Entity from whom the person asserting any such losses, claims,

damages or liabilities purchased Shares, or any person controlling such Morgan Stanley Entity, if a copy of the Prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Morgan Stanley Entity to such person, if required by law so to have been delivered, at or prior to the written confirmation of the sale of the Shares to such person, and if the Prospectus (as so amended or supplemented) would have cured the defect giving rise to such losses, claims, damages or liabilities, unless such failure is the result of noncompliance by the Company with Section 6(a) hereof; (ii) caused by the failure of any Participant to pay for and accept delivery of the shares which, immediately following the effectiveness of the Registration Statement, were subject to a properly confirmed agreement to purchase; or (iii) related to, arising out of, or in connection with the Directed Share Program, provided that, the Company shall not be responsible under this subparagraph (iii) for any losses, claim, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the bad faith or gross negligence of Morgan Stanley Entities.

(c) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company and the Operating Partnership, the Company's directors, its officers who sign the Registration Statement and each person, if any, who controls the Company or the Operating Partnership within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnities from the Company and the Operating Partnership to such Underwriter, but only with reference to information relating to such Underwriter furnished to the Company in writing by such Underwriter through you expressly for use in the Registration Statement, any preliminary prospectus, the Prospectus or any amendments or supplements thereto.

(d) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to paragraph (a), (b) or (c) of this Section 7, such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of

such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by Morgan Stanley & Co. Incorporated, in the case of parties indemnified pursuant to paragraphs (a) and (b) of this Section 7, and by the Company or the Operating Partnership, in the case of parties indemnified pursuant to paragraph (c) of this Section 7. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this

paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 60 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of each indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding. Notwithstanding anything contained herein to the contrary, if indemnity may be sought pursuant to Section 7(b) hereof in respect of such action or proceeding, then in addition to such separate firm for the indemnified parties, the indemnifying party shall be liable for the reasonable fees and expenses of not more than one separate firm (in addition to any local counsel) for Morgan Stanley for the defense of any losses, claims, damages and liabilities arising out of the Directed Share Program, and all persons, if any, who control Morgan Stanley within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act.

(e) To the extent the indemnification provided for in paragraph (a), (b) or (c) of this Section 7 is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Shares (before deducting expenses) received by the Company and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate Public Offering Price of the Shares. The relative fault of the Company and/or the Operating Partnership on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the respective number of Shares they have purchased hereunder, and not joint.

(f) The Company, the Operating Partnership and the Underwriters agree that it would not be just or equitable if contribution

pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any

other method of allocation that does not take account of the equitable considerations referred to in paragraph (e) of this Section 7. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 7 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(g) The indemnity and contribution provisions contained in this Section 7 and the representations, warranties and other statements of the Company and the Operating Partnership contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter or any person controlling any Underwriter or by or on behalf of the Company or the Operating Partnership, the Company's officers or directors or any person controlling the Company or the Operating Partnership and (iii) acceptance of and payment for any of the Shares.

8. TERMINATION. This Agreement shall be subject to termination by notice given by you to the Company, if (a) after the execution and delivery of this Agreement and prior to the Closing Date (i) trading generally shall have been suspended or materially limited on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Inc., the Chicago Board of Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a general moratorium on commercial banking activities in New York shall have been declared by either federal or New York State authorities or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in your judgment, is material and adverse and (b) in the case of any of the events specified in clauses (a)(i) through (iv), such event, singly or together with any other such event, makes it, in your judgment, impracticable to market the Shares on the terms and in the manner contemplated in the Prospectus.

9. EFFECTIVENESS; DEFAULTING UNDERWRITERS. This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If, on the Closing Date or the Option Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase Shares that it has or they have agreed to purchase hereunder on such date, and the aggregate number of Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate number of the Shares to be purchased on such date, the other Underwriters shall

be obligated severally in the proportions that the number of Firm Shares set forth opposite their respective names in Schedule I or Schedule II bears to the aggregate number of Firm Shares set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as you may specify, to purchase the Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; provided that in no event shall the number of Shares that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 9 by an amount in excess

of one-ninth of such number of Shares without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Firm Shares and the aggregate number of Firm Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Firm Shares to be purchased, and arrangements satisfactory to you and the Company for the purchase of such Firm Shares are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case either you or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and in the Prospectus or in any other documents or arrangements may be effected. If, on the Option Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Additional Shares and the aggregate number of Additional Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Additional Shares to be purchased, the non-defaulting Underwriters shall have the option to (i) terminate their obligation hereunder to purchase Additional Shares or (ii) purchase not less than the number of Additional Shares that such non-defaulting Underwriters would have been obligated to purchase in the absence of such default. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of the Company or the Operating Partnership to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company or the Operating Partnership shall be unable to perform its obligations under this Agreement, the Company will reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by such Underwriters in connection with this Agreement or the offering contemplated hereunder.

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

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

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

Very truly yours,

AMB PROPERTY CORPORATION

By: ---------------------------------
Name:
Title:

AMB PROPERTY, L.P.

By: AMB PROPERTY CORPORATION,
its General Partner

By: ---------------------------------
Name:
Title:

Accepted as of the date hereof

MORGAN STANLEY & CO. INCORPORATED
BT ALEX. BROWN INCORPORATED
LEHMAN BROTHERS INC.
MONTGOMERY SECURITIES
SMITH BARNEY INC.

Acting severally on behalf of themselves and the
several U.S. Underwriters named in Schedule I hereto.

By Morgan Stanley & Co. Incorporated

By:_______________________________________
Name:
Title:

MORGAN STANLEY & CO. INTERNATIONAL LIMITED
BT ALEX. BROWN INTERNATIONAL, DIVISION OF BANKERS
TRUST INTERNATIONAL PLC
LEHMAN BROTHERS INTERNATIONAL (EUROPE)
MONTGOMERY SECURITIES
SMITH BARNEY INC.

Acting severally on behalf of themselves and the several
International Underwriters named in Schedule II hereto.

By Morgan Stanley & Co. International Limited

By:_______________________________________
Name:
Title:

SCHEDULE I

U.S. UNDERWRITERS

<TABLE>
<CAPTION>

U.S. Underwriter	Number of Firm Shares to be Purchased
<S>	<C>
Morgan Stanley & Co. Incorporated	
BT Alex. Brown Incorporated	
Lehman Brothers Inc.	
Montgomery Securities	
Smith Barney Inc.	
Total U.S. Firm Shares	

</TABLE>

SCHEDULE II

INTERNATIONAL UNDERWRITERS

<TABLE>
<CAPTION>

International Underwriter	Number of Firm Shares to be Purchased

<S> <C>

Underwriter	
Morgan Stanley & Co. Incorporated Limited	
BT Alex. Brown International, division of Bankers Trust International PLC	
Lehman Brothers International (Europe).	
Montgomery Securities	
Smith Barney Inc.	
Total International Firm Shares	

____

____

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</TABLE>

SCHEDULE III

FORMATION DOCUMENTS

1. Agreement for Transfer of Realty and Assets, dated as of _______ __, 1997, by and among the Transferors named therein and AMB Property Corporation.

2. Agreement of Merger, dated _______ __, 1997, of AMB Current Income Fund, Inc. with and into CIF Merger Sub, Inc.

3. Agreement of Merger, dated _______ __, 1997, of AMB Value Added Fund, Inc. with and into VAF Merger Sub, Inc.

4. Agreement and Plan of Merger, dated as of _______ __, 1997, by and among AMB Property Corporation, CIF Merger Sub, Inc. and VAF Merger Sub, Inc.

5. Agreement of Merger, dated _______ __, 1997, of AMB Institutional Realty Advisors, Inc. with and into AMB Property Corporation.

6. Escrow Agreements, dated ______ __, 1997, by and between the [Operating Partnership] and each of __________, _____________, etc.

7. Agreement of Limited Partnership of AMB Property, L.P.

8. Registration Rights Agreement, dated as of ______ __, 1997, by and among AMB Property Corporation, AMB Property, L.P. and the unit holders listed on the signature pages thereto.

SCHEDULE IV

SUBSIDIARIES OF THE COMPANY

AMB Property II, L.P.

AMB Property Holding Company

Long Gate, LLC

AMB Institutional Realty Advisors, Inc.

AMB Institutional Realty Advisors, L.P.

SCHEDULE V

JOINT VENTURES

<TABLE>
<CAPTION>

NAME OF JOINT VENTURE	OWNERSHIP INTEREST IN JOINT VENTURE
American Beauty General	50.0001% G.P. Interest
CH-VAF Orlando Joint Venture	90% G.P. Interest
Dark Starr Limited Partnership	50.0001% L.P. Interest
Fairway Drive Venture LLC	87.15% Member Interest
Hamilton Lakes/AMB CIF	50% L.P. Interest
Met Phase I 95, Ltd.	87.15% L.P. Interest
St. Stephen Limited Partnership	50.0001% L.P. Interest
Met 4/12, Ltd.	87.15% L.P. Interest

SCHEDULE VI

GROUND LEASES

[PLEASE LIST EACH GROUND LEASE AND THE PROPERTY LOCATION]

SCHEDULE VII

CERTAIN MATERIAL CONTRACTS

[LIST]

EXHIBIT A

[FORM OF LOCK-UP LETTER--EXECUTIVE OFFICERS]

________ __, 1997

Morgan Stanley & Co. Incorporated
BT Alex. Brown Incorporated
Lehman Brothers Inc.
Montgomery Securities
Smith Barney Inc.
c/o Morgan Stanley & Co. Incorporated
1585 Broadway
New York, NY 10036

Morgan Stanley & Co. International Limited
BT Alex. Brown International, division of Bankers Trust
International PLC
Lehman Brothers International (Europe)
Montgomery Securities
Smith Barney Inc.
c/o Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA
England

Dear Sirs and Mesdames:

The undersigned understands that Morgan Stanley & Co. Incorporated ("Morgan Stanley") and Morgan Stanley & Co. International Limited ("MSIL") propose to enter into an Underwriting Agreement (the "Underwriting Agreement") with AMB PROPERTY CORPORATION, a Maryland corporation (the "Company"), and AMB PROPERTY, L.P., a Delaware limited partnership (the "Operating Partnership"), providing for the public offering (the "Public Offering") by the several Underwriters, including Morgan Stanley and MSIL (the "Underwriters") of ______

shares (the "Shares") of the Common Stock, par value $.01 per share of the Company (the "Common Stock").

To induce the Underwriters that may participate in the Public Offering to continue their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of Morgan Stanley on behalf of the Underwriters, the undersigned will not, during the period commencing on the date hereof and ending on the second anniversary of the date of the final prospectus relating to the Public Offering (the "Prospectus"), (1) 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 Common Stock, or (2) 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 (l) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. In addition, the undersigned agrees that, without the prior written consent of Morgan Stanley on behalf of the Underwriters, the undersigned will not, during the period commencing on the date hereof and ending on the second anniversary of the date of the Prospectus, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Underwriters.

Very truly yours,

(Name)

(Address)

EXHIBIT B

[FORM OF LOCK-UP LETTER--INDEPENDENT DIRECTORS]

________ __, 1997

Morgan Stanley & Co. Incorporated
BT Alex. Brown Incorporated
Lehman Brothers Inc.
Montgomery Securities
Smith Barney Inc.
c/o Morgan Stanley & Co. Incorporated
1585 Broadway
New York, NY 10036

Morgan Stanley & Co. International Limited
BT Alex. Brown International, division of Bankers Trust
International PLC
Lehman Brothers International (Europe)
Montgomery Securities
Smith Barney Inc.
c/o Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA
England

Dear Sirs and Mesdames:

The undersigned understands that Morgan Stanley & Co. Incorporated ("Morgan Stanley") and Morgan Stanley & Co. International Limited ("MSIL") propose to enter into an Underwriting Agreement (the "Underwriting Agreement") with AMB PROPERTY CORPORATION, a Maryland corporation (the "Company"), and AMB PROPERTY, L.P., a Delaware limited partnership (the "Operating Partnership"), providing for the public offering (the "Public Offering") by the several Underwriters, including Morgan Stanley and MSIL (the "Underwriters") of ______ shares (the "Shares") of the Common Stock, par value $.01 per share of the Company (the "Common Stock").

To induce the Underwriters that may participate in the Public Offering to continue their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of Morgan Stanley on behalf of the Underwriters, the undersigned will not, during the period commencing on the date hereof and ending on the first anniversary of the date of the final prospectus relating to the Public Offering (the "Prospectus"), (1) 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 Common Stock, or (2) 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 (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. In addition, the undersigned agrees that, without the prior written consent of Morgan Stanley on behalf of the Underwriters, the undersigned will not, during the period commencing on the date hereof and ending on the first anniversary of the date of the Prospectus, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Underwriters.

Very truly yours,

(Name)

(Address)

EXHIBIT 3.1

ARTICLES OF INCORPORATION

OF

AMB PROPERTY CORPORATION,

A MARYLAND CORPORATION

The undersigned, Charles R. Moran, Esq., whose address is c/o Ballard, Spahr, Andrews & Ingersoll, 300 E. Lombard Street, Baltimore, Maryland 21202, being at least 18 years of age, does hereby form a corporation under the general laws of the State of Maryland.

ARTICLE I
NAME OF THE CORPORATION

The name of the corporation (hereinafter the "Corporation") is:

AMB Property Corporation

ARTICLE II
REGISTERED AGENT: PRINCIPAL OFFICE IN STATE

The address of the Corporation's principal office in the State of Maryland is c/o Ballard, Spahr, Andrews & Ingersoll, 300 E. Lombard Street, Baltimore, Maryland 21202. The name of the Corporation's registered agent is Charles R. Moran, Esq., whose address is c/o Ballard, Spahr, Andrews & Ingersoll, 300 E. Lombard Street, Baltimore, Maryland 21202, said resident agent being a citizen of the state of Maryland residing therein.

ARTICLE III
PURPOSE OF THE CORPORATION

The purpose for which the Corporation is formed is to engage in any lawful act or activity (including, without limitation or obligation, engaging in business as a real estate investment trust (a "REIT") under Sections 856 to 860 of the Internal Revenue Code of 1986, as amended, or any successor statute of similar import (the "Code")) for which corporations may be organized under the Maryland General Corporation Law, as amended from time to time, and any successor statute hereafter enacted (the "MGCL").

ARTICLE IV
AUTHORIZED CAPITAL STOCK

The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 600,000,000, consisting of 500,000,000 shares of common stock, par value $.01 per share (the "Common Stock"), and 100,000,000 shares of preferred stock, par value $.01 per share (the "Preferred Stock") which may be issued in one or more classes as described in Paragraph C of this Article IV. The aggregate par value of all of the Corporation's authorized shares having par value is $6,000,000. The Common Stock and each class of the Preferred Stock shall each constitute a separate class of capital stock of the Corporation.

The following is a description of each of the classes of stock of the Corporation and a statement of the powers, preferences and rights of such stock, and the qualifications, limitations and restrictions thereof:

A. Voting Rights.

1. Common Stock. Except as may otherwise be required by law, and subject to the provisions of such resolution or resolutions as may be adopted by the Board of Directors pursuant to Paragraph C of this Article IV granting the holders of one or more classes of Preferred Stock exclusive voting powers with respect to any matter, each holder of Common Stock shall have one vote in respect of each share of Common Stock held on all matters voted upon by the stockholders.

2. Preferred Stock. Except as may otherwise be required by law, and subject to the provisions of such resolution or resolutions as may be adopted by the Board of Directors pursuant to Paragraph C of this Article IV granting the holders of one or more classes of Preferred Stock voting powers with respect to any matter, the Preferred Stock shall have no voting rights and shall have no rights to receive notice of any meetings except as expressly provided in the resolution establishing any class thereof.

B. Terms of Common Stock. The Common Stock shall be subject to the express terms of the Preferred Stock or any classes thereof.

1. Dividend Rights. After the provisions with respect to preferential dividends on any class of Preferred Stock (fixed in accordance with the provisions of Paragraph C of this Article IV), if any, shall have been satisfied and after the Corporation shall have complied with all the requirements, if any, with respect to redemption of, or the setting aside of sums as sinking funds or redemption or purchase accounts with respect to, any class of Preferred Stock (fixed in accordance with the provisions of Paragraph C of this Article IV), and subject further to any other conditions that may be fixed in accordance with the provisions of Paragraph C of this Article IV, then, and not otherwise, the holders of Common Stock shall be entitled to receive such dividends as may be authorized and declared from time to time by the Board of Directors out of funds legally available therefor. All distributions paid with respect to the Common Stock shall be paid pro rata, with no preference to any share of Common Stock as compared with other shares of Common Stock.

2. Rights Upon Liquidation. In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, after distribution in full of the preferential amounts, if any (fixed in accordance with the provisions of Paragraph C of this Article IV), to be distributed to the holders of Preferred Stock by reason thereof, the holders of Common Stock shall, subject to the additional rights, if any (fixed in accordance with the provisions of Paragraph C of this Article IV), of the holders of any outstanding shares of Preferred Stock, be entitled to receive all of the remaining assets of the Corporation, tangible and intangible, of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them.

C. Issuance and Terms of Preferred Stock. The Preferred Stock may be issued, from time to time, in one or more classes, and each class shall be known and designated by such designations, as may be stated and expressed in a resolution or resolutions adopted by the Board of Directors of the Corporation and as shall have been set forth in articles supplementary made, executed, acknowledged, filed and recorded in the manner required by the MGCL in order to make the same effective. Each class shall consist of such number of shares as shall be stated and expressed in such resolution or resolutions providing for the issue of Preferred Stock of such class together with such additional number of shares as the Board of Directors by resolution or resolutions may from time to time determine to issue as a part of such class. All shares of any one class of such Preferred Stock shall be alike in every particular except that shares issued at different times may accumulate dividends from different dates. The Board of Directors shall have power and authority to state and determine in the resolution or resolutions providing for the issue of each class of Preferred Stock the number of shares of each such class authorized to be issued, the voting powers (if any) and the designations, preferences and relative, participating, optional, conversion or other rights appertaining to each such class, and the qualifications, limitations or restrictions thereof (including, but not by way of limitation, full power and authority to determine as to the Preferred Stock of each such class, the rate or rates of dividends payable thereon, the times of payment of such dividends, the prices and manner upon which the Preferred Stock may be redeemed, the amount or amounts payable thereon in the event of liquidation, dissolution or winding up of the Corporation or in the event of any merger or consolidation of or sale of assets by the Corporation, the rights (if any) to convert the Preferred Stock into, and/or to purchase, stock of any other class or series, the terms of any sinking fund or redemption or purchase account (if any) to be provided for shares of such class of Preferred Stock, restrictions on ownership and transfer to preserve tax benefits, and the voting powers (if any) of the holders of any class of Preferred Stock generally or with respect to any particular matter, which may be less than, equal to or greater than one vote per share, and which may, without limiting the generality of the foregoing, include the right, voting as a class by itself or together with the holders of any other class of Preferred Stock or all classes of Preferred Stock as a single class, to elect one or more directors of the Corporation generally or under such specific circumstances and on such conditions, as shall be provided in the resolution or resolutions of the Board of Directors adopted pursuant hereto, including, without limitation, in the event there shall have been a default in the payment of dividends on or redemption of any one or more classes of Preferred Stock). The Board of Directors may from time to time decrease the number of shares of any class of Preferred Stock (but not below the number thereof then outstanding) by providing that any unissued shares previously assigned to such class shall no longer constitute part thereof

and may assign such unissued shares to an existing or newly created class. The foregoing provisions of this Paragraph C with respect to the creation or issuance of classes of Preferred Stock shall be subject to any additional conditions with respect thereto which may be contained in any resolutions then in effect which shall have theretofore been adopted in accordance with the foregoing provisions of this Paragraph C with respect to any then outstanding class of Preferred Stock.

D. Authorization of Capital Stock; Issuance and Reclassification of Shares. The Board of Directors may authorize the issuance from time to time of shares of its capital stock of any class or series whether now or hereafter authorized, or securities convertible into shares of its capital stock of any class or series, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable, subject to such restrictions or limitations, if any, as may be set forth in the Charter of the Corporation or the Bylaws of the Corporation, or in the MGCL. In addition, the Board of Directors shall have the power, in its sole discretion without limitation, to classify or reclassify any unissued shares of capital stock of the Corporation, whether now or hereafter authorized, by setting, altering or eliminating, in any one or more respects, from time to time, before the issuance of such shares of capital stock of the Corporation, any feature of such shares including, but not limited to, the designation, par value, preferences or conversion or other rights, voting powers, qualifications and terms and conditions of redemption, limitations as to dividends and other distributions, restrictions on ownership and transfer to preserve tax benefits and any other restrictions on such shares.

E. Restrictions on Ownership and Transfer to Preserve Tax Benefits.

1. Definitions. For the purposes of Paragraph E of this Article IV, the following terms shall have the following meanings:

"Beneficial Ownership" shall mean ownership of Common Stock by a Person who is or would be treated as an owner of such Common Stock either actually or constructively through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. The terms "Beneficial Owner," "Beneficially Own," "Beneficially Owns" and "Beneficially Owned" shall have the correlative meanings.

"Charitable Beneficiary" shall mean one or more beneficiaries of a Trust, as determined pursuant to Subparagraph E(3)(f) of this Article IV.

"Code" shall have the meaning set forth in Article III hereof. All section references to the Code shall include any successor provisions thereof as may be adopted from time to time.

"Common Stock" shall have the meaning set forth in the preamble to Article IV hereof.

"Constructive Ownership" shall mean ownership of Common Stock by a Person who is or would be treated as an owner of such Common Stock either actually or constructively through the application of Section 318 of the Code, as modified by Section 856(d)(5) of the Code. The terms "Constructive Owner," "Constructively Own," "Constructively Owns" and "Constructively Owned" shall have the correlative meanings.

"Corporation" shall have the meaning set forth in the preamble to these Articles of Incorporation.

"Initial Public Offering" shall mean the sale of Common Stock pursuant to the Corporation's first effective registration statement for such Common Stock filed under the Securities Act of 1933, as amended.

"IRS" means the United States Internal Revenue Service.

"Market Price" shall mean the last reported sales price reported on the New York Stock Exchange of the Common Stock on the trading day immediately preceding the relevant date, or if the Common Stock is not then traded on the New York Stock Exchange, the last reported sales price of the Common Stock on the trading day immediately preceding the relevant date as reported on any exchange or quotation system over which the Common Stock may be traded, or if the Common Stock is not then traded over any exchange or quotation system, then the market price of the Common Stock on the relevant date as determined in good faith by the Board of Directors of the Corporation.

"Operating Partnership" shall mean AMB Property, L.P., a Delaware limited partnership.

"OP Units" shall have the meaning set forth in paragraph H of Article IV hereof.

"Ownership Limit" shall mean 9.8% (by value or by number of shares, whichever is more restrictive) of the outstanding Common Stock of the Corporation.

"Partnership Agreement" shall mean the Agreement of

Limited Partnership of AMB Property, L.P., as such agreement may be amended from time to time.

"Person" shall mean an individual, corporation, partnership, limited liability company, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity; but does not include an underwriter acting in a capacity as such in a public offering of shares of Common Stock provided that the ownership of such shares of Common Stock by such underwriter would not result in the Corporation being "closely held" within the meaning of Section

856(h) of the Code, or otherwise result in the Corporation failing to qualify as a REIT.

"Purported Beneficial Transferee" shall mean, with respect to any purported Transfer (or other event) which results in a transfer to a Trust, as provided in Subparagraph E(2)(b) of this Article IV, the Purported Record Transferee, unless the Purported Record Transferee would have acquired or owned shares of Common Stock for another Person who is the beneficial transferee or owner of such shares, in which case the Purported Beneficial Transferee shall be such person.

"Purported Record Transferee" shall mean, with respect to any purported Transfer (or other event) which results in a transfer to a Trust, as provided in Subparagraph E(2)(b) of this Article IV, the record holder of the shares of Common Stock if such Transfer had been valid under Subparagraph E(2)(a) of this Article IV.

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

"Restriction Termination Date" shall mean the first day after the date of the Initial Public Offering on which (1) the Board of Directors of the Corporation determines that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT and (2) such determination is approved by the affirmative vote of the holders of not less than two-thirds of the shares of the Corporation's capital stock outstanding and entitled to vote thereon.

"Transfer" shall mean any sale, transfer, gift, assignment, devise or other disposition of Common Stock, including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Common Stock or (ii) the sale, transfer, assignment or other disposition of any securities (or rights convertible into or exchangeable for Common Stock), whether voluntary or involuntary, whether such transfer has occurred of record or beneficially or Beneficially or Constructively (including but not limited to transfers of interests in other entities which result in changes in Beneficial or Constructive Ownership of Common Stock), and whether such transfer has occurred by operation of law or otherwise.

"Trust" shall mean each of the trusts provided for in Subparagraph E(3) of this Article IV.

"Trustee" shall mean any Person unaffiliated with the Corporation, or a Purported Beneficial Transferee, or a Purported Record Transferee, that is appointed by the Corporation to serve as trustee of a Trust.

2. Restriction on Ownership and Transfers.

(a) From the date of the Initial Public Offering and prior to the Restriction Termination Date:

(i) except as provided in Subparagraph E(9) of this Article IV, no Person shall Beneficially Own Common Stock in excess of the Ownership Limit;

(ii) except as provided in Subparagraph E(9) of this Article IV, no Person shall Constructively Own in excess of 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of Common Stock of the Corporation; and

(iii) no Person shall Beneficially or Constructively Own Common Stock to the extent that such Beneficial or Constructive Ownership would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code, or otherwise failing to qualify as a REIT (including but not limited to ownership that would result in the Corporation owning (actually or Constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation (either directly or indirectly through one or more partnerships) from such tenant would cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code).

(b) If, during the period commencing on the date of the Initial Public Offering and prior to the Restriction Termination Date, any Transfer (whether or not such Transfer is the result of a transaction entered into through the facilities of the New York Stock Exchange ("NYSE")) or other event occurs that, if effective, would result in any Person Beneficially or Constructively Owning Common Stock in violation of Subparagraph E(2)(a) of this Article IV, (i) then that number of shares of Common Stock that otherwise would cause such Person to violate Subparagraph E(2)(a) of this Article IV (rounded up to the nearest whole share) shall be automatically transferred to a Trust for the benefit of a Charitable Beneficiary, as described in Subparagraph E(3), effective as of the close of business on the business day prior to the date of such Transfer or other event, and such Purported Beneficial Transferee shall thereafter have no rights in such shares or (ii) if, for any reason, the transfer to the Trust described in clause (i) of this sentence is not automatically effective as provided therein to prevent any Person from Beneficially or Constructively Owning Common Stock in violation of Subparagraph E(2)(a) of this Article IV, then the Transfer of that number of shares of Common Stock that otherwise would cause any Person to violate Subparagraph E(2)(a) shall be void ab initio, and the Purported Beneficial Transferee shall have no rights in such shares.

(c) Subject to Section K of this Article IV and notwithstanding any other provisions contained herein, during the period commencing on the date of the Initial Public Offering and prior to the Restriction Termination Date, any Transfer of Common Stock (whether or not such Transfer is the result of a transaction entered into through the facilities of the NYSE) that, if effective, would result in the capital stock of the Corporation being beneficially owned by less than 100 Persons (determined without reference to any rules of attribution) shall be void ab initio, and the intended transferee shall acquire no rights in such Common Stock.

(d) It is expressly intended that the restrictions on ownership and Transfer described in this Subparagraph E(2) of Article IV shall apply to the redemption/exchange rights provided in Section 8.6 of the Partnership Agreement. Notwithstanding any of the provisions of the Partnership Agreement to the contrary, a partner of the Operating Partnership shall not be entitled to effect an exchange of an interest in the Operating Partnership for Common Stock if the actual or beneficial or Beneficial or Constructive ownership of Common Stock would be prohibited under the provisions of this Article IV.

3. Transfers of Common Stock in Trust.

(a) Upon any purported Transfer or other event described in Subparagraph E(2)(b) of this Article IV, such Common Stock shall be deemed to have been transferred to the Trustee in his capacity as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the business day prior to the purported Transfer or other event that results in a transfer to the Trust pursuant to Subparagraph E(2)(b). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation, any Purported Beneficial Transferee, and any Purported Record Transferee. Each Charitable Beneficiary shall be designated by the Corporation as provided in Subparagraph E(3)(f) of this Article IV.

(b) Common Stock held by the Trustee shall be issued and outstanding Common Stock of the Corporation. The Purported Beneficial Transferee or Purported Record Transferee shall have no rights in the shares of Common Stock held by the Trustee. The Purported Beneficial Transferee or Purported Record Transferee shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends and shall not possess any rights to vote or other rights attributable to the shares of Common Stock held in the Trust.

(c) The Trustee shall have all voting rights and rights to dividends with respect to Common Stock held in the Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or distribution paid prior to the discovery by the Corporation that shares of Common Stock have been transferred to the Trustee shall be paid to the Trustee upon demand, and any dividend or distribution declared but unpaid shall be paid when due to the Trustee with respect to such Common Stock. Any dividends or distributions so paid over to the Trustee shall be held in trust for the Charitable Beneficiary. The Purported Record Transferee and Purported Beneficial

Transferee shall have no voting rights with respect to the Common Stock held in the Trust and, subject to Maryland law, effective as of the date the Common Stock has been transferred to the Trustee, the Trustee shall have the authority (at the Trustee's sole discretion) (i) to rescind as void any vote cast by a Purported Record Transferee with respect to such Common Stock prior to the discovery by the Corporation that the Common Stock has been transferred to the Trustee and (ii) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of this Article IV,

until the Corporation has received notification that the Common Stock has been transferred into a Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

(d) Within 20 days of receiving notice from the Corporation that shares of Common Stock have been transferred to the Trust, the Trustee of the Trust shall sell the shares of Common Stock held in the Trust to a person, designated by the Trustee, whose ownership of the shares of Common Stock will not violate the ownership limitations set forth in Subparagraph E(2)(a). Upon such sale, the interest of the Charitable Beneficiary in the shares of Common Stock sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Purported Record Transferee and to the Charitable Beneficiary as provided in this Subparagraph E(3)(d). The Purported Record Transferee shall receive the lesser of (i) the price paid by the Purported Record Transferee for the shares of Common Stock in the transaction that resulted in such transfer to the Trust (or, if the event which resulted in the transfer to the Trust did not involve a purchase of such shares of Common Stock at Market Price, the Market Price of such shares of Common Stock on the day of the event which resulted in the transfer of such shares of Common Stock to the Trust) and (ii) the price per share received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares of Common Stock held in the Trust. Any net sales proceeds in excess of the amount payable to the Purported Record Transferee shall be immediately paid to the Charitable Beneficiary together with any dividends or other distributions thereon. If, prior to the discovery by the Corporation that shares of such Common Stock have been transferred to the Trustee, such shares of Common Stock are sold by a Purported Record Transferee then (x) such shares of Common Stock shall be deemed to have been sold on behalf of the Trust and (y) to the extent that the Purported Record Transferee received an amount for such shares of Common Stock that exceeds the amount that such Purported Record Transferee was entitled to receive pursuant to this Subparagraph E(3)(d), such excess shall be paid to the Trustee upon demand.

(e) Common Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price paid by the Purported Record Transferee for the shares of Common Stock in the transaction that resulted in such transfer to the Trust (or, if the event which resulted in the transfer to the Trust did not involve a purchase of such shares of Common Stock at Market Price, the Market Price of such shares of Common Stock on the day of the event which resulted in the transfer of such shares of Common Stock to the Trust) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer until the Trustee has sold the shares of Common Stock held in the Trust pursuant to Subparagraph E(3)(d). Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares of Common Stock sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Purported Record Transferee and any dividends or other distributions held by the Trustee with respect to such Common Stock shall thereupon be paid to the Charitable Beneficiary.

(f) By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust such that (i) the shares of Common Stock held in the Trust would not violate the restrictions set forth in Subparagraph E(2)(a) in the hands of such Charitable Beneficiary and (ii) each Charitable Beneficiary is an organization described in Sections 170(b)(1)(A), 170(c)(2) or 501(c)(3) of the Code.

4. Remedies For Breach. If the Board of Directors or a committee thereof or other designees if permitted by the MGCL shall at any time determine in good faith that a Transfer or other event has taken place in violation of Subparagraph E(2) of this Article IV or that a Person intends to acquire, has attempted to acquire or may acquire beneficial ownership (determined without reference to any rules of attribution), Beneficial Ownership or Constructive Ownership of any shares of the Corporation in violation of Subparagraph E(2) of this Article IV, the Board of Directors or a committee thereof or other

designees if permitted by the MGCL shall take such action as it deems advisable to refuse to give effect or to prevent such Transfer, including, but not limited to, causing the Corporation to redeem shares of Common Stock, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer; provided, however, that any Transfers (or, in the case of events other than a Transfer, ownership or Constructive Ownership or Beneficial Ownership) in violation of Subparagraph E(2)(a) of this Article IV, shall automatically result in the transfer to a Trust as described in Subparagraph E(2)(b) and any Transfer in violation of Subparagraph E(2)(c) shall automatically be void ab initio irrespective of any action (or non-action) by the Board of Directors.

5. Notice of Restricted Transfer. Any Person who acquires or attempts to acquire shares in violation of Subparagraph E(2) of this Article IV, or any Person who is a Purported Beneficial Transferee such that an automatic transfer to a Trust results under Subparagraph E(2)(b) of this Article IV, shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer on the Corporation's status as a REIT.

6. Owners Required to Provide Information. From the date of the Initial Public Offering and prior to the Restriction Termination Date each Person who is a beneficial owner or Beneficial Owner or Constructive Owner of shares of Common Stock and each Person (including the stockholder of record) who is holding shares of Common Stock for a beneficial owner or Beneficial Owner or Constructive Owner shall, on demand, provide to the Corporation a completed questionnaire containing the information regarding their ownership of such shares, as set forth in the regulations (as in effect from time to time) of the U.S. Department of Treasury under the Code. In addition, each Person who is a beneficial owner or Beneficial Owner or Constructive Owner of shares of Common Stock and each Person (including the stockholder of record) who is holding shares of Common Stock for a beneficial owner or Beneficial Owner or Constructive Owner shall, on demand, be required to disclose to the Corporation in writing such information as the Corporation 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

Corporation's status as a REIT and to ensure compliance with the Ownership Limit, or as otherwise permitted by the Board of Directors.

7. Remedies Not Limited. Nothing contained in this Article IV (but subject to Paragraph K of this Article IV) shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders by preservation of the Corporation's status as a REIT.

8. Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Paragraph E of this Article IV, including any definition contained in Subparagraph E(1), the Board of Directors shall have the power to determine the application of the provisions of this Paragraph E with respect to any situation based on the facts known to it (subject, however, to the provisions of Paragraph K of this Article IV). In the event Paragraph E requires an action by the Board of Directors and these Articles of Incorporation fail to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Paragraph E. Absent a decision to the contrary by the Board of Directors (which the Board may make in its sole and absolute discretion), if a Person would have (but for the remedies set forth in Subparagraph E(2)(b)) acquired Beneficial or Constructive Ownership of Common Stock in violation of Subparagraph E(2)(a), such remedies (as applicable) shall apply first to the shares of Common Stock which, but for such remedies, would have been actually owned by such Person, and second to shares of Common Stock which, but for such remedies, would have been Beneficially Owned or Constructively Owned (but not actually owned) by such Person, pro rata among the Persons who actually own such shares of Common Stock based upon the relative number of the shares of Common Stock held by each such Person.

9. Exceptions.

(a) Subject to Subparagraph E(2)(a)(iii) of this Article IV, the Board of Directors, in its sole discretion, may exempt a Person from the limitation on a Person Beneficially Owning shares of Common Stock in excess of the Ownership Limit if the Board determines that no individual's Beneficial Ownership of such shares of Common Stock will violate the Ownership Limit or that any such violation will not cause the Corporation to fail to qualify as a REIT under the Code; in granting such exemption, the Board of Directors may require such Person to make certain representations or undertakings or to agree that any violation of such representations or undertakings (or other action which is contrary to the restrictions contained in Subparagraph E(2) of this Article IV) or attempted violation will result in such Common Stock being transferred to a Trust in accordance with Subparagraph E(2)(b) of this Article IV.

(b) Subject to Subparagraph E(2)(a)(iii) of this Article IV, the Board of Directors, in its sole discretion, may exempt a Person from the limitation on a Person Constructively Owning Common Stock in excess of 9.8% (by value or by number of shares of Common Stock, whichever is more restrictive) of the outstanding shares of Common Stock of the Corporation, if such Person does not and represents that it will not own, actually or

Constructively, an interest in a tenant of the Corporation (or a tenant of any entity owned in whole or in part by the Corporation) that would cause the Corporation to own, actually or Constructively more than a 9.8% interest (as set forth in Section 856(d)(2)(B) of the Code) in such tenant and the Corporation obtains such representations and undertakings from such Person as are reasonably necessary to ascertain this fact and agrees that any violation or attempted violation will result in such Common Stock being transferred to a Trust in accordance with Subparagraph E(2)(b) of this Article IV. Notwithstanding the foregoing, the inability of a Person to make the representations or undertakings described in this Subparagraph E(9)(b) shall not prevent the Board of Directors, in its sole discretion, from exempting such Person from the limitation on a Person Constructively Owning Common Stock in excess of 9.8% of the outstanding shares of Common Stock if the Board of Directors determines that the resulting application of Section 856(d)(2)(B) of the Code would not adversely affect the characterization of the Corporation as a REIT in any taxable year.

(c) Prior to granting any exception pursuant to Subparagraph E(9)(a) or (b) of this Article IV, the Board of Directors may require a ruling from the IRS, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Directors in its sole discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT.

F. Preemptive Rights. No holder of shares of stock of any class shall have any preemptive or preferential right to subscribe or to purchase any additional shares of any class, or any bonds or convertible securities of any nature; provided, however, that the Board of Directors may, in authorizing the issuance of shares of stock of any class or series, confer any preemptive or preferential right that the Board of Directors may deem advisable in connection with such issuance.

G. Legends. Each certificate for Common Stock and Preferred Stock shall bear the following legends:

CLASS OF STOCK

"THE CORPORATION IS AUTHORIZED TO ISSUE CAPITAL STOCK OF MORE THAN ONE CLASS, CONSISTING OF COMMON STOCK AND ONE OR MORE CLASSES OF PREFERRED STOCK. THE BOARD OF DIRECTORS IS AUTHORIZED TO DETERMINE THE PREFERENCES, LIMITATIONS AND RELATIVE RIGHTS OF ANY CLASS OF THE PREFERRED STOCK BEFORE THE ISSUANCE OF SHARES OF SUCH CLASS OF PREFERRED STOCK. THE CORPORATION WILL FURNISH, WITHOUT CHARGE, TO ANY STOCKHOLDER MAKING A WRITTEN REQUEST THEREFOR, A COPY OF THE CORPORATION'S CHARTER AND A WRITTEN STATEMENT OF THE DESIGNATIONS, RELATIVE RIGHTS, PREFERENCES, CONVERSION OR OTHER RIGHTS, VOTING POWERS, RESTRICTIONS, LIMITATIONS AS TO

DIVIDENDS AND OTHER DISTRIBUTIONS, QUALIFICATIONS AND TERMS AND CONDITIONS OF REDEMPTION OF THE STOCK OF EACH CLASS WHICH THE CORPORATION HAS THE AUTHORITY TO ISSUE AND, IF THE CORPORATION IS AUTHORIZED TO ISSUE ANY PREFERRED OR SPECIAL CLASS AND SERIES, (i) THE DIFFERENCES IN THE RELATIVE RIGHTS AND PREFERENCES BETWEEN THE SHARES OF EACH SERIES TO THE EXTENT SET, AND (ii) THE AUTHORITY OF THE BOARD OF DIRECTORS TO SET SUCH RIGHTS AND PREFERENCES OF SUBSEQUENT SERIES. REQUESTS FOR SUCH WRITTEN STATEMENT MAY BE DIRECTED TO THE SECRETARY OF THE CORPORATION AT ITS PRINCIPAL OFFICE."

RESTRICTION ON OWNERSHIP AND TRANSFER

"THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON BENEFICIAL AND CONSTRUCTIVE OWNERSHIP AND TRANSFER FOR THE PURPOSE OF THE CORPORATION'S MAINTENANCE OF ITS STATUS AS A REAL ESTATE INVESTMENT TRUST UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"). SUBJECT TO CERTAIN FURTHER RESTRICTIONS AND EXCEPT AS EXPRESSLY PROVIDED IN THE CORPORATION'S CHARTER, (i) NO PERSON MAY BENEFICIALLY OR CONSTRUCTIVELY OWN SHARES OF THE CORPORATION'S COMMON STOCK IN EXCESS OF 9.8% (BY VALUE OR BY NUMBER OF SHARES, WHICHEVER IS MORE RESTRICTIVE) OF THE OUTSTANDING COMMON STOCK OF THE CORPORATION; (ii) NO PERSON MAY BENEFICIALLY OR CONSTRUCTIVELY OWN SHARES OF COMMON STOCK THAT WOULD RESULT IN THE CORPORATION BEING "CLOSELY HELD" UNDER SECTION 856(h) OF THE CODE OR OTHERWISE CAUSE THE CORPORATION TO FAIL TO QUALIFY AS A REIT; AND (iii) NO PERSON MAY TRANSFER SHARES OF COMMON STOCK IF SUCH TRANSFER WOULD RESULT IN THE CAPITAL STOCK OF THE

CORPORATION BEING OWNED BY FEWER THAN 100 PERSONS. ANY PERSON WHO BENEFICIALLY OR CONSTRUCTIVELY OWNS OR ATTEMPTS TO BENEFICIALLY OR CONSTRUCTIVELY OWN SHARES OF COMMON STOCK IN VIOLATION OF THE ABOVE LIMITATIONS MUST IMMEDIATELY NOTIFY THE CORPORATION. IF ANY OF THE RESTRICTIONS ON TRANSFER OR OWNERSHIP ARE VIOLATED, THE SHARES OF COMMON STOCK REPRESENTED HEREBY WILL BE AUTOMATICALLY TRANSFERRED TO THE TRUSTEE OF A TRUST FOR THE BENEFIT OF ONE OR MORE CHARITABLE BENEFICIARIES. IN ADDITION, THE CORPORATION MAY REDEEM SHARES UPON THE TERMS AND CONDITIONS SPECIFIED BY THE BOARD OF DIRECTORS IN ITS SOLE

DISCRETION IF THE BOARD OF DIRECTORS DETERMINES THAT OWNERSHIP OR A TRANSFER OR OTHER EVENT MAY VIOLATE THE RESTRICTIONS DESCRIBED ABOVE. FURTHERMORE, UPON THE OCCURRENCE OF CERTAIN EVENTS, ATTEMPTED TRANSFERS IN VIOLATION OF THE RESTRICTIONS DESCRIBED ABOVE MAY BE VOID AB INITIO. ALL TERMS IN THIS LEGEND THAT ARE DEFINED IN THE CHARTER OF THE CORPORATION SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THE CHARTER OF THE CORPORATION, AS THE SAME MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH, INCLUDING THE RESTRICTIONS ON TRANSFER AND OWNERSHIP, WILL BE FURNISHED TO EACH HOLDER OF SHARES OF COMMON STOCK ON REQUEST AND WITHOUT CHARGE. REQUESTS FOR SUCH A COPY MAY BE DIRECTED TO THE SECRETARY OF THE CORPORATION AT ITS PRINCIPAL OFFICE."

H. Exchange of OP Units. So long as the Corporation remains the general partner of the Operating Partnership, the Board of Directors of the Corporation is hereby expressly vested with authority (subject to the restrictions on ownership, transfer and redemption of Common Stock set forth in this Article IV) to issue, and shall issue to the extent provided in the Partnership Agreement, Common Stock in exchange for the units into which partnership interests of the Operating Partnership are divided (the "OP Units"), and as the same may be adjusted, as provided in the Partnership Agreement, subject to the limits on the Transfer and Ownership of Common Stock set forth in paragraph E. of this Article IV.

I. Reservation of Shares. Pursuant to the obligations of the Corporation under the Partnership Agreement to issue Common Stock in exchange for OP Units, the Board of Directors is hereby required to reserve and authorize for issuance a sufficient number of authorized but unissued shares of Common Stock to permit the Corporation to issue Common Stock in exchange for OP Units that may be exchanged for Common Stock as provided in the Partnership Agreement.

J. Severability. If any provision of this Article IV or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

K. New York Stock Exchange. Nothing in this Article IV shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange. The shares of Common Stock that are the subject of such transaction shall continue to be subject to the provisions of this Article IV after such settlement.

ARTICLE V
CORPORATE EXISTENCE

A. The Corporation is to have perpetual existence.

ARTICLE VI
BOARD

The business and affairs of the Corporation shall be managed by the Board of Directors. The Corporation shall have a board of three (3) directors until that number is increased or decreased in accordance with the Bylaws of the Corporation, provided that, immediately following the consummation of the Initial Public Offering (as defined in Article IV hereof), the Corporation shall have a board of ten (10) directors until that number is increased or decreased in accordance with the Bylaws of the Corporation. However, the number of directors shall never be less than the minimum number required by the MGCL. The following persons shall be the initial directors of the Corporation until the expiration of their terms as set forth in Paragraph B of this Article VI:

Douglas D. Abbey
T. Robert Burke
Hamid R. Moghadam

A. In the event of any increase or decrease in the authorized number of directors, each director then serving shall nevertheless continue as a director until the expiration of his term or his prior death, retirement, resignation or removal.

B. Each director (other than any director who may be elected by holders of Preferred Stock as provided for pursuant to Article IV hereof), shall serve

until his successor is elected and qualified or until his earlier death, retirement, resignation or removal.

C. Except as may otherwise be provided pursuant to Article IV hereof with respect to any rights of holders of Preferred Stock to elect additional directors or any agreement relating to the right to designate nominees for election to the Board of Directors, should a vacancy in the Board of Directors occur or be created (whether arising through death, retirement or resignation), such vacancy shall be filled by the affirmative vote of a majority of the remaining directors, even though less than a quorum of the Board of Directors or, in the case of a vacancy resulting from an increase in the number of directors, by a majority of the Board of Directors. In the case of a vacancy created by the removal of a director, the vacancy shall be filled by the stockholders at the next annual meeting of the stockholders or at a special meeting of the stockholders called for such purpose, provided, however, that such vacancy may be filled by the affirmative vote of a majority of the remaining directors (subject to approval by the stockholders at the next annual meeting of the stockholders or at a special meeting of the stockholders called for such purpose). A director so elected to fill a vacancy shall serve for the remainder of the term. If the stockholders of any class or series of Preferred Stock are entitled separately to elect one or more directors, the stockholders of that class or series shall fill a vacancy on the Board of Directors which results from the removal of a director elected by that class or series.

D. During any period when the holders of any class of Preferred Stock have the right to elect additional directors as provided for or fixed pursuant to the provisions of Article

IV hereof, then upon commencement and for the duration of the period during which such right continues (i) the then otherwise total and authorized number of directors of the Corporation shall automatically be increased by that number of such additional directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to said provisions, and (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his earlier death, disqualification, resignation or removal. Except as otherwise provided by the Board of Directors in the resolution or resolutions establishing such class, whenever the holders of any class of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such stock, the term of office of all such additional directors elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors, shall forthwith terminate and the total and authorized number of directors of the Corporation shall be reduced accordingly.

ARTICLE VII
RELATED PARTY TRANSACTIONS

A. Without limiting any other procedures available by law or otherwise to the Corporation, the Board of Directors may authorize any agreement or other transaction with any person, corporation, association, company, trust, limited liability company, partnership (limited or general) or other organization, although one or more of the directors or officers of the Corporation may be a party to any such agreement or an officer, director, stockholder, member or partner (general or limited) of such other party (an "Interested Officer/Director"), and no such agreement or transaction shall be invalidated or rendered void or voidable solely by reason of the existence of any such relationship if: (i) the existence is disclosed or known to the Board of Directors, and the contract or transaction is authorized, approved or ratified by the affirmative vote of not less than a majority of the disinterested directors, even if they constitute less than a quorum of the Board of Directors; (ii) the existence is disclosed to the stockholders entitled to vote, and the contract or transaction is authorized, approved or ratified by a majority of the votes cast by the stockholders entitled to vote, other than the votes of the shares held of record by the Interested Officers/Directors or by any corporation, association, company, trust, limited liability company, partnership (limited or general) or other organization in which any Interested Officer/Director is a director or has a material financial interest; or (iii) the contract or transaction is fair and reasonable to the Corporation. Any Interested Officer/Director, or the stock owned by them or by a corporation, association, company, trust, limited liability company, partnership (limited or general) or other organization in which an Interested Officer/Director may have an interest, may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee of the Board of Directors or at a meeting of the stockholders, as the case may be, at which the contract or transaction is authorized, approved or ratified.

ARTICLE VIII
DIRECTOR AND OFFICER LIABILITY; INDEMNIFICATION

A. To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers, no director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Charter of the Corporation or the Bylaws of the Corporation inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

B. The Corporation shall indemnify, in the manner and to the maximum extent permitted by law, any person (or the estate of any person) who is or was a party to, or is threatened to be made a party to, any threatened, pending or completed action, suit or proceeding, whether or not by or in the right of the Corporation, and whether civil, criminal, administrative, investigative, or otherwise, by reason of the fact that such person is or was a director or officer of the Corporation or that such person while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, trustee, partner, member, agent or employee of another corporation, partnership, limited liability company, association, joint venture, trust or other enterprise. To the maximum extent permitted by law, the indemnification provided herein shall include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, and any such expenses may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding. Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Charter of the Corporation or the Bylaws of the Corporation inconsistent with this Article, shall apply to or affect in any respect the applicability of this Paragraph B of Article VIII with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

The indemnification and reimbursement of expenses provided herein shall not be deemed to limit the right of the Corporation to indemnify any other person against any liability and expenses to the fullest extent permitted by law, nor shall it be deemed exclusive of any other rights to which any person seeking indemnification from the Corporation may be entitled under any agreement, the Charter of the Corporation or the Bylaws of the Corporation, a vote of stockholders or disinterested directors, or otherwise, both as to action in such person's official capacity as an officer or director and as to action in another capacity, at the request of the Corporation, while acting as an officer or director of the Corporation.

ARTICLE IX
ELECTION OF DIRECTORS

Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE X
CERTAIN POWERS OF THE DIRECTORS

A. Determinations by Board. The determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the Charter of the Corporation and in the absence of actual receipt of an improper benefit in money, property or services or active and deliberate dishonesty established by a court, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation; and any matters relating to the acquisition, holding and disposition of any assets by the Corporation.

B. REIT Qualification. Subject to paragraph (K) of Article IV hereof, the Board of Directors shall use its reasonable best efforts to take such actions as are necessary or appropriate to preserve the status of the Corporation as a REIT; however, if the Board of Directors determines that it is no longer in the best interests of the Corporation to qualify or continue to be qualified as a REIT and such determination is approved by the affirmative vote of holders of at least two-thirds of the shares of the Corporation's capital stock outstanding and entitled to vote thereon, the Board of Directors may revoke or otherwise terminate the Corporation's REIT election pursuant to Section 856(g) of the Code. The Board of Directors also may determine that compliance with any restriction or limitation on stock ownership and transfers

set forth in Article IV is no longer required for REIT qualification.

C. Advisor Agreements. Subject to such approval of stockholders and other conditions, if any, as may be required by any applicable statute, rule or regulation, the Board of Directors may authorize the execution and performance by the Corporation of one or more agreements with any person, corporation, association, company, trust, partnership (limited or general) or other organization whereby, subject to the supervision and control of the Board of Directors, any such other person, corporation, association, company, trust, partnership (limited or general) or other organization shall render or make available to the Corporation managerial, investment, advisory and/or related services, office space and other services and facilities (including, if deemed advisable by the Board of Directors, the management or supervision of the investments of the Corporation) upon such terms and conditions as may be provided in such agreement or agreements (including, if deemed fair and equitable by the Board of Directors, the compensation payable thereunder by the Corporation).

D. Irrevocable Resolutions. The Board of Directors may designate any of its resolutions to be "irrevocable." Resolutions so designated may not be revoked, altered or

amended subsequently by the Board of Directors without the approval of the holders of the issued and outstanding shares of Common Stock of the Corporation by the affirmative vote of a majority of all votes entitled to be cast in respect of such shares of Common Stock.

ARTICLE XI
REMOVAL OF DIRECTORS

Subject to the rights of one or more classes or series of Preferred Stock to elect one or more directors, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and then only by the affirmative vote of the holders of at least two thirds of the votes entitled to be cast in the election of directors.

ARTICLE XII
AMENDMENTS

Subject to the provisions hereof, the Corporation reserves the right at any time, and from time to time, to amend, alter, repeal, or rescind any provision of its Charter, in the manner now or hereafter prescribed by law, including without limitation any amendment altering the terms or contract rights, as expressly set forth in the Charter of the Corporation, of any outstanding shares of stock; and other provisions authorized or permitted by the laws of the State of Maryland at the time in force may be added or inserted, in the manner now or hereafter prescribed by law; and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors, or any other persons whomsoever by and pursuant to the Charter of the Corporation in its present form or as hereafter amended are granted subject to this reservation.

[Remainder of Page Intentionally Blank.]

IN WITNESS WHEREOF, AMB Property Corporation has caused these Articles of Incorporation to be executed in its name and on its behalf by its President and its corporate seal to be affixed and attested to by its Secretary on this ____ day of November, 1997 and its said President acknowledges that these Articles of Incorporation are the corporate act of the said Corporation and further certifies, under penalties of perjury, that to the best of his knowledge, information and belief, matters and facts set forth herein are true in all material respects.

ATTEST	AMB PROPERTY CORPORATION
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S. Davis Carniglia	Hamid R. Moghadam
Secretary	President

EXHIBIT 3.2

CONFIDENTIAL
L&W DRAFT 10-9-97

BYLAWS

OF

AMB PROPERTY CORPORATION

ARTICLE I

OFFICES

Section 1. The principal executive office of AMB Property Corporation, a Maryland corporation (the "Corporation"), shall be located at such place or places as the board of directors may designate.

Section 2. The Corporation may also have offices at such other places as the board of directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders shall be held in the City of San Francisco, State of California, at such place as may be fixed from time to time by the board of directors, or at such other place as shall be designated from time to time by the board of directors and stated in the notice of the meeting.

Section 2. An annual meeting of stockholders shall be held at such date and time as may be determined from time to time by resolution adopted by the board of directors, when they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting in accordance with these bylaws. To be properly brought before the annual meeting, business must be either (i) specified in the notice of annual meeting (or any supplement or amendment thereto) given by or at the direction of the board of directors, (ii) otherwise brought before the annual meeting by or at the direction of the board of directors, or (iii) otherwise brought before the annual meeting by a stockholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation, not less than fifty (50) days nor more than seventy-five (75) days prior to the meeting; provided, however, that in the event that less than sixty-five (65) days' notice or prior public disclosure of the date of the annual meeting is given or made to stockholders, notice by a stockholder to be timely must be so received not

later than the close of business on the fifteenth (15th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made, whichever first occurs. A stockholder's notice to the secretary shall set forth (a) as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class, series and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business, and (b) as to the stockholder giving the notice (i) the name and record address of the stockholder and (ii) the class, series and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder. Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Article II, Section 2. The officer of the Corporation presiding at an annual meeting shall, if the facts warrant, determine that business was not properly brought before the annual meeting in accordance with the provisions of this Article II, Section 2, and if he should so determine, he shall so declare to the annual meeting and any such business not properly brought before the meeting shall not be transacted.

Section 3. A majority of the stock issued and outstanding and entitled to vote at any meeting of stockholders, the holders of which are present in person or represented by proxy, shall constitute a quorum for the transaction of business except as otherwise provided by law, by the Corporation's charter or by these bylaws. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum and the votes present may continue

to transact business until adjournment. If, however, such quorum shall not be present or represented at any meeting of the stockholders, a majority of the voting stock represented in person or by proxy may adjourn the meeting from time to time until a date not more than 120 days after the original record date, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than 120 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote thereat.

Section 4. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the Maryland General Corporation Law ("MGCL") or the rules of any securities exchange on which the Corporation's capital stock is listed or the Corporation's charter or these bylaws a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 5. At each meeting of the stockholders, each stockholder having the right to vote may vote in person or may authorize another person or persons to act for him by proxy appointed by an instrument in writing subscribed by such stockholder and bearing a date not more than eleven (11) months prior to said meeting, unless said instrument provides for a longer

period. All proxies must be filed with the secretary of the Corporation at the beginning of each meeting in order to be counted in any vote at the meeting. Subject to the provisions of the charter of the Corporation, each stockholder shall have one vote for each share of stock having voting power registered in his name on the books of the Corporation on the record date set by the board of directors as provided in Article V, Section 6 hereof. All elections shall be by and all questions shall be decided by a plurality vote.

Section 6. Special meetings of the stockholders, for any purpose or purposes, unless otherwise proscribed by the charter, may be called at any time by the president, the chairman of the board, or by a majority of the directors, or by a committee of the board of directors which has been duly designated by the board of directors and whose powers and authority, as provided in a resolution of the board of directors or these bylaws, include the power to call such meetings. In addition, a special meeting of the stockholders of the Corporation shall be called by the secretary of the Corporation on the written request of stockholders entitled to cast at least fifty percent (50%) of all votes entitled to be cast at the meeting, except that, in the case of a special meeting called to consider any matter which is substantially the same as a matter voted on at any special meeting for the stockholders held during the preceding twelve (12) months, the secretary of the Corporation shall not be required to call any such special meeting unless requested by stockholders entitled to cast a majority of all of the votes entitled to be cast at the meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. Where the Company's notice of meeting specifies that directors are to be elected at such special meeting, nominations of persons for election to the board of directors may be made (i) pursuant to the Company's notice of meeting, (ii) by or at the direction of the board of directors or (iii) by any committee of persons appointed by the board of directors with authority therefor or by a stockholder as provided in Section 2 of Article III hereof.

Section 8. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which notice shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. The written notice of any meeting shall be given to each stockholder entitled to vote at such meeting not less than 10 nor more than 90 days before the date of the meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation.

Section 9. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the principal executive office of the

Corporation. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 10. Notwithstanding any other provision of the charter of the Corporation or these bylaws, Subtitle 7 of Title 3 of the MGCL (as the same may hereafter be amended from time to time) shall not apply to the voting rights of any shares of stock of the Corporation now or hereafter held by any existing or future stockholder of the Corporation (regardless of the identity of such stockholder).

ARTICLE III

DIRECTORS

Section 1. The board of directors shall consist of a minimum of five (5) and a maximum of thirteen (13) directors, provided however, that prior to the consummation of the initial public offering of the Common Stock of the Corporation, the board of directors shall consist of a minimum of three (3) directors. The number of directors shall be fixed or changed from time to time, within the minimum and maximum, by the then elected directors, provided that, upon and after the consummation of the initial public offering of Common Stock of the Corporation, at least a majority of the directors shall be Independent Directors (as defined in the next sentence). An Independent Director is a director who is not an employee, officer or affiliate of the Corporation or a subsidiary or division thereof, or a relative of a principal executive officer, and who is not an individual member of an organization acting as an advisor, consultant or legal counsel receiving compensation on a continuing basis from the Company in addition to director's fees. Upon consummation of the initial public offering of Common Stock of the Corporation, and until increased or decreased by the directors pursuant to these bylaws, the exact number of directors shall be nine (9). The directors need not be stockholders. Except as provided in Section 2 of this Article III with respect to vacancies, the directors shall be elected as provided in the charter at each annual meeting of the stockholders, and each director elected shall hold office until his successor is elected and qualified or until his death, retirement, resignation or removal.

Section 2. (a) Nominations of persons for election to the board of directors of the Corporation at the annual meeting of stockholders may be made (i) pursuant to the Corporation's notice of meeting; (ii) by or at the direction of the board of directors or (iii) by any committee of persons appointed by the board of directors with authority therefor or by any stockholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Article III, Section 2(a). Such nominations by any stockholder shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than 50 days nor more than 75 days prior to the meeting; provided, however, that in the event that less than 65 days notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business of the fifteenth (15th) day following the day on which such notice of the date of the meeting was mailed or such public

disclosure was made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth (i) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (a) the name, age, business address and residence address of the person, (b) the principal occupation or employment of the person, (c) the class, series and number of shares of capital stock of the Corporation which are beneficially owned by the person, and (d) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to the Rules and Regulations of the Securities and Exchange Commission under Section 14 of the Securities Exchange Act of 1934, as amended; and (ii) as to the stockholder giving the notice (a) the name and record address of the stockholder and (b) the class, series and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. Except as may otherwise be provided in these bylaws or any other agreement relating to the right to designate nominees for election to the board of directors, no person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein. The officer of the Corporation presiding at an annual meeting shall, if the facts warrant, determine that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

(b) Except as may otherwise be provided pursuant to Article IV of the Corporation's charter with respect to any rights of holders of preferred stock to elect additional directors and any other requirement in these bylaws or other

agreement relating to the right to designate nominees for election to the board of directors, should a vacancy in the board of directors occur or be created (whether arising through death, retirement or resignation), such vacancy shall be filled by the affirmative vote of a majority of the remaining directors, even though less than a quorum of the board of directors or, in the case of a vacancy resulting from an increase in the number of directors, by a majority of the board of directors. In the case of a vacancy created by the removal of a director, the vacancy shall be filled by the affirmative vote of a majority of the remaining directors. A director so elected to fill a vacancy shall serve for the remainder of the term.

Section 3. The property and business of the Corporation shall be managed by or under the direction of its board of directors. In addition to the powers and authorities by these bylaws expressly conferred upon it, the board may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Corporation's charter or by these bylaws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The directors may hold their meetings and have one or more offices, and keep the books of the Corporation, outside the State of Maryland.

Section 5. Regular meetings of the board of directors may be held at such time and place as shall from time to time be determined by resolution of the board, and no additional notice shall be required.

Section 6. Special meetings of the board of directors may be called by the President or the Chairman of the board of directors on forty-eight hours' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the President or the Secretary in like manner and on like notice on the written request of two directors unless the board consists of only one director, in which case special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of the sole director. reasonable judgment, appropriate.

Section 7. Unless otherwise restricted by the Corporation's charter or these bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 8. Unless otherwise restricted by the Corporation's charter or these bylaws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

RESIGNATION FROM THE BOARD OF DIRECTORS

Section 9. A director may resign at any time upon written notice to the Corporation's board of directors, chairman of the board, president or secretary. Any such resignation shall take effect at the time specified therein or, if the time is not specified, upon receipt thereof, and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make such resignation effective.

COMMITTEES OF DIRECTORS

Section 10. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each such committee to consist of not less than the minimum number of directors required for committees of the board of directors under the MGCL. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the board of directors, and to the maximum extent permitted under the MGCL, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the charter (except that a committee may, in accordance with a general formula or method specified by the board of

directors, and to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for,

shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution or any other matter requiring the approval of the stockholders of the Corporation, or amending the bylaws of the Corporation; and no such committee shall have the power or authority to authorize or declare a dividend, to authorize the issuance of stock (except that, if the board of directors has given general authorization for the issuance of stock, a committee of the board, in accordance with a general formula or method specified by the board by resolution or by adoption of a stock option or other plan, may fix the terms of stock subject to classification or reclassification and the terms on which any stock may be issued, including the price and consideration for such stock) or to approve any merger or share exchange which does not require stockholder approval.

Section 11. The Corporation shall from and after the incorporation have the following committees, the specific authority and members of which shall be as designated herein or by resolution of the board of directors:

(i) An Executive Committee, which shall have such authority as granted by the board of directors, including the power to acquire, dispose and finance investments for the Corporation (including the issuance by AMB Property, L.P., a Delaware limited partnership, in the Corporation's capacity as such partnership's general partner, 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 Corporation, and generally exercise all other powers of the board except as prohibited by law.

(ii) An Audit Committee, which will consist solely of Independent Directors and which shall 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 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 Corporation's internal accounting controls.

(iii) A Compensation Committee, which shall consist solely of Independent Directors and which shall determine compensation for the Corporation'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 Corporation.

Section 12. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required. The presence of a majority of the total membership of any committee shall constitute a quorum for the transaction of business at any meeting of such committee and the act of a majority of those present shall be necessary and sufficient for the taking of any action thereat.

COMPENSATION OF DIRECTORS

Section 13. Unless otherwise restricted by the charter of the Corporation or these bylaws, the board of directors shall have the authority to fix the compensation of non-employee directors. The non-employee directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. Officers of the Corporation who are also members of the board of directors shall not be paid any director's fees.

INDEMNIFICATION

Section 14. The Corporation shall indemnify, in the manner and to the maximum extent permitted by law, any person (or the estate of any person) who is or was a party to, or is threatened to be made a party to, any threatened, pending or completed action, suit or proceeding, whether or not by or in the right of the Corporation, and whether civil, criminal, administrative, investigative, or otherwise, by reason of the fact that such person is or was a director or officer of the Corporation or that such person while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, trustee, partner, member, agent or employee of another corporation, partnership, limited liability company, association, joint venture, trust or other enterprise. To the maximum extent permitted by law, the indemnification provided herein shall include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, and any such expenses may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding.

Neither the amendment nor repeal of this Section 14 of this Article III,

nor the adoption or amendment of any other provision of the charter or bylaws of the Corporation inconsistent with this Section, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

The indemnification and reimbursement of expenses provided herein shall not be deemed to limit the right of the Corporation to indemnify any other person against any liability and expenses to the fullest extent permitted by law, nor shall it be deemed exclusive of any other rights to which any person seeking indemnification from the Corporation may be entitled under any agreement, the charter or bylaws of the Corporation, a vote of stockholders or Independent Directors, or otherwise, both as to action in such person's official capacity as an officer or director and as to action in another capacity, at the request of the Corporation, while acting as an officer or director of the Corporation.

ARTICLE IV

OFFICERS

Section 1. The officers of this Corporation shall be chosen by the board of directors and shall include a president, a vice president, a secretary and a treasurer. The Corporation may also have at the discretion of the board of directors such other officers as are desired, including a chairman of the board, additional vice presidents, a chief executive officer, a chief financial officer, a chief operating officer, one or more assistant secretaries and one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article IV. In the event there are two or more vice presidents, then one or more may be designated as executive vice president, senior vice president, vice president/acquisitions or other similar or dissimilar title. At the time of the election of officers, the directors may by resolution determine the order of their rank. Any number of offices may be held by the same person, unless the charter or these bylaws otherwise provide, except that one individual may not simultaneously hold the office of president and vice president.

Section 2. The board of directors, at its first meeting after each annual meeting of stockholders, shall choose the officers of the Corporation.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the Corporation shall be fixed by the board of directors, provided, however, that the compensation of the Corporation's executive officers shall be determined by the Compensation Committee.

Section 5. The officers of the Corporation shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the board of directors may be removed at any time, with or without cause, by the affirmative vote of a majority of the board of directors. If the office of any officer or officers becomes vacant for any reason, the vacancy shall be filled by the board of directors.

Section 6. Any officer may resign at any time upon written notice to the Corporation's board of directors, chairman of the board, president or secretary. Any such resignation shall take effect at the time specified therein or, if the time is not specified, upon receipt thereof, and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make such resignation effective. Any such resignation will not prejudice the rights, if any, of the Corporation under any contract to which the officer is a party.

CHAIRMAN OF THE BOARD

Section 7. The chairman of the board, if such an officer be elected, shall, if present, preside at all meetings of the board of directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the board of directors or prescribed by the bylaws. If there is no president, the chairman of the board shall in addition be the chief executive officer of the Corporation and shall have the powers and duties prescribed in Section 8 of this Article IV.

PRESIDENT

Section 8. Subject to such supervisory powers, if any, as may be given by the board of directors to the chairman of the board, if there be such an officer, the president shall be the chief executive officer of the Corporation and shall, subject to the control of the board of directors, have general

supervision, direction and control of the business and officers of the Corporation. He shall preside at all meetings of the stockholders and, in the absence of the chairman of the board, or if there be none, at all meetings of the board of directors. He shall have the general powers and duties of management usually vested in the office of president and chief executive officer of Corporations, and shall have such other powers and duties as may be prescribed by the board of directors or these bylaws.

MANAGING DIRECTORS AND CHIEF OPERATING OFFICER

Section 9. In the absence or disability of the president, the managing directors and the chief operating officer in order of their rank as fixed by the board of directors, or if not ranked, the managing director designated by the board of directors (or the chief operating officer if designated by the board of directors), shall perform all the duties of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the president. The managing directors and the chief operating officer shall have such other duties as from time to time may be prescribed for them, respectively, by the board of directors.

SECRETARY AND ASSISTANT SECRETARY

Section 10. The secretary shall attend all sessions of the board of directors and all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose; and shall perform like duties for the standing committees when required by the board of directors. He shall give, or cause to be given, notice of all meetings of the stockholders and of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or the bylaws. He shall keep in safe custody the seal of the Corporation, and when authorized by the board, affix the same to any instrument requiring it, and when so affixed it shall be attested by his signature or by the signature of an assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

Section 11. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, or if there be no such determination,

the assistant secretary designated by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

CHIEF FINANCIAL OFFICER, TREASURER AND ASSISTANT TREASURERS

Section 12. The chief financial officer of the Corporation shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys, and other valuable effects in the name and to the credit of the Corporation, in such depositories as may be designated by the board of directors. He shall disburse the funds of the Corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as chief financial officer and of the financial condition of the Corporation. If required by the board of directors, he shall give the Corporation a bond, in such sum and with such surety or sureties as shall be satisfactory to the board of directors, for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation. If no other person then be appointed to the position of treasurer of the Corporation, the person holding the office of chief financial officer shall also be the treasurer of the Corporation.

Section 13. The treasurer or assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors, or if there be no such determination, the treasurer or assistant treasurer designated by the board of directors, shall, in the absence or disability of the chief financial officer, perform the duties and exercise the powers of the chief financial officer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE V

CERTIFICATES OF STOCK

Section 1. Every holder of stock of the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation by, the chairman of the board of directors, or the president or a vice president, and countersigned by the secretary or an assistant secretary, or the treasurer or an

assistant treasurer of the Corporation, certifying the number of shares of capital stock represented by the certificate owned by such stockholder in the Corporation.

Section 2. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before

such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 3. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of capital stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. In addition, in the event that any stock issued by the Corporation is subject to a restriction on its transferability, the stock certificate shall on its face or back contain a full statement of the restriction or state that the Corporation will furnish information about the restriction to the stockholder on request and without charge.

LOST, STOLEN OR DESTROYED CERTIFICATES

Section 4. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFERS OF STOCK

Section 5. Upon surrender to the Corporation, or the transfer agent of the Corporation, of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books, subject, however, to the Ownership Limit (as defined in the charter of the Corporation) and other restrictions on transferability applicable thereto from time to time.

FIXING RECORD DATE

Section 6. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders, or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment

of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix a record date which shall not be more than 90 nor less than 10 days before the date of such meeting, nor more than 90 days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting. A meeting of stockholders convened on the date for which it was called may be adjourned from time to time without further notice to a date not more than 120 days after the original record date.

REGISTERED STOCKHOLDERS

Section 7. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly

shall not be bound to recognize any equitable or other claim or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of the State of Maryland.

ARTICLE VI

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the Corporation's charter, if any, may be authorized and declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Corporation's charter and the MGCL.

Section 2. Before payment of any dividend there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interests of the Corporation, and the directors may abolish any such reserve.

CHECKS

Section 3. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the Corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Maryland." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

NOTICES

Section 6. Whenever, under the provisions of the MGCL or of the charter of the Corporation or of these bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram, telecopy or cable.

Section 7. Whenever any notice is required to be given under the provisions of the MGCL or of the charter of the Corporation or of these bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ANNUAL STATEMENT

Section 8. The board of directors may present at each annual meeting of stockholders, and when called for by vote of the stockholders shall present to any annual or special meeting of the stockholders, a full and clear statement of the business and condition of the Corporation.

ARTICLE VII

AMENDMENTS

Section 1. These bylaws may be altered, amended or repealed or new bylaws may be adopted by the vote of a majority of the board of directors or by the affirmative vote of a majority of all votes entitled to be cast by the holders of the issued and outstanding shares of Common Stock of the Corporation. Notwithstanding anything to the contrary herein, this Section 1 of Article VII and Section 10 of Article II hereof may not be altered, amended or repealed except by the affirmative vote of a majority of all votes entitled to be cast by the holders of the issued and outstanding shares of Common Stock of the Corporation.

The undersigned, Secretary of AMB Property Corporation, a Maryland corporation (the "Corporation"), hereby certifies that the foregoing is a full, true and correct copy of the Bylaws of the Corporation with all amendments to the date of this Certificate.

WITNESS the signature of the undersigned and the seal of the Corporation this __ day of November, 1997.

S. Davis Carniglia
Secretary

EXHIBIT 3.3

Temporary Certificate - Exchangeable for Definitive Engraved Certificate When Ready for Delivery

[AMB LOGO]

COMMON STOCK COMMON STOCK

AMB

INCORPORATED UNDER THE LAWS OF THE STATE OF MARYLAND

SEE REVERSE FOR IMPORTANT NOTICE ON TRANSFER RESTRICTIONS AND OTHER INFORMATION

CUSIP

THIS CERTIFIES THAT

IS THE RECORD HOLDER OF

FULLY PAID AND NONASSESSABLE SHARES OF THE COMMON STOCK, $0.1 PAR VALUE, OF

AMB PROPERTY CORPORATION

(the "Corporation") transferable on the books of the Corporation by the holder hereof in person or by its duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby are issued and shall be paid subject to all of the provisions of the charter of the Corporation (the "Charter") and the Bylaws of the Corporation and any amendments thereto. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be executed on its behalf by its duly authorized officers.

Date:

- --------------- ---------------
SECRETARY PRESIDENT

[AMB SEAL]

TRANSFER AGENT AND REGISTRAR
BY:

AUTHORIZED SIGNATURE

THE CORPORATION IS AUTHORIZED TO ISSUE CAPITAL STOCK OF MORE THAN ONE CLASS, CONSISTING OF COMMON STOCK AND ONE OR MORE CLASSES OF PREFERRED STOCK. THE BOARD OF DIRECTORS IS AUTHORIZED TO DETERMINE THE PREFERENCES, LIMITATIONS AND RELATIVE RIGHTS OF ANY CLASS OF THE PREFERRED STOCK BEFORE THE ISSUANCE OF SHARES OF SUCH CLASS OF PREFERRED STOCK. THE CORPORATION WILL FURNISH, WITHOUT CHARGE, TO ANY STOCKHOLDER MAKING A WRITTEN REQUEST THEREFOR, A COPY OF THE CORPORATION'S CHARTER AND A WRITTEN STATEMENT OF THE DESIGNATIONS, RELATIVE RIGHTS, PREFERENCES, CONVERSION OR OTHER RIGHTS, VOTING POWERS, RESTRICTIONS, LIMITATIONS AS TO DIVIDENDS AND OTHER DISTRIBUTIONS, QUALIFICATIONS AND TERMS AND CONDITIONS OF REDEMPTION OF THE STOCK OF EACH CLASS WHICH THE CORPORATION HAS THE AUTHORITY TO ISSUE AND, IF THE CORPORATION IS AUTHORIZED TO ISSUE ANY PREFERRED OR SPECIAL CLASS AND SERIES, (i) THE DIFFERENCES IN THE RELATIVE RIGHTS AND PREFERENCES BETWEEN THE SHARES OF EACH SERIES TO THE EXTENT SET, AND (ii) THE AUTHORITY OF THE BOARD OF DIRECTORS TO SET SUCH RIGHTS AND PREFERENCES OF SUBSEQUENT SERIES. REQUESTS FOR SUCH WRITTEN STATEMENT MAY BE DIRECTED TO THE SECRETARY OF THE CORPORATION AT ITS PRINCIPAL OFFICE.

THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON BENEFICIAL AND CONSTRUCTIVE OWNERSHIP AND TRANSFER FOR THE PURPOSE OF THE CORPORATION'S MAINTENANCE OF ITS STATUS AS A REAL ESTATE INVESTMENT TRUST UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"). SUBJECT TO CERTAIN FURTHER RESTRICTIONS AND EXCEPT AS EXPRESSLY PROVIDED IN THE CORPORATION'S CHARTER, (i) NO PERSON MAY BENEFICIALLY OWN SHARES OF THE CORPORATION'S COMMON STOCK IN EXCESS OF 7.0% (BY VALUE OR BY NUMBER OF SHARES, WHICHEVER IS MORE RESTRICTIVE) OF THE OUTSTANDING COMMON STOCK OF THE CORPORATION; (ii) NO PERSON MAY CONSTRUCTIVELY OWN SHARES OF THE CORPORATION'S COMMON STOCK IN EXCESS OF 9.8% (BY VALUE OR BY NUMBER OF SHARES, WHICHEVER IS MORE RESTRICTIVE) OF THE OUTSTANDING COMMON STOCK OF THE CORPORATION; (iii) NO PERSON MAY BENEFICIALLY OR CONSTRUCTIVELY OWNS SHARES OF COMMON STOCK THAT WOULD RESULT IN THE CORPORATION BEING "CLOSELY HELD" UNDER SECTION 856(h) OF THE CODE OR OTHERWISE CAUSE THE CORPORATION TO FAIL TO QUALIFY AS A REIT, AND (iv) NO PERSON MAY TRANSFER SHARES OF COMMON STOCK IF SUCH TRANSFER WOULD RESULT IN THE CAPITAL STOCK OF THE CORPORATION BEING OWNED BY FEWER THAN 100 PERSONS. ANY PERSON WHO BENEFICIALLY OR CONSTRUCTIVELY OWNS

SHARES OF COMMON STOCK WHICH CAUSES OR WILL CAUSE A PERSON TO BENEFICIALLY OR CONSTRUCTIVELY OWN SHARES OF COMMON STOCK IN EXCESS OF THE ABOVE LIMITATIONS MUST IMMEDIATELY NOTIFY THE CORPORATION. IF ANY OF THE RESTRICTIONS ON TRANSFER OR OWNERSHIP ARE VIOLATED, THE SHARES OF COMMON STOCK REPRESENTED HEREBY WILL BE AUTOMATICALLY TRANSFERRED TO THE TRUSTEE OF A TRUST FOR THE BENEFIT OF ONE OR MORE CHARITABLE BENEFICIARIES. IN ADDITION, THE CORPORATION MAY REDEEM SHARES UPON THE TERMS AND CONDITIONS SPECIFIED BY THE BOARD OF DIRECTORS IN ITS SOLE DISCRETION IF THE BOARD OF DIRECTORS DETERMINES THAT OWNERSHIP OR A TRANSFER OR OTHER EVENT MAY VIOLATE THE RESTRICTIONS DESCRIBED ABOVE. FURTHERMORE, UPON THE OCCURRENCE OF CERTAIN EVENTS, ATTEMPTED TRANSFERS IN VIOLATION OF THE RESTRICTIONS DESCRIBED ABOVE MAY BE VOID AB INITIO. ALL TERMS IN THIS LEGEND THAT ARE DEFINED IN THE CHARTER OF THE CORPORATION SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THE CHARTER OF THE CORPORATION, AS THE SAME MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH, INCLUDING THE RESTRICTIONS ON TRANSFER AND OWNERSHIP, WILL BE FURNISHED TO EACH HOLDER OF SHARES OF COMMON STOCK ON REQUEST AND WITHOUT CHARGE. REQUESTS FOR SUCH A COPY MAY BE DIRECTED TO THE SECRETARY OF THE CORPORATION AT ITS PRINCIPAL OFFICE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

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TEN COM -- as tenants in common	UNIF GIFT MIN ACT -- Customer -------------- (Cust)
TEN ENT -- as tenants by the entireties	under Uniform Act to Minors
JT TEN -- as joint tenants with the right of survivorship and not as tenants in common	-------------- (Minor)

</TABLE>

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, ____________ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

- --------------------------------------

- --------------------------------------

- --

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

- --

- --

- --Shares
of the common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

- --Attorney
to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated

X

X

NOTICE THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER

Signature(s) guaranteed

By

THE SIGNATURE(S) SHOULD BE GUARANTEED
BY AN ELIGIBLE GUARANTOR INSTITUTION
(BANKS, STOCKBROKERS, SAVINGS AND LOAN
ASSOCIATIONS AND CREDIT UNIONS WITH
MEMBERSHIP IN AN APPROVED SIGNATURE
GUARANTEE MEDALLION PROGRAM), PURSUANT TO
S.E.C. RULE 17Ad-15

EXHIBIT 8.1

November ___, 1997

AMB Property Corporation
505 Montgomery Street
San Francisco, California 94111

Re: Registration Statement on Form S-11 (File No. 333-35915)
Federal Income Tax Consequences

Ladies and Gentlemen:

We have acted as tax counsel to AMB Property Corporation, a Maryland corporation (the "Company"), in connection with its sale of up to 11,905,000 shares of common stock of the Company pursuant to a registration statement on Form S-11 under the Securities Act of 1933, filed with the Securities and Exchange Commission on November ___, 1997, (file number 333-35915) as amended as of the date hereof (the "Registration Statement").

You have requested our opinion concerning certain of the Federal income tax consequences to the Company and the purchasers of the securities described above in connection with the sale described above. This opinion is based on various facts and assumptions, including the facts set forth in the Registration Statement concerning the business, properties and governing documents of the Company and AMB Property, L.P. (the "Operating Partnership"). We have also been furnished with, and with your consent have relied upon, (i) certain representations made by the Company and the Operating Partnership with respect to certain factual matters through a certificate of an officer of the Company (the "Officer's Certificate"), (ii) certain representations made by AMB Institutional Realty Advisors, Inc., a California corporation ("AMBIRA"), with respect to certain factual matters through a certificate of an officer of AMBIRA (the "AMBIRA Officer's Certificate"), and (iii) certain representations made by AMB Current Income Fund, Inc., a Maryland corporation ("CIF"), AMB Value Added Fund, Inc., a Maryland corporation ("VAF"), and Western Properties Fund-I, a California limited partnership ("WPF"), as set forth in Exhibit I to that certain Joint Proxy Statement/Offering Memorandum/Consent Solicitation dated as of July 17, 1997 (the "Proxy"). With respect to certain matters relating to CIF and VAF (and their successors), we have relied upon the opinion of Morrison & Foerster, counsel to CIF and

VAF (and such successors), dated November ___, 1997. With respect to matters of Maryland law, we have relied upon the opinion of Ballard Spahr Andrews & Ingersoll, counsel for the Company, dated November ___, 1997.

In our capacity as tax counsel to the Company, we have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction of such documents, corporate records and other instruments as we have deemed necessary or appropriate for purposes of this opinion. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures thereon, the legal capacity of natural persons executing such documents and the conformity to authentic original documents of all documents submitted to us as copies.

We are opining herein as to the effect on the subject transaction only of the Federal income tax laws of the United States and we express no opinion with respect to the applicability thereto, or the effect thereon, of other Federal laws, the laws of any state or other jurisdiction or as to any matters of municipal law or the laws of any other local agencies within any state.

Based on such facts, assumptions and representations, it is our opinion that:

1. 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 "real estate investment trust" under the Internal Revenue Code of 1986, as amended (the "Code"), and its proposed method of operation, as described in the representations of the Company and the Operating Partnership referred to above, will enable the Company to meet the require-ments for qualification and taxation as such a real estate investment trust.

2. The Operating Partnership will be treated as a partnership for Federal income tax purposes (and not as an association or publicly traded

partnership taxable as a corporation).

3. Commencing with AMBIRA's taxable year ending December 31, 1989, AMBIRA has qualified for taxation as an "S corporation" (as such term is defined in Section 1361(a)(1) of the Code) for Federal income tax purposes and will continue to so qualify through the date of its revocation of its election to be taxed as an S corporation as a part of the Formation Transactions (as such term is defined in the Registration Statement).

4. The statements in the Registration Statement set forth under the caption "Federal Income Tax Consequences" to the extent such information constitutes matters of law, summaries of legal matters, or legal conclusions, have been reviewed by us and are accurate in all material respects.

No opinion is expressed as to any matter not discussed herein.

This opinion is based on various statutory provisions, regulations promulgated thereunder and interpretations thereof by the Internal Revenue Service and the courts having jurisdiction over such matters, all of which are subject to change either prospectively or retroactively. Also, any variation or difference in the facts from those set forth in the representations described above, including in the Registration Statement, the Officer's Certificate, or the AMBIRA Officer's Certificate, may affect the conclusions stated herein. Moreover, the Company's qualification and taxation as a real estate investment trust depends upon the Company's ability to meet (through actual annual operating results, distribution levels and diversity of stock ownership) the various qualification tests imposed under the Code, the results of which have not been and will not be reviewed by Latham & Watkins. Accordingly, no assurance can be given that the actual results of the Company's operation for any one taxable year will satisfy such requirements.

This opinion is rendered only to you, and is solely for your use and the use of your shareholders in connection with the transactions set forth in the Registration Statement. This opinion may not be relied upon by you or your shareholders for any other purpose, or furnished to, quoted to, or relied upon by any other person, firm or corporation, for any purpose, without our prior written consent. We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name under the caption "Legal Matters" in the Registration Statement.

Very truly yours,

EXHIBIT 10.1

AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

AMB PROPERTY, L.P.

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AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

AMB PROPERTY, L.P.

THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP, dated as of November __, 1997, is entered into by and among AMB Property Corporation, a Maryland corporation (the "Company"), as the General Partner and the Persons whose names are set forth on Exhibit A attached hereto, as the Limited Partners, together with any other Persons who become Partners in the Partnership as provided herein.

WHEREAS, the Company proposes to effect a public offering of its common stock, to acquire and cause the Partnership to acquire direct and indirect interests in [100] industrial and retail properties and other assets, to cause the Partnership to enter into certain mortgage financing transactions, and to contribute the remaining net proceeds from the public offering to the Partnership;

WHEREAS, the Partnership will issue Partnership Interests to the Company and other persons in accordance with the foregoing transactions;

NOW, THEREFORE, BE IT RESOLVED, that for good and adequate consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1.
DEFINED TERMS

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

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

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

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

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

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

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

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

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

"Adjustment Date" means, with respect to any Capital Contribution, the close of business on the Business Day last preceding the date of the Capital Contribution; provided that, if such Capital Contribution is being made by the General Partner in respect of the proceeds from the issuance of REIT Shares (or the issuance of the General Partner's securities exercisable for, convertible into or exchangeable for REIT Shares), then the Adjustment Date shall be as of the close of business on the Business Day last preceding the date of the issuance of such securities.

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

"Agreed Value" means (i) in the case of any Contributed Property set forth in Exhibit A and as of the time of its contribution to the Partnership, the Agreed Value of such property as set forth in Exhibit A; (ii) in the case of any Contributed Property not set forth in Exhibit A and as of the time of its contribution to the Partnership, the fair market value of such property or other consideration as determined by the General Partner, reduced by any liabilities either assumed by the Partnership upon such contribution or to which such

property is subject when contributed; and (iii) in the case of any property distributed to a Partner by the Partnership, the fair market value of such property as determined by the General Partner at the time such property is distributed, reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject at the time of the distribution as determined under Section 752 of the Code and the Regulations thereunder.

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

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

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

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

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

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

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

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

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

(ii) less the sum of:

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

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

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

(d) all other expenditures and payments not deducted in determining Net Income or Net Loss for such period,

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

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

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

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

"Board of Directors" means the Board of Directors of the General

Partner.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in Los Angeles, California and New York, New York are authorized or required by law to be closed.

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

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

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

(iii) In the event any interest in the Partnership is transferred in accordance with the terms of this Agreement (which does not result in a termination of the Partnership for Federal income tax purposes), the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

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

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

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

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

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

"Charter" means the Articles of Incorporation of the General Partner filed with the Maryland State Department of Assessments and Taxation on ___________________, 1997, as amended or restated from time to time.

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

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

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

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

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

"Contributed Property" means each property or other asset, in such form as may be permitted by the Act, but excluding cash, contributed or deemed contributed to the Partnership.

"Debt" means, as to any Person, as of any date of determination: (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services; (ii) all amounts owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments

guaranteeing payment or other performance of obligations by such Person; (iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person's interest in such property, even though such Person has not assumed or become liable for the payment thereof; and (iv) lease obligations of such Person which, in accordance with generally accepted accounting principles, should be capitalized.

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

"Deemed Value of the Partnership Interests" means, as of any date with respect to any class of Partnership Interests, (i) the total number of Partnership Units of the General Partner in such class of Partnership Interests (as provided for in Sections 4.1 and 4.3.C) issued and outstanding as of the close of business on such date multiplied by the Fair Market Value determined as of such date of a share of capital stock of the General Partner which corresponds to such class of Partnership Interests; (ii) divided by the Percentage Interest of the General Partner in such class of Partnership Interests on such date.

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

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

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

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

"Excess Performance Capital" means, with respect to a Performance Partner, an amount equal to the number of Partnership Units held by such Performance Partner, multiplied by the excess of (i) the Capital Account per Partnership Unit for such Performance Partner; over (ii) the Capital Account per

Partnership Unit for a Limited Partner which is not a PLP or a Performance Partner. For purposes of (ii) above, it shall be assumed that the Limited Partner has

no special arrangements with the Partnership, other than as set forth in this Agreement, which would cause its Capital Account per Partnership Unit to be different from the Capital Account per Partnership Unit of other Limited Partners who are not Performance Partners or PLPs. If the Partner described in (ii) above does not exist, the amount used for purposes of (ii) shall be the projected Capital Account balance per Partnership Unit for such Partner, determined in the reasonable discretion of the General Partner.

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

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

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

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

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

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

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

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

(i) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset, as determined by the contributing Partner and the General Partner (as set forth on Exhibit A attached hereto, as such Exhibit may be amended from time to time); provided that, if the contributing Partner is the General Partner then, except with respect to the General Partner's initial Capital Contribution which shall

be determined as set forth on Exhibit A, or capital contributions of cash, REIT Shares or other shares of capital stock of the General Partner, the determination of the fair market value of the contributed asset shall be determined by (a) the price paid by the General Partner if the asset is acquired by the General Partner contemporaneously with its contribution to the Partnership or (b) by Appraisal if otherwise acquired by the General Partner.

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

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

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

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

(d) the issuance of Performance Units; and

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

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

(iv) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (iv) to the extent that the General Partner reasonably determines that an adjustment pursuant to subparagraph (ii) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv).

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

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

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

"Incapacity" or "Incapacitated" means: (i) as to any individual Partner, death, total physical disability or entry by a court of competent jurisdiction adjudicating him or her incompetent to manage his or her Person or his or her estate; (ii) as to any corporation which is a Partner, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter; (iii) as to any partnership which is a Partner, the dissolution and commencement of winding up of the partnership; (iv) as to any estate which is a Partner, the distribution by the fiduciary of the estate's entire interest in the Partnership; (v) as to any trustee of a trust which is a Partner, the termination of the trust (but not the substitution of a new

trustee); or (vi) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Partner is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (c) the Partner executes and delivers a general assignment for the benefit of the Partner's creditors, (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of

a petition filed against the Partner in any proceeding of the nature described in clause (b) above, (e) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner's properties, (f) any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within one hundred and twenty (120) days after the commencement thereof, (g) the appointment without the Partner's consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within ninety (90) days of such appointment or (h) an appointment referred to in clause (g) is not vacated within ninety (90) days after the expiration of any such stay.

"Indemnitee" means (i) any Person subject to a claim or demand or made or threatened to be made a party to, or involved or threatened to be involved in, an action, suit or proceeding by reason of his or her status as (a) the General Partner or (b) a director, officer, employee or agent of the Partnership or the General Partner and (ii) such other Persons (including Affiliates of the General Partner or the Partnership) as the General Partner may designate from time to time, in its sole and absolute discretion.

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

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

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

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

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

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

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

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

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

(ii) Any expenditures of the Partnership described in Code Section

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

(iii) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subparagraph (iii) of the definition of Gross Asset Value, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Income or Net Loss; in the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subparagraph (ii) of the definition of Gross Asset Value, the amount of such adjustment shall be taken into account as gain or loss from the disposition of all Partnership assets in a Terminating Capital Transaction for purposes of computing Net Income or Net Loss as set forth in Section 6.2.A(ii), subject to Section 6.3; any Net Loss arising under this subparagraph (iii) shall be allocated to the Partners as set forth in Section 6.2.A(i), subject to Section 6.3;

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

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

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

(vii) Notwithstanding any other provision of this definition of Net Income or Net Loss, any items which are specially allocated pursuant to Section 6.3 shall not be taken into

account in computing Net Income or Net Loss. The amounts of the items of Partnership income, gain, loss, or deduction available to be specially allocated pursuant to Section 6.3 shall be determined by applying rules analogous to those set forth in this definition of Net Income or Net Loss.

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

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

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

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

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

"Offering Memorandum" means that certain "Joint Proxy Statement/Offering Memorandum/Consent Solicitation" of the General Partner dated July 17, 1997 (including all exhibits and supplements thereto).

"Original Limited Partner" means the Limited Partners of the Partnership, listed on Exhibit I hereto, as of _____________________, 1997.

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

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

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

"Partner Nonrecourse Deductions" shall have the meaning set forth in Regulations Section 1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a

Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

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

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

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

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

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

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

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

"Performance Amount" means, with respect to a PLP on a specified date, (i) in the case of a Redemption, a number of Performance Units equal to (a) the amount of such PLP's

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

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

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

"Performance Shares" means a portion of the REIT Shares or Partnership Units issued to the Performance Investors which were escrowed pursuant to the Escrow Agreements for possible transfer to the General Partner or the Partnership (as applicable), the applicable number of which for each Performance Investor is described in the applicable Escrow Agreement.

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

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

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

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

"PLP" means at any time, any Person who then owns one or more Performance Units.

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

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

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

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

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

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

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

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

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

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

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

"Specified Redemption Date" means the day of receipt by the General

Partner of a Notice of Redemption.

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

"Subsidiary" means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

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

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

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

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

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

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

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

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

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

ARTICLE 2.
ORGANIZATIONAL MATTERS

Section 2.1. Organization

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

Section 2.2. Name

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

Section 2.3. Resident Agent; Principal Office

The name and address of the resident agent of the Partnership in the State of Delaware is [Prentice-Hall Corporation Systems, Inc., 1013 Centre Road, Wilmington, Delaware 19805]. The address of the principal office of the Partnership in the State of Delaware is [c/o Prentice-Hall Corporation Systems, Inc., 1013 Centre Road, Wilmington, Delaware 19805] at such address. The principal office of the Partnership is located at 505 Montgomery Street, San Francisco, California 94111, or such other place as the General Partner may from time to

time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

Section 2.4. Power of Attorney

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

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

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

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

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

Section 2.5. Term

The term of the Partnership will commence on _____________, 1997 and shall continue until December 31, 2097 unless it is dissolved sooner pursuant to the provisions of Article 13 or as otherwise provided by law.

Section 2.6. Number of Partners

Without the consent of the General Partner which may be given or withheld in its sole discretion, the Partnership shall not at any time have more than one hundred (100) partners (including as partners those persons indirectly owning an interest in the Partnership through a partnership, limited liability company, S corporation or grantor trust (such entity, a "flow through entity"),

but only if substantially all of the value of such person's interest in the flow through entity is attributable to the flow through entity's interest (direct or indirect) in the Partnership).

ARTICLE 3.
PURPOSE

Section 3.1. Purpose and Business

The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act; provided, however, that such business shall be limited to and conducted in such a manner as to permit the General Partner at all times to be classified as a REIT for Federal income tax purposes, unless the General Partner ceases to qualify as a REIT for reasons other than the conduct of the business of the Partnership, (ii) to enter into any partnership, joint venture or other similar arrangement to engage in any of the foregoing or to own interests in any entity engaged, directly or indirectly, in any of the foregoing and (iii) to do anything necessary or incidental to the foregoing. In connection with the foregoing, and without limiting the General Partner's right

in its sole discretion to cease qualifying as a REIT, the Partners acknowledge that the General Partner's current status as a REIT inures to the benefit of all the Partners and not solely the General Partner.

Section 3.2. Powers

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

Section 3.3. Partnership Only for Purposes Specified

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

Section 3.4. Representations and Warranties by the Parties

A. Each Partner that is an individual represents and warrants to each other Partner that (i) such Partner has in the case of any Person other than an individual, the power and authority, and in the case of an individual, the legal capacity, to enter into this Agreement and perform such Partner's obligations hereunder, (ii) the consummation of the transactions contemplated by this Agreement to be performed by such Partner will not result in a breach or violation of, or a default under, any agreement by which such Partner or any of such Partner's property is or are bound, or any statute, regulation, order or other law to which such Partner is subject, (iii) such Partner is neither a "foreign person" within the meaning of Section 1445(f) of

the Code nor a "foreign partner" within the meaning of Section 1446(e) of the Code and (iv) this Agreement has been duly executed and delivered by such Partner and is binding upon, and enforceable against, such Partner in accordance with its terms.

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

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

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

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

(ii) Except as provided in Exhibit F, at any time such Partner actually or constructively owns a 25% or greater capital interest or profits interest in the Partnership, it does not, and agrees that it will not without the prior written consent of the General Partner, actually own or Constructively Own, any stock in the General Partner, other than any REIT Shares or other shares of capital stock of the General Partner such Partner may acquire (a) as a result of an exchange of Tendered Units pursuant to Section 8.6 or (b) upon the exercise of options granted or delivery of REIT Shares pursuant to any

Stock Incentive Plan, in each case subject to the ownership limitations set forth in the General Partner's Charter.

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

(iv) It understands that if, for any reason, (a) the representations, warranties or agreements set forth in Section 3.4.D(i) or (ii) are violated or (b) the Partnership's actual or Constructive Ownership of the REIT Shares or other shares of capital stock of the General Partner violates the limitations set forth in the Charter, then (x) some or all of the Redemption rights of the Partners may become non-exercisable, and (y) some or all of the REIT Shares owned by the Partners may be automatically transferred to a trust for the benefit of a charitable beneficiary, as provided in the Charter.

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

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

ARTICLE 4.
CAPITAL CONTRIBUTIONS

Section 4.1. Capital Contributions of the Partners

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

Section 4.2. Loans by Third Parties

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

Section 4.3. Additional Funding and Capital Contributions

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

B. General Partner Loans. The General Partner may enter into a Funding Debt, including, without limitation, a Funding Debt that is convertible into REIT Shares, and lend the Additional Funds to the Partnership (a "General Partner Loan"); provided, however, that the General Partner shall not be obligated to lend the net proceeds of any Funding Debt to the Partnership in a manner that would be inconsistent with the General Partner's ability to remain qualified as a REIT. If the General Partner enters into such a Funding Debt, the General Partner Loan will consist of the net proceeds from such Funding Debt and will be on comparable terms and conditions, including interest rate, repayment schedule and costs and expenses, as shall be applicable with respect to or incurred in connection with such Funding Debt.

C. Issuance of Additional Partnership Interests. The General Partner may raise all or any portion of the Additional Funds by accepting additional Capital Contributions, including, without limitation, the issuance of Units for interests in real property. In connection with any such additional Capital Contributions (of cash or property), the General Partner is hereby authorized to cause the Partnership from time to time to issue to Partners (including the General Partner) or other Persons (including, without limitation, in connection with the contribution of property to the Partnership) additional Partnership Units or other Partnership Interests in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers, and duties, including rights, powers, and duties senior to then existing Limited Partnership Interests, all as shall be determined by the General Partner in its sole and absolute discretion subject to Delaware law, and as set forth by amendment to this Agreement, including without limitation: (i) the allocations of items of Partnership income, gain, loss, deduction, and credit to such class or series of

Partnership Interests; (ii) the right of each such class or series of Partnership Interests to share in Partnership distributions; (iii) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership; and (iv) the right to vote, including, without limitation, the limited partner approval rights set forth in Section 11.2.A; provided that,

no such additional Partnership Units or other Partnership Interests shall be issued to the General Partner unless either (a) the additional Partnership Interests are issued in connection with the grant, award, or issuance of shares of the General Partner pursuant to Section 4.3.D below, which shares have designations, preferences, and other rights (except voting rights) such that the economic interests attributable to such shares are substantially similar to the designations, preferences and other rights of the additional Partnership Interests issued to the General Partner in accordance with this Section 4.3.C or (b) the additional Partnership Interests are issued to all Partners holding Partnership Interests in the same class in proportion to their respective Percentage Interests in such class. In the event that the Partnership issues additional Partnership Interests pursuant to this Section 4.3.C, the General Partner shall make such revisions to this Agreement (including but not limited to the revisions described in Sections 5.4, 6.2.B, and 8.6) as it determines are necessary to reflect the issuance of such additional Partnership Interests.

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

E. Percentage Interest Adjustments in the Case of Capital Contributions for Partnership Units. Upon the acceptance of additional Capital Contributions in exchange for Partnership Units, the Percentage Interest related thereto shall be equal to a fraction, the numerator of which is equal to the amount of cash and the Agreed Value of the Properties contributed as of the Business Day immediately preceding the date on which the additional Capital Contributions are made (an "Adjustment Date") and the denominator of which is equal to the sum of (i) the Deemed Value of the Partnership Interests of such class (computed as of the Business Day immediately preceding the Adjustment Date) plus (ii) the aggregate amount of additional Capital Contributions contributed to the Partnership on such Adjustment Date in respect of such class of Partnership Interests. The Percentage Interest of each other Partner holding Partnership Interests of such class not making a full pro rata Capital Contribution shall be adjusted to equal a fraction, the numerator of which is equal to the sum of (i) the Deemed Partnership Interest Value of such Limited Partner of such class (computed as of the Business Day immediately preceding the Adjustment Date) plus (ii) the amount of additional Capital Contributions made by such Partner to the Partnership in respect of such class of Partnership Interests as of such Adjustment Date, and the denominator of which is equal to the sum of (a) the Deemed Value of the Partnership Interests of such class (computed as of the Business Day immediately preceding the Adjustment Date), plus (b) the aggregate amount of additional Capital Contributions contributed to the Partnership on such Adjustment Date in respect of such class. Notwithstanding the foregoing, solely for purposes of calculating a Partner's Percentage Interest pursuant to this Section 4.3.E, (i) in the case of cash Capital Contributions by the General Partner, such Capital Contributions will be deemed to equal the cash contributed by the General

Partner plus, in the case of cash contributions funded by an offering of REIT Shares or other shares of capital stock of the General Partner, the offering costs attributable to the cash contributed to the Partnership, and (ii) in the case of the contribution of Properties (or any portion thereof) by the General Partner which were acquired by the General Partner in exchange for REIT Shares immediately prior to such contribution, the General Partner shall be issued a number of Partnership Units equal to the number of REIT Shares issued by the General Partner in exchange for such Properties, the Partnership Units held by the other Partners shall not be adjusted, and the Partners' Percentage Interests shall be adjusted accordingly. The General Partner shall promptly give each Partner written notice of its Percentage Interest, as adjusted.

F. Issuance of Performance Units to the PLPs. Performance Investors

may be required pursuant to the terms of the Escrow Agreements to transfer all or a portion of their Performance Shares to the General Partner or the Partnership (as applicable). To the extent Performance Shares (i.e., REIT Shares) are transferred by Performance Investors to the General Partner pursuant to the Escrow Agreements, the number of Partnership Units held by the General Partner shall be automatically reduced by such amount on such date. To the extent Performance Shares (i.e., Partnership Units) are transferred by Performance Investors to the Partnership pursuant the Escrow Agreements, the number of Partnership Units held by each such Performance Investor shall be automatically reduced by such amount on such date. To the extent the Partnership Units held by the General Partner or Performance Investors are reduced as set forth in the preceding two sentences, the Partnership shall immediately issue an equal number of Performance Units to the Persons listed on Exhibit H hereto in accordance with the percentages set forth on such exhibit. The adjustments in the number of Partnership Units held by the Performance Partners and the PLPs set forth above shall have no effect on each such Partners' Capital Account in the Partnership (except with respect to subsequent allocations of items of Partnership income, gain, loss, deduction, and credit made to such Partners) and no PLP shall have an obligation to make a contribution to the capital of the Partnership in connection with the issuance of Performance Units.

G. Changes in PLPs. Any Person who is listed on Exhibit H and who does not remain employed by the Partnership for at least one (1) year from the closing of the initial public offering of the common stock of the General Partner, other than Persons who cease to be so employed as a result of a Permitted Reason, shall have their name removed from such exhibit and such Person's percentage as set forth on such exhibit shall be transferred to the other Persons listed on such exhibit in proportion to their immediately preceding percentages.

Section 4.4. Stock Incentive Plan

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

Section 4.5. No Preemptive Rights

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

Section 4.6. Other Contribution Provisions

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

ARTICLE 5.
DISTRIBUTIONS

Section 5.1. Requirement and Characterization of Distributions

The General Partner shall cause the Partnership to distribute quarterly all, or such portion as the General Partner may in its discretion determine, of Available Cash generated by the Partnership during such quarter to the Partners who are Partners on the Partnership Record Date with respect to such quarter, (i) first, with respect to any Partnership Interests that are entitled to any preference in distribution, in accordance with the rights of such class of Partnership Interests (and within such class, pro rata in proportion to the respective Percentage Interests on such Partnership Record Date) and (ii) second, with respect to Partnership Interests that are not entitled to any preference in distribution, pro rata to each such class in accordance with the terms of such class (and within each such class, pro rata in proportion with the respective Percentage Interests on such Partnership Record Date). Unless otherwise expressly provided for herein or in an agreement at the time a new class of Partnership Interests is created in accordance with Article 4, no Partnership Interest shall be entitled to a distribution in preference to any other Partnership Interest. The General Partner shall take such reasonable efforts, as determined by it in its sole and absolute discretion and consistent

with its qualification as a REIT, to cause the Partnership to distribute sufficient amounts to enable the General Partner to pay stockholder dividends that will (a) satisfy the requirements for qualifying as a REIT under the Code and Regulations ("REIT Requirements") and (b) avoid any Federal income or excise tax liability of the General Partner.

Section 5.2. Distributions in Kind

No right is given to any Partner to demand and receive property other than cash. The General Partner may determine, in its sole and absolute discretion, to make a distribution in kind to the Partners of Partnership assets, and such assets shall be distributed in such a fashion as

to ensure that the fair market value is distributed and allocated in accordance with Articles 5, 6 and 10.

Section 5.3. Distributions Upon Liquidation

Proceeds from a Terminating Transaction shall be distributed to the Partners in accordance with Section 13.2.

Section 5.4. Distributions to Reflect Issuance of Additional Partnership Interests

In the event that the Partnership issues additional Partnership Interests (other than Performance Units, which shall receive distributions as set forth in Section 5.1) to the General Partner or any Additional Limited Partner pursuant to Section 4.3.C or 4.4, the General Partner shall make such revisions to this Article 5 as it determines are necessary to reflect the issuance of such additional Partnership Interests.

ARTICLE 6.
ALLOCATIONS

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

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

Section 6.2. General Allocations

A. In General. Except as otherwise provided in this Article 6:

(i) Net Income and Net Loss. Net Income and Net Loss shall be allocated except as provided in Section 6.2.A(ii), to each of the Partners holding the same class of Partnership Interests in accordance with their respective Percentage Interest of such class.

(ii) Terminating Capital Transactions.

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

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

(1) any Net Income attributable to such Terminating Capital Transaction shall be allocated as follows: such Net Income shall first be tentatively allocated solely as an interim step in calculating final allocations pursuant to this Section 6.2.A.(ii)(b)(1), among the Partners in accordance with Section 6.2.A.(ii)(a) and Section 6.2.A.(i). Then the amount so tentatively allocated

to each Performance Partner, to the extent of each such Performance Partner's Excess Performance Capital, shall instead be allocated to the PLPs, pro rata to the number of Performance Units held by each PLP.

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

B. Allocations to Reflect Issuance of Additional Partnership Interests. In the event that the Partnership issues additional Partnership Interests to the General Partner or any Additional Limited Partner pursuant to Section 4.3 or 4.4, the General Partner shall make such revisions to this Section 6.2 as it determines are necessary to reflect the terms of the issuance of such additional Partnership Interests, including making preferential allocations to certain classes of Partnership Interests. In addition, for any quarter in which Performance Units were issued, Net Income and Net Loss relating to such units shall be allocated among (i) the PLPs who received such units and (ii) the Performance Partners who returned the corresponding Partnership Units to the Partnership, in accordance with any method selected by the General Partner which is permitted under Section 706 of the Code.

Section 6.3. Additional Allocation Provisions

Notwithstanding the foregoing provisions of this Article 6:

A. Regulatory Allocations.

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

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

1.704-2(j)(2). This Section 6.3.A(ii) is intended to qualify as a "chargeback of partner nonrecourse debt minimum gain" within the meaning of Regulation Section 1.704-2(i) which shall be controlling in the event of a conflict between such Regulation and this Section 6.3.A(ii).

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

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

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

(vi) Limitation on Allocation of Net Loss. To the extent any allocation of Net Loss would cause or increase an Adjusted Capital Account Deficit as to any Partner, such allocation of Net Loss shall be reallocated among the other Partners in accordance with their respective Percentage Interests, subject to the limitations of this Section 6.3.A(vi).

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

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

with certain regulatory requirements, including the requirements of Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding the provisions of Sections 6.1 and 6.2, the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and

deduction among the Partners so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Partner shall be equal to the net amount that would have been allocated to each such Partner if the Regulatory Allocations had not occurred.

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

Section 6.4. Tax Allocations

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

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

ARTICLE 7. MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.1. Management

A. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership are exclusively vested in the General Partner, and no Limited Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership. The General Partner may

not be removed by the Limited Partners with or without cause, except with the consent of the General Partner. In addition to the powers now or hereafter granted a general partner of a limited partnership under the Act and other applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to the other provisions hereof including Section 7.3, shall have full power and authority to do all things deemed necessary or desirable by it to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 and to effectuate the purposes set forth in Section 3.1, including, without limitation:

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

(ii) the making of tax, regulatory and other filings, or rendering of

periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

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

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

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

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

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

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

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

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

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

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

(xiii) the management, operation, leasing, landscaping, repair, alteration, demolition or improvement of any real property or improvements owned

by the Partnership or any Subsidiary of the Partnership or any Person in which the Partnership has made a direct or indirect equity investment;

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

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

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

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

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

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

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

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

D. At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain working capital and other reserves in such amounts as

the General Partner, in it sole and absolute discretion, deems appropriate and reasonable from time to time.

E. In exercising its authority under this Agreement, the General Partner may, but, other than as set forth in the following sentence, shall be under no obligation to, take into account the tax consequences to any Partner (including the General Partner) of any action taken by the General Partner. The General Partner, on behalf of the Partnership, shall use commercially reasonable efforts to cooperate with the Limited Partners to minimize any taxes payable in connection with any repayment, refinancing, replacement or restructuring of Debt, or any sale, exchange or any other disposition of assets, of the Partnership. The General Partner and the Partnership shall not have liability to a Limited Partner under any circumstances as a result of an income tax liability incurred by such Limited Partner as a result of an action (or inaction) by the General Partner pursuant to its authority under this Agreement.

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

Section 7.2. Certificate of Limited Partnership

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

Section 7.3. Restrictions on General Partner's Authority

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

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

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

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

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

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

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

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

(ii) make a general assignment for the benefit of creditors or appoint or acquiesce in the appointment of a custodian, receiver or trustee for all or any part of the assets of the Partnership;

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

(iv) confess a judgment against the Partnership; or

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

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

D. Notwithstanding Sections 7.3.B, 7.3.C and 7.3.D, but subject to

Section 7.3.E, the General Partner shall have the power, without the Consent of the Limited Partners, to

amend this Agreement as may be required to facilitate or implement any of the following purposes:

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

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

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

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

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

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

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

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

E. Notwithstanding Sections 7.3.B, 7.3.C and 7.3.D, this Agreement shall not be amended, and no action may be taken by the General Partner, including in either case through merger or sale of assets of the Partnership or otherwise without the Consent of each Partner adversely affected if such amendment or action would (i) convert a Limited Partner's interest in the Partnership into a general partner's interest (except as the result of the General Partner acquiring such interest), (ii) modify the limited liability of a Limited Partner, (iii) alter rights of the Partner to receive distributions pursuant to Article 5 or Section 13.2.A(4), or the allocations specified in Article 6 (except as permitted pursuant to Section 4.3 and Section 7.3.D(2)), (iv) alter or modify the rights to a Redemption or the REIT Shares Amount as set forth in Section 8.6, and related definitions hereof, or (v) amend this Section 7.3.E. Further, no amendment may

alter the restrictions on the General Partner's authority set forth elsewhere in this Section 7.3 without the Consent specified in such section. In addition, (a) Section 11.2 of this Agreement shall not be amended, and no action in contravention of Section 11.2 shall be taken, including in either case through merger or sale of assets of the Partnership or otherwise, without the Consent of the Limited Partners and (b) this Agreement shall not be amended, and no action shall be taken, including in either case through merger or sale of assets of the Partnership or otherwise, which would adversely affect the rights of the Persons set forth in Exhibit H to receive Performance Units as described herein.

Section 7.4. Reimbursement of the General Partner

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

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

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

Section 7.5. Outside Activities of the General Partner

A. Except in connection with a transaction authorized in Section 11.2, without the Consent of the Limited Partners, the General Partner shall not, directly or indirectly, enter into or conduct any business, other than in connection with the ownership, acquisition and disposition of Partnership Interests as a General Partner and the management of the business of the Partnership, its operation as a public reporting company with a class (or classes) of securities registered under the Exchange Act, its operation as a REIT and such activities as are incidental to the same. Without the Consent of the Limited Partners, the General Partner shall not, directly or indirectly, participate in or otherwise acquire any interest in any real or personal property, except its General Partner Interest, its interest in any Subsidiary Partnership(s) (held directly or

indirectly through a Qualified REIT Subsidiary) that the General Partner holds in order to maintain such Subsidiary Partnership's status as a partnership, and such bank accounts, similar instruments or other short-term investments as it deems necessary to carry out its responsibilities contemplated under this Agreement and the Charter. Notwithstanding the foregoing, the General Partner may acquire Properties in exchange for REIT Shares, to the extent such Properties are immediately contributed by the General Partner to the Partnership, pursuant to the terms described in Section 4.3.E. Any Limited Partner Interests acquired by the General Partner, whether pursuant to exercise by a Limited Partner of its right of Redemption, or otherwise, shall be automatically converted into a General Partner Interest comprised of an identical number of Partnership Units of the same class. If, at any time, the General Partner acquires material assets (other than on behalf of the Partnership) the definition of "REIT Shares Amount" shall be adjusted, as reasonably agreed to by the General Partner and the other Limited Partners, to reflect the relative Fair Market Value of a share of capital stock of the General Partner relative to the Deemed Partnership Interest Value of the related Partnership Unit. The General Partner's General Partner Interest in the Partnership, its minority interest in any Subsidiary Partnership(s) (held directly or indirectly through a Qualified REIT Subsidiary) that the General Partner holds in order to maintain such Subsidiary Partnership's status as a partnership, and interests in such short-term liquid investments, bank accounts or similar instruments as the General Partner deems necessary to carry out its responsibilities contemplated under this Agreement and the Charter are interests which the General Partner is permitted to acquire and hold for purposes of this Section 7.5.A.

B. In the event the General Partner exercises its rights under the Charter to purchase REIT Shares, then the General Partner shall cause the Partnership to purchase from it a number of Partnership Units of the appropriate class as determined based on the REIT Shares Amount equal to the number of REIT Shares so purchased on the same terms that the General Partner purchased such REIT Shares.

Section 7.6. Contracts with Affiliates

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

an unaffiliated third party.

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

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

Section 7.7. Indemnification

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

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

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

D. The Partnership may purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by any such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

E. For purposes of this Section 7.7, the Partnership shall be

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

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

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

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

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

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

K. In the event the Partnership is made a party to any litigation or otherwise incurs any loss or expense as a result of or in connection with any Partner's personal obligations or liabilities unrelated to Partnership business, such Partner shall indemnify and reimburse the Partnership for all such loss and expense incurred, including legal fees, and the Partnership

Interest of such Partner may be charged therefor. The liability of a Partner under this Section 7.7.K shall not be limited to such Partner's Partnership Interest, but shall be enforceable against such Partner personally.

Section 7.8. Liability of the General Partner

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

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

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

Partnership and the Limited Partners under this Section 7.8 be greater than the Partnership Interest of the General Partner.

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

Section 7.9. Other Matters Concerning the General Partner

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

B. The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters which such General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion. C. The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the General Partner hereunder.

D. Notwithstanding any other provisions of this Agreement or any non-mandatory provision of the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of the General Partner to continue to qualify as a REIT or (ii) to avoid the General Partner incurring any taxes under Section 857 or Section 4981 of the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

Section 7.10. Title to Partnership Assets

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

Section 7.11. Reliance by Third Parties

Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies which may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the

General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (ii) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (iii) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE 8.
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

Section 8.1. Limitation of Liability

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

Section 8.2. Management of Business

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

Section 8.3. Outside Activities of Limited Partners

Subject to any agreements entered into by a Limited Partner or its Affiliates with the General Partner, Partnership or a Subsidiary, any Limited Partner and any officer, director, employee, agent, trustee, Affiliate or stockholder of any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct competition with the Partnership or that are enhanced by the activities of the Partnership. Neither the Partnership nor any Partners shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee. Subject to such agreements, none of the Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person, other than the Limited Partners benefiting from the business conducted by the General Partner, and such other Person shall have no obligation pursuant to this Agreement to offer any interest in any such business ventures to the Partnership, any Limited Partner or any such other Person, even if such opportunity is of a character which, if

presented to the Partnership, any Limited Partner or such other Person, could be taken by such other Person.

Section 8.4. Return of Capital

Except pursuant to the rights of Redemption set forth in Section 8.6, no Limited Partner shall be entitled to the withdrawal or return of his or her Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon termination of the Partnership as provided herein. No Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Capital Contributions, or as otherwise expressly provided in this Agreement, as to profits, losses, distributions or credits.

Section 8.5. Rights of Limited Partners Relating to the Partnership

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

(i) to obtain a copy of the most recent annual and quarterly reports filed with the Securities and Exchange Commission by the General

Partner pursuant to the Exchange Act, and each communication sent to the stockholders of the General Partner;

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

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

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

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

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

C. Notwithstanding any other provision of this Section 8.5, the General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner determines in its sole and absolute discretion to be reasonable, any information that

(i) the General Partner believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or (ii) the Partnership or the General Partner is required by law or by agreements with unaffiliated third parties to keep confidential.

Section 8.6. Redemption Rights

A. On or after the date one year after the Effective Date, each Limited Partner shall have the right (subject to the terms and conditions set forth herein) to require the Partnership to redeem all or a portion of the Partnership Units held by such Limited Partner (such Partnership Units being hereafter referred to as "Tendered Units") in exchange for the Cash Amount (a "Redemption"); provided that, the terms of such Partnership Units do not provide that such Partnership Units are not entitled to a right of Redemption. Unless otherwise expressly provided in this Agreement or a separate agreement entered into between the Partnership and the holders of such Partnership Units, all Partnership Units shall be entitled to a right of Redemption hereunder. Notwithstanding the foregoing, a PLP shall not have the right to require the Partnership to redeem, and the Partnership may not redeem, [(i)] a number of Performance Units held by such PLP in excess of the Performance Amount; [or (ii) any Performance Units prior to the second anniversary of their issuance.] Any Redemption shall be exercised pursuant to a Notice of Redemption delivered to the General Partner by the Limited Partner who is exercising the right (the "Tendering Partner"). The Cash Amount shall be delivered as a certified check payable to the Tendering Partner within ten (10) days of the Specified Redemption Date in accordance with the instructions set forth in the Notice of Redemption.

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

C. The REIT Shares Amount, if applicable, shall be delivered as duly authorized, validly issued, fully paid and nonassessable REIT Shares and, if applicable, free of any pledge, lien, encumbrance or restriction, other than those provided in the Charter, the Bylaws of the General Partner, the Securities Act, relevant state securities or blue sky laws and any applicable registration rights agreement with respect to such REIT Shares entered into by the Tendering Partner. The REIT Shares Amount shall be registered in the name and otherwise delivered as set forth in the Notice of Redemption. Notwithstanding any delay in such delivery (but subject to Section 8.6.E below), the Tendering Partner shall

be deemed the owner of such REIT Shares for all purposes, including without limitation, rights to vote or consent, and receive dividends, as of the Specified Redemption Date.

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

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

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

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

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

(iii) Without the consent of the General Partner, each Limited Partner may not effect a Redemption during the period after the Partnership Record Date with respect to a distribution and before the record date established by the General Partner for a distribution to its stockholders of some or all of its portion of such distribution.

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

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

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

ARTICLE 9.
BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1. Records and Accounting

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

Section 9.2. Fiscal Year

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

Section 9.3. Reports

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

B. As soon as practicable, but in no event later than forty-five (45) days after the close of each calendar quarter (except the last calendar quarter of each year), or such earlier

date as they are filed with the Securities and Exchange Commission, the General Partner shall cause to be mailed to each Limited Partner as of the last day of the calendar quarter, a report containing unaudited financial statements of the Partnership, or of the General Partner, if such statements are prepared solely on a consolidated basis with the General Partner, presented in accordance with the applicable law or regulation, or as the General Partner determines to be appropriate.

Section 9.4. Nondisclosure of Certain Information

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

ARTICLE 10. TAX MATTERS

Section 10.1. Preparation of Tax Returns

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

Section 10.2. Tax Elections

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

Section 10.3. Tax Matters Partner

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

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

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

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

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

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

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

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

(vi) to take any other action on behalf of the Partners of the Partnership in connection with any tax audit or judicial review proceeding to the extent permitted by applicable law or regulations.

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

C. The tax matters partner shall receive no compensation for its services. All third party costs and expenses incurred by the tax matters partner in performing its duties as such

(including legal and accounting fees) shall be borne by the Partnership. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm to assist the tax matters partner in discharging its duties hereunder, so long as the compensation paid by the Partnership for such services is reasonable.

Section 10.4. Organizational Expenses

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

Section 10.5. Withholding

Each Limited Partner hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Limited Partner any amount of Federal, state, local, or foreign taxes that the General Partner determines that

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

ARTICLE 11.
TRANSFERS AND WITHDRAWALS

Section 11.1. Transfer

A. The term "transfer," when used in this Article 11 with respect to a Partnership Interest, shall be deemed to refer to a transaction by which the General Partner purports to assign its General Partner Interest to another Person or by which a Limited Partner purports to assign its Limited Partnership Interest to another Person, and includes a sale, assignment, gift (outright or in trust), pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise. The term "transfer" when used in this Article 11 does not include any Redemption or exchange for REIT Shares pursuant to Section 8.6. No part of the interest of a Limited Partner shall be subject to the claims of any creditor, any spouse for alimony or support, or to legal process, and may not be voluntarily or involuntarily alienated or encumbered, except as may be specifically provided for in this Agreement.

B. No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article 11. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article 11 shall be null and void.

Section 11.2. Transfer of General Partner's Partnership Interest

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

pursuant to a statutory merger or consolidation wherein all obligations and liabilities of the transferor General Partner are assumed by a successor corporation by operation of law) shall relieve the transferor General Partner of its obligations under this Agreement without the Consent of the Partners, in their reasonable discretion. In the event the General Partner withdraws from the Partnership, or otherwise dissolves or terminates, or upon the Incapacity of the General Partner, all of the remaining

Partners may elect to continue the Partnership business by selecting a substitute General Partner in accordance with the Act.

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

C. A Termination Transaction may also occur if the following conditions are met: (i) substantially all of the assets directly or indirectly owned by the surviving entity are held directly or indirectly by the Partnership or another limited partnership or limited liability company which is the survivor of a merger, consolidation or combination of assets with the Partnership (in each case, the "Surviving Partnership"); (ii) the holders of Partnership Units, including the holders of Performance Units issued or to be issued, own a percentage interest of the Surviving Partnership based on the relative fair market value of the net assets of the Partnership and the other net assets of the Surviving Partnership immediately prior to the consummation of such transaction; (iii) the rights, preferences and privileges of such holders in the Surviving Partnership, including the holders of Performance Units issued or to be issued, are at least as favorable as those in effect immediately prior to the consummation of such transaction and as those applicable to any other limited partners or non-managing members of the Surviving Partnership (except, as to Performance Units, for such differences with Units regarding liquidation, Redemption and exchange as are set forth herein); and (iv) such rights of the Limited Partners, including the holders of Performance Units issued or to be issued, include at least one of the following: (a) the right to redeem their interests in the Surviving Partnership for the consideration available to such persons pursuant to Section 11.2.B; or (b) the right to redeem their Partnership Units for cash on terms equivalent to those in effect with respect to their Partnership Units immediately prior to the consummation of such transaction, or, if the ultimate controlling person of the Surviving Partnership has publicly traded common equity securities, such common equity securities, with an exchange ratio based on the determination of relative fair market value of such securities and the REIT Shares.

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

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

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

Section 4.3.F.

Section 11.3. Limited Partners' Rights to Transfer

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

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

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

It is a condition to any transfer otherwise permitted hereunder that the transferee assumes by operation of law or express agreement all of the obligations of the transferor Limited Partner under this Agreement with respect to such transferred Partnership Interest and no such transfer (other than pursuant to a statutory merger or consolidation wherein all obligations and liabilities of the transferor Partner are assumed by a successor corporation by operation of law) shall relieve the transferor Partner of its obligations under this Agreement without the approval of the General Partner, in its reasonable discretion. Notwithstanding the foregoing, any transferee of any transferred Partnership Interest shall be subject to any and all ownership limitations contained in the Charter and the representations in Section 3.4.D. Any transferee, whether or not admitted as a Substituted Limited Partner, shall take subject to the obligations of the transferor hereunder. Unless admitted as a Substitute Limited Partner, no transferee, whether by a voluntary transfer, by operation of law or otherwise, shall have rights hereunder, other than the rights of an Assignee as provided in Section 11.5.

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

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

D. No transfer by a Limited Partner of his or her Partnership Units (including any Redemption or exchange for REIT Shares pursuant to Section 8.6) may be made to any person if (i) in the opinion of legal counsel for the Partnership, it could result in the Partnership being treated as an association taxable as a corporation or (ii) such transfer could be treated as effectuated

through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code.

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

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

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

Section 11.4. Substituted Limited Partners

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

B. A transferee who has been admitted as a Substituted Limited Partner in accordance with this Article 11 shall have all the rights and powers and be subject to all the restrictions and liabilities of a Limited Partner under this Agreement. The admission of any transferee as a Substituted Limited Partner shall be subject to the transferee executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement (including, without limitation, the provisions of Section 2.4 and such other documents or instruments as may be required to effect the admission, each in form and substance satisfactory to the General Partner) and the acknowledgment by such transferee that each of the representations and warranties set forth in Section 3.4 are true and correct with respect to such transferee as of the date of the transfer of the Partnership Interest to such transferee.

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

Section 11.5. Assignees

If the General Partner, in its sole and absolute discretion, does not consent to the admission of any permitted transferee under Section 11.3 as a Substituted Limited Partner, as described in Section 11.4, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be entitled to all the rights of an assignee of a limited partnership interest under the Act, including the right to receive distributions from the Partnership and the share of Net Income, Net Losses, gain and loss attributable to the Partnership Units assigned to such transferee, the rights to transfer the Partnership Units provided in this Article 11, and the right of Redemption provided in Section 8.6, but shall not be deemed to be a holder of Partnership Units for any other purpose under this Agreement, and shall not be entitled to effect a

Consent with respect to such Partnership Units on any matter presented to the Limited Partners for approval (such Consent remaining with the transferor

Limited Partner). In the event any such transferee desires to make a further assignment of any such Partnership Units, such transferee shall be subject to all the provisions of this Article 11 to the same extent and in the same manner as any Limited Partner desiring to make an assignment of Partnership Units.

Section 11.6. General Provisions

A. No Limited Partner may withdraw from the Partnership other than as a result of (i) a permitted transfer of all of such Limited Partner's Partnership Units in accordance with this Article 11 and the transferee(s) of such Units being admitted to the Partnership as a Substituted Limited Partner(s) or (ii) pursuant to the exercise of its right of Redemption of all of such Limited Partner's Partnership Units under Section 8.6.

B. Any Limited Partner who shall transfer all of such Limited Partner's Partnership Units in a transfer permitted pursuant to this Article 11 where such transferee was admitted as a Substituted Limited Partner or pursuant to the exercise of its rights of Redemption of all of such Limited Partner's Partnership Units under Section 8.6 shall cease to be a Limited Partner.

C. Transfers pursuant to this Article 11 may only be made effective on the last day of the month set forth on the written instrument of transfer, unless the General Partner otherwise agrees.

D. If any Partnership Interest is transferred, assigned or redeemed during any quarterly segment of the Partnership's fiscal year in compliance with the provisions of this Article 11 or transferred or redeemed pursuant to Section 8.6, on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items attributable to such Partnership Interest for such fiscal year shall be divided and allocated between the transferor Partner and the transferee Partner by taking into account their varying interests during the fiscal year in accordance with Section 706(d) of the Code, using the interim closing of the books method. Except as otherwise required by Section 706(d) of the Code or as otherwise specified in this Agreement, solely for purposes of making such allocations, each of such items for the calendar month in which the transfer, assignment or redemption occurs shall be allocated to the Person who is a Partner as of midnight on the last day of said month and none of such items for the calendar month in which a redemption occurs will be allocated to the redeeming Partner. All distributions of Available Cash with respect to which the Partnership Record Date is before the date of such transfer, assignment or redemption shall be made to the transferor Partner, and all distributions of Available Cash thereafter, in the case of a transfer or assignment other than a redemption, shall be made to the transferee Partner.

E. In addition to any other restrictions on transfer herein contained, including without limitation the provisions of this Article 11 and Section 2.6, in no event may any transfer or assignment of a Partnership Interest by any Partner (including by way of a Redemption) be made (i) to any person or entity who lacks the legal right, power or capacity to own a Partnership Interest; (ii) in violation of applicable law; (iii) of any component portion of a Partnership Interest, such as the Capital Account, or rights to distributions, separate and apart from all other

components of a Partnership Interest; (iv) if in the opinion of legal counsel to the Partnership such transfer would cause a termination of the Partnership for Federal or state income tax purposes (except as a result of the Redemption or exchange for REIT Shares of all Partnership Units held by all Limited Partners or pursuant to a Termination Transaction expressly permitted under Section 11.2); (v) if in the opinion of counsel to the Partnership such transfer would cause the Partnership to cease to be classified as a partnership for Federal or state income tax purposes (except as a result of the Redemption or exchange for REIT Shares of all Partnership Units held by all Limited Partners); (vi) if such transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code); (vii) if such transfer would, in the opinion of counsel to the Partnership, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.2-101; (viii) if such transfer requires the registration of such Partnership Interest pursuant to any applicable Federal or state securities laws; (ix) if such transfer is effectuated through an "established securities market" or a "secondary market" (or the substantial equivalent thereof) within the meaning of Section 7704 of the Code or such transfer causes the Partnership to become a "Publicly Traded Partnership," as such term is defined in Sections 469(k)(2) or 7704(b) of the Code; (x) if such transfer subjects the Partnership to be regulated under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or the Employee Retirement Income Security Act of 1974, each as amended; (xi) if the transferee or assignee of such Partnership Interest is unable to make the representations set forth in Section 3.4.D or such transfer could otherwise adversely affect the ability of

the General Partner to remain qualified as a REIT; or (xii) if in the opinion of legal counsel for the Partnership such transfer would adversely affect the ability of the General Partner to continue to qualify as a REIT or subject the General Partner to any additional taxes under Section 857 or Section 4981 of the Code.

F. The General Partner shall monitor the transfers of interests in the Partnership to determine (i) if such interests are being traded on an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code and (ii) whether additional transfers of interests would result in the Partnership being unable to qualify for at least one of the "safe harbors" set forth in Regulations Section 1.7704-1 (or such other guidance subsequently published by the IRS setting forth safe harbors under which interests will not be treated as "readily tradable on a secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code) (the "Safe Harbors"). The General Partner shall take all steps reasonably necessary or appropriate to prevent any trading of interests or any recognition by the Partnership of transfers made on such markets and, except as otherwise provided herein, to insure that at least one of the Safe Harbors is met.

ARTICLE 12.
ADMISSION OF PARTNERS

Section 12.1. Admission of Successor General Partner

A successor to all of the General Partner's General Partner Interest pursuant to Section 11.2 who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective upon such transfer. Any such transferee shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission. In the case of such admission on any day other than the first day of a Partnership Year, all items attributable to the General Partner Interest for such Partnership Year shall be allocated between the transferring General Partner and such successor as provided in Article 11.

Section 12.2. Admission of Additional Limited Partners

A. After the admission to the Partnership of the initial Limited Partners on the date hereof, a Person who makes a Capital Contribution to the Partnership in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 2.4 and (ii) such other documents or instruments as may be required in the discretion of the General Partner in order to effect such Person's admission as an Additional Limited Partner.

B. Notwithstanding anything to the contrary in this Section 12.2, no Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent may be given or withheld in the General Partner's sole and absolute discretion. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the receipt of the Capital Contribution in respect of such Limited Partner, the documents set forth in this Section 12.2.A and the consent of the General Partner to such admission. If any Additional Limited Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items allocable among Partners and Assignees for such Partnership Year shall be allocated among such Limited Partner and all other Partners and Assignees by taking into account their varying interests during the Partnership Year in accordance with Section 706(d) of the Code, using the interim closing books method. Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of an Additional Limited Partner occurs shall be allocated among all the Partners and Assignees including such Additional Limited Partner. All distributions of Available Cash with respect to which the Partnership Record Date is before the date of such admission shall be made solely to Partners and Assignees other than the Additional Limited Partner (other than in its capacity as an Assignee) and except as otherwise agreed to by the Additional Limited Partners and the General Partner, and all distributions of

Available Cash thereafter shall be made to all Partners and Assignees including

such Additional Limited Partner.

Section 12.3. Amendment of Agreement and Certificate of Limited Partnership

For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement (including an amendment of Exhibit A) and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Section 2.4.

ARTICLE 13.
DISSOLUTION AND LIQUIDATION

Section 13.1. Dissolution

The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner (selected as described in Section 13.1.B below) shall continue the business of the Partnership. The Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following ("Liquidating Events"):

A. the expiration of its term as provided in Section 2.5;

B. an event of withdrawal of the General Partner, as defined in the Act, unless, within ninety (90) days after the withdrawal, all of the remaining Partners agree in writing, in their sole and absolute discretion, to continue the business of the Partnership and to the appointment, effective as of the date of withdrawal, of a substitute General Partner;

C. prior to December 31, 2097, an election to dissolve the Partnership made by the General Partner with the consent of Limited Partners who hold ninety percent (90%) of the outstanding Units held by Limited Partners;

D. subject to the provisions of Section 7.3.C(i), an election to dissolve the Partnership made by the General Partner in its sole and absolute discretion;

E. entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act;

F. the sale or disposition of all or substantially all of the assets and properties of the Partnership; or

G. a final and non-appealable judgment is entered by a court of competent jurisdiction ruling that the General Partner is bankrupt or insolvent, or a final and non-appealable order for relief is entered by a court with appropriate jurisdiction against the General Partner, in

each case under any Federal or state bankruptcy or insolvency laws as now or hereafter in effect, unless prior to or at the time of the entry of such order or judgment a Majority in Interest of the remaining Limited Partners Consent in writing to continue the business of the Partnership and to the appointment, effective as of a date prior to the date of such order or judgment, of a substitute General Partner.

Section 13.2. Winding Up

A. Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Partners. No Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner (or, in the event there is no remaining General Partner, any Person elected by a Majority in Interest of the Limited Partners (the "Liquidator")) shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and assets and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom (which may, to the extent determined by the General Partner, include shares of stock of the General Partner) shall be applied and distributed in the following order:

(i) First, to the payment and discharge of all of the Partnership's debts and liabilities to creditors other than the Partners;

(ii) Second, to the payment and discharge of all of the Partnership's debts and liabilities to the General Partner;

(iii) Third, to the payment and discharge of all of the Partnership's debts and liabilities to the other Partners; and

(iv) The balance, if any, to the Partners in accordance with their Capital Account balances determined after giving effect to all contributions and distributions for all periods, and after taking into account all Capital Account adjustments for the Partnership taxable year during which the liquidation occurs (other than those made as a result of the liquidating distribution set forth in this Section 13.2.A(iv).

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article 13 other than reimbursement of its expenses as provided in Section 7.4.

B. Notwithstanding the provisions of Section 13.2.A which require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Partners as creditors) and/or distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2.A, undivided interests in such

Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Partners, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

C. The Partnership shall be terminated when any notes received in connection with any such sale or disposition referenced in Section 13.1.E above, or in connection with the liquidation of the Partnership have been paid and all of the cash or property available for application and distribution under this Agreement have been applied and distributed in accordance with this Agreement.

Section 13.3. Compliance with Timing Requirements of Regulations

In the event the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Article 13 to the General Partner and Limited Partners who have positive Capital Accounts in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2). If any Partner has a deficit balance in his or her Capital Account (after giving effect to all contributions, distributions and allocations for the taxable years, including the year during which such liquidation occurs), such Partner shall have no obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit shall not be considered a debt owed to the Partnership or to any other Person for any purpose whatsoever, except to the extent otherwise agreed to by such Partner and the General Partner. In the discretion of the Liquidator or the General Partner, a pro rata portion of the distributions that would otherwise be made to the General Partner and Limited Partners pursuant to this Article 13 may be:

A. distributed to a trust established for the benefit of the General Partner and Limited Partners for the purposes of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership. The assets of any such trust shall be distributed to the General Partner and Limited Partners from time to time, in the reasonable discretion of the Liquidator or the General Partner, in the same proportions and the amount distributed to such trust by the Partnership would otherwise have been distributed to the General Partner and Limited Partners pursuant to this Agreement; or

B. withheld to establish any reserves deemed necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership; and to reflect the unrealized portion of any installment obligations owed to the Partnership; provided that, such withheld amounts shall be distributed to the General Partner and Limited Partners as soon as practicable.

Section 13.4. Deemed Distribution and Recontribution

Notwithstanding any other provision of this Article 13, in the event the Partnership is liquidated within the meaning of Regulations Section

1.704-1(b)(2)(ii)(g) but no

Liquidating Event has occurred, the Partnership's property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up. Instead, the Partnership shall be deemed to have distributed the Partnership property in kind to the General Partner and Limited Partners, who shall be deemed to have assumed and taken such property subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the General Partner and Limited Partners shall be deemed to have recontributed the Partnership property in kind to the Partnership, which shall be deemed to have assumed and taken such property subject to all such liabilities.

Section 13.5. Rights of Limited Partners

Except as otherwise provided in this Agreement, each Limited Partner shall look solely to the assets of the Partnership for the return of his Capital Contribution and shall have no right or power to demand or receive property from the General Partner. No Limited Partner shall have priority over any other Limited Partner as to the return of his Capital Contributions, distributions or allocations.

Section 13.6. Notice of Dissolution

In the event a Liquidating Event occurs or an event occurs that would, but for provisions of Section 13.1, result in a dissolution of the Partnership, the General Partner shall, within thirty (30) days thereafter, provide written notice thereof to each of the Partners and to all other parties with whom the Partnership regularly conducts business (as determined in the discretion of the General Partner) and shall publish notice thereof in a newspaper of general circulation in each place in which the Partnership regularly conducts business (as determined in the discretion of the General Partner).

Section 13.7. Cancellation of Certificate of Limited Partnership

Upon the completion of the liquidation of the Partnership cash and property as provided in Section 13.2, the Partnership shall be terminated and the Certificate and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 13.8. Reasonable Time for Winding-Up

A reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect between the Partners during the period of liquidation.

Section 13.9. Waiver of Partition

Each Partner hereby waives any right to partition of the Partnership property.

ARTICLE 14.
AMENDMENT OF PARTNERSHIP AGREEMENT; CONSENTS

Section 14.1. Amendments

A. The actions requiring consent or approval of the Partners or of the Limited Partners pursuant to this Agreement, including Section 7.3, or otherwise pursuant to applicable law, are subject to the procedures in this Article 14.

B. Amendments to this Agreement requiring the consent or approval of Limited Partners may be proposed by the General Partner or by Limited Partners holding twenty-five percent (25%) or more of the Partnership Interests held by Limited Partners. Following such proposal, the General Partner shall submit any proposed amendment to the Partners or of the Limited Partners, as applicable. The General Partner shall seek the written consent or approval of the Partners or of the Limited Partners on the proposed amendment or shall call a meeting to vote thereon and to transact any other business that it may deem appropriate. For purposes of obtaining a written consent, the General Partner may require a response within a reasonable specified time, but not less than fifteen (15) days, and failure to respond in such time period shall constitute a consent which is consistent with the General Partner's recommendation (if so

recommended); provided that, an action shall become effective at such time as requisite consents are received even if prior to such specified time.

Section 14.2. Action by the Partners

A. Meetings of the Partners may be called by the General Partner and shall be called upon the receipt by the General Partner of a written request by Limited Partners holding twenty-five percent (25%) or more of the Partnership Interests held by Limited Partners. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Partners not less than seven days nor more than thirty (30) days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Whenever the vote of the Percentage Interests of the Partners, or the Consent of the Partners or Consent of the Limited Partners is permitted or required under this Agreement, such vote or Consent may be given at a meeting of Partners or may be given in accordance with the procedure prescribed in Section 14.1.

B. Any action required or permitted to be taken at a meeting of the Partners may be taken without a meeting if a written consent setting forth the action so taken is signed by the Percentage Interests as is expressly required by this Agreement for the action in question. Such consent may be in one instrument or in several instruments, and shall have the same force and effect as a vote of the Percentage Interests of the Partners (expressly required by this Agreement). Such consent shall be filed with the General Partner. An action so taken shall be deemed to have been taken at a meeting held on the effective date so certified.

C. Each Limited Partner may authorize any Person or Persons to act for him by proxy on all matters in which a Limited Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Limited Partner or his attorney-in-fact. No proxy shall be valid after the expiration of eleven

(11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Limited Partner executing it.

D. Each meeting of Partners shall be conducted by the General Partner or such other Person as the General Partner may appoint pursuant to such rules for the conduct of the meeting as the General Partner or such other Person deems appropriate.

E. On matters on which Limited Partners are entitled to vote, each Limited Partner shall have a vote equal to the number of Partnership Units held.

ARTICLE 15.
GENERAL PROVISIONS

Section 15.1. Addresses and Notice

Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by certified first class United States mail, nationally recognized overnight delivery service or facsimile transmission to the Partner or Assignee at the address set forth in Exhibit A or such other address as the Partners shall notify the General Partner in writing.

Section 15.2. Titles and Captions

All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

Section 15.3. Pronouns and Plurals

Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

Section 15.4. Further Action

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.5. Binding Effect

This Agreement shall be binding upon and inure to the benefit of the

parties hereto including the Persons set forth in Exhibit H, and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.6. Creditors

Other than as expressly set forth herein with respect to Indemnitees, none of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

Section 15.7. Waiver

No failure or delay by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon any breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

Section 15.8. Counterparts

This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 15.9. Applicable Law

This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

Section 15.10. Invalidity of Provisions

If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 15.11. Limitation to Preserve REIT Status

To the extent that any amount paid or credited to the General Partner or its officers, directors, employees or agents pursuant to Section 7.4 or 7.7 would constitute gross income to the General Partner for purposes of Sections 856(c)(2) or 856(c)(3) of the Code (a "General Partner Payment") then, notwithstanding any other provision of this Agreement, the amount of such General Partner Payments for any fiscal year shall not exceed the lesser of:

(i) an amount equal to the excess, if any, of (a) 4.17% of the General Partner's total gross income (but not including the amount of any General Partner Payments) for the fiscal year which is described in subsections (A) through (H) of Section 856(c)(2) of the Code over (b) the amount of gross income (within the meaning of Section 856(c)(2) of the Code) derived by the General Partner from sources other than those described in subsections (A) through (H) of Section 856(c)(2) of the Code (but not including the amount of any General Partner Payments); or

(ii) an amount equal to the excess, if any, of (a) 25% of the General Partner's total gross income (but not including the amount of any General Partner Payments) for the fiscal year which is described in subsections (A) through (I) of Section 856(c)(3) of the Code over (b) the amount of gross income (within the meaning of Section 856(c)(3) of the Code) derived by the General Partner from sources other than those described in subsections (A) through (I) of Section 856(c)(3) of the Code (but not including the amount of any General Partner Payments);

provided, however, that General Partner Payments in excess of the amounts set forth in subparagraphs (i) and (ii) above may be made if the General Partner, as a condition precedent, obtains an opinion of tax counsel that the receipt of such excess amounts would not adversely affect the General Partner's ability to qualify as a REIT. To the extent General Partner Payments may not be made in a year due to the foregoing limitations, such General Partner Payments shall carry over and be treated as arising in the following year; provided, however, that such amounts shall not carry over for more than five years, and if not paid within such five year period, shall expire; provided, further, that (a) as General Partner Payments are made, such payments shall be applied first to carry over amounts outstanding, if any and (b) with respect to carry over amounts for more than one Partnership Year, such payments shall be applied to the earliest Partnership Year first.

Section 15.12. Entire Agreement

This Agreement contains the entire understanding and agreement among the Partners with respect to the subject matter hereof and supersedes any other prior written or oral understandings or agreements among them with respect thereto.

Section 15.13. No Rights as Stockholders

Nothing contained in this Agreement shall be construed as conferring upon the holders of Partnership Units any rights whatsoever as stockholders of the General Partner, including without limitation any right to receive dividends or other distributions made to stockholders of the General Partner or to vote or to consent or to receive notice as stockholders in respect of any meeting of stockholders for the election of directors of the General Partner or any other matter.

(Signature Page Follows.)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

AMB PROPERTY CORPORATION

By: ____________________________________
S. Davis Carniglia
Managing Director, General Counsel,
Chief Financial Officer and Secretary

LIMITED PARTNERS:

FIRST ALLMERICA LIFE INSURANCE COMPANY
LAUNCE E. GAMBLE
GEORGE F. GAMBLE
HOLBROOK W. GOODALE 1954 TRUST
CHARLES R. WICHMAN 1954 TRUST
FREDERICK B. WICHMAN 1954 TRUST
HOLBROOK W. GOODALE 1957 TRUST
CHARLES R. WICHMAN 1957 TRUST
FREDERICK B. WICHMAN 1957 TRUST
HOLBROOK W. GOODALE 1958 TRUST
CHARLES R. WICHMAN 1958 TRUST
FREDERICK B. WICHMAN 1958 TRUST
DAVID J. BROWN
THE DUNCAN 1982 REVOCABLE TRUST
DATED APRIL 21, 1982
DANIEL M. SARHAD

By: ____________________________________
S. Davis Carniglia
Attorney-In-Fact

EXHIBIT A

PARTNERS, CONTRIBUTIONS AND PARTNERSHIP INTERESTS

<TABLE>
<CAPTION>

NAME OF PARTNER	CASH CONTRIBUTIONS	AGREED VALUE OF CONTRIBUTED PROPERTY*	GROSS ASSET VALUE	TOTAL CONTRIBUTIONS	PARTNERSHIP UNITS	PERCENTAGE INTEREST
<S>	<C>	<C>	<C>	<C>	<C>	<C>
AMB Property Corporation						
Totals:						

</TABLE>

- ----------
*Net of Debt (if any)

EXHIBIT B

NOTICE OF REDEMPTION

The undersigned hereby [irrevocably] (i) exchanges ____________ Limited Partnership Units in AMB Property, L.P. in accordance with the terms of the Limited Partnership Agreement of AMB Property, L.P. dated as of _________________, and the rights of Redemption referred to therein, (ii) surrenders such Limited Partnership Units and all right, title and interest therein and (iii) directs that the cash (or, if applicable, REIT Shares) deliverable upon Redemption or exchange be delivered to the address specified below, and if applicable, that such REIT Shares be registered or placed in the name(s) and at the address(es) specified below.

Dated: ________________________
Name of Limited Partner:

(Signature of Limited Partner)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

Issue REIT Shares in the name of:

Please insert social security or identifying number:

Address (if different than above):

EXHIBIT C

CONSTRUCTIVE OWNERSHIP DEFINITION

The term "Constructively Owns" means ownership determined through the application of the constructive ownership rules of Section 318 of the Code, as modified by Section 856(d)(5) of the Code. Generally, these rules provide the following:

a. an individual is considered as owning the Ownership Interest that is owned, actually or constructively, by or for his spouse, his children, his grandchildren, and his parents;

b. an Ownership Interest that is owned, actually or constructively, by or for a partnership or estate is considered as owned proportionately by its partners or beneficiaries;

c. an Ownership Interest that is owned, actually or constructively, by or for a trust is considered as owned by its beneficiaries in proportion to the actuarial interest of such beneficiaries (provided, however, that in the case of a "grantor trust" the Ownership Interest will be considered as owned by the grantors);

d. if ten percent (10%) or more in value of the stock in a corporation is owned, actually or constructively, by or for any person, such person shall be considered as owning the Ownership Interest that is owned, actually or constructively, by or for such corporation in that proportion which the value of the stock which such person so owns bears to the value of all the stock in such corporation;

e. an Ownership Interest that is owned, actually or constructively, by or for a partner which actually or constructively owns a 25% or greater capital interest or profits interest in a partnership or a beneficiary of an estate or trust shall be considered as owned by the partnership, estate, or trust (or, in the case of a grantor trust, the grantors);

f. if ten percent (10%) or more in value of the stock in a corporation is owned, actually or constructively, by or for any person, such corporation shall be considered as owning the Ownership Interest that is owned, actually or constructively, by or for such person;

g. if any person has an option to acquire an Ownership Interest (including an option to acquire an option or any one of a series of such options), such Ownership Interest shall be considered as owned by such person;

h. an Ownership Interest that is constructively owned by a person by reason of the application of the rules described in paragraphs (a) through (g) above shall, for purposes of applying paragraphs (a) through (g), be considered as actually owned by such person provided, however, that (i) an Ownership Interest constructively owned by an individual by reason of paragraph (a) shall not be considered as owned by him for purposes of again applying paragraph (a) in order to make another the constructive owner of such Ownership Interest, (ii) an Ownership Interest constructively owned by a partnership, estate, trust, or corporation by reason of the application of paragraphs (e) or (f) shall not be considered as owned by it for purposes of applying paragraphs (b), (c), or (d) in order to make another the constructive owner of such Ownership Interest, (iii) if an Ownership Interest may be considered as owned by an individual under paragraphs (a) or (g), it shall be considered as owned by him under paragraph (g) and (iv) for purposes of the above described rules, an S corporation shall be treated as a partnership and any stockholder of the S corporation shall be treated as a partner of such partnership except that this rule shall not apply for purposes of determining whether stock in the S corporation is constructively owned by any person.

i. For purposes of the above summary of the constructive ownership rules, the term "Ownership Interest" means the ownership of stock with respect to a corporation and, with respect to any other type of entity, the ownership of an interest in either its assets or net profits.

EXHIBIT D-1

FORM OF PARTNERSHIP UNIT CERTIFICATE

CERTIFICATE FOR PARTNERSHIP UNITS OF

AMB PROPERTY, L.P.

No. _______________ ____________ UNITS

AMB Property Corporation as the General Partner of AMB Property, L.P., a Delaware limited partnership (the "Operating Partnership"), hereby certifies that ___________________________ is a Limited Partner of the Operating Partnership whose Partnership Interests therein, as set forth in the Agreement of Limited Partnership of AMB Property, L.P., dated as of ______________, 1997 (as it may be amended, modified or supplemented from time to time in accordance with its terms, (the "Partnership Agreement"), under which the Operating Partnership is existing and as filed in the office of the Delaware [State Department of Assessments and Taxation] (copies of which are on file at the Operating Partnership's principal office at _________________________________, represent ________________ units of limited partnership interest in the Operating Partnership (the "Partnership Units").

THE PARTNERSHIP UNITS REPRESENTED BY THIS CERTIFICATE OR INSTRUMENT MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION COMPLIES WITH THE PROVISIONS OF THE PARTNERSHIP AGREEMENT (A COPY OF WHICH IS ON FILE WITH THE OPERATING PARTNERSHIP). EXCEPT AS OTHERWISE PROVIDED IN THE PARTNERSHIP AGREEMENT, NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE PARTNERSHIP UNITS REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR (B) IF THE OPERATING PARTNERSHIP HAS BEEN FURNISHED WITH A SATISFACTORY OPINION OF COUNSEL FOR THE HOLDER OF THE PARTNERSHIP UNITS REPRESENTED BY THIS CERTIFICATE THAT SUCH TRANSFER, SALE ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF SECTION 5 OF THE ACT AND THE RULES AND REGULATIONS IN EFFECT THEREUNDER.

DATED: _______________, 1997.

AMB PROPERTY CORPORATION

General Partner of
AMB Property, L.P.

ATTEST:
By: _________________________ By: ___________________________________

EXHIBIT D-2

FORM OF PARTNERSHIP UNIT CERTIFICATE

CERTIFICATE FOR PERFORMANCE UNITS OF

AMB PROPERTY, L.P.

No. _______________ ____________ UNITS

AMB Property Corporation as the General Partner of AMB Property, L.P., a Delaware limited partnership (the "Operating Partnership"), hereby certifies that ___________________ is a Limited Partner of the Operating Partnership whose Partnership Interests therein, as set forth in the Agreement of Limited Partnership of AMB Property, L.P., dated as of ______________, 1997 (as it may be amended, modified or supplemented from time to time in accordance with its terms, (the "Partnership Agreement"), under which the Operating Partnership is existing and as filed in the office of the Delaware [State Department of Assessments and Taxation] (copies of which are on file at the Operating Partnership's principal office at ____, represent __________ performance units (as defined in the Partnership Agreement) of limited partnership interest in the Operating Partnership (the "Performance Units").

THE PERFORMANCE UNITS REPRESENTED BY THIS CERTIFICATE OR INSTRUMENT MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION COMPLIES WITH THE PROVISIONS OF THE PARTNERSHIP AGREEMENT (A COPY OF WHICH IS ON FILE WITH THE OPERATING PARTNERSHIP). EXCEPT AS OTHERWISE PROVIDED IN THE PARTNERSHIP AGREEMENT, NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE PERFORMANCE UNITS REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR (B) IF

THE OPERATING PARTNERSHIP HAS BEEN FURNISHED WITH A SATISFACTORY OPINION OF COUNSEL FOR THE HOLDER OF THE PERFORMANCE UNITS REPRESENTED BY THIS CERTIFICATE THAT SUCH TRANSFER, SALE ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF SECTION 5 OF THE ACT AND THE RULES AND REGULATIONS IN EFFECT THEREUNDER.

DATED: _______________, 1997.

AMB PROPERTY CORPORATION

General Partner of
AMB Property, L.P.

ATTEST:
By: _________________________

By: ___________________________________

[EXHIBIT E

SCHEDULE OF PARTNERS' OWNERSHIP

WITH RESPECT TO TENANTS]

EXHIBIT F

SCHEDULE OF REIT SHARES

ACTUALLY OR CONSTRUCTIVELY OWNED BY LIMITED PARTNERS

OTHER THAN THOSE ACQUIRED PURSUANT TO AN EXCHANGE

EXHIBIT G

SCHEDULE OF CERTAIN PROPERTY OF THE PARTNERSHIP

EXHIBIT H

	PERCENTAGE
Douglas D. Abbey	
Hamid R. Moghadam	
T. Robert Burke	
Luis A. Belmonte	
S. Davis Carniglia	
John H. Diserens	
Bruce H. Freedman	
Jean Collier Hurley	
Barbara J. Linn	
Craig A. Severance	
	100%

EXHIBIT I

ORIGINAL LIMITED PARTNERS OF THE PARTNERSHIP

EXHIBIT 10.2

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT, dated as of __________, 1997, is entered into by and among AMB Property Corporation, a Maryland corporation (the "Company" or the "REIT"), AMB Property, L.P., a Delaware limited partnership (the "Operating Partnership"), and the unit holders whose names are set forth on the signature pages hereto (each, a "Unit Holder" and collectively, the "Unit Holders").

RECITALS

WHEREAS, in connection with the initial public offering of shares of the Company's common stock, par value $.01 per share (the "Common Stock"), the Company, the Operating Partnership and the Unit Holders as the parties which hold ownership interests in certain industrial properties, retail properties and other assets (the "Properties") will engage in certain formation transactions whereby the Unit Holders will contribute to the Operating Partnership their interests in the Properties;

WHEREAS, the Unit Holders will receive units of limited partnership interests ("OP Units") in the Operating Partnership in exchange for their respective interests in the Properties and the Company will be the general partner of the Operating Partnership;

WHEREAS, pursuant to the Partnership Agreement (as defined below), OP Units owned by the Unit Holders will be redeemable for cash or exchangeable for shares of Common Stock of the Company upon the terms and subject to the conditions contained therein; and

WHEREAS, the Unit Holders are willing to contribute their respective interests in the Properties in consideration of receiving the registration rights provided for in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.1. Definitions. In addition to the definitions set forth above, the following terms, as used herein, have the following meanings:

"Affiliate" of any Person means any other Person directly or indirectly controlling or controlled by or under common control with such Person. For the purposes of this definition, "control" when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person,

whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" means this Registration Rights Agreement, as it may be amended, supplemented or restated from time to time.

"Articles of Incorporation" means the Articles of Amendment and Restatement of the Company as filed with the Secretary of State of the State of Maryland on _____________, 1997, as the same may be amended, modified or restated from time to time.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York or San Francisco, California are authorized by law to close.

"Code" means the Internal Revenue Code of 1986, as amended from time to time or any successor statute thereto, as interpreted by the applicable regulations thereunder.

"Commission" means the Securities and Exchange Commission.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchangeable OP Units" means OP Units which may be redeemable for cash or exchangeable for Common Stock pursuant to Section 8.6 of the Partnership Agreement (without regard to any limitations on the exercise of such exchange right as a result of the Ownership Limit Provisions, as defined below).

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

"Holder" means any Unit Holder who is the record or beneficial owner of any Registrable Security or any assignee or transferee of such Registrable Security (including assignments or transfers of Registrable Securities to such assignees or transferees as a result of the foreclosure on any loans secured by such Registrable Securities) unless such Registrable Security is acquired in a public distribution pursuant to a registration statement under the Securities Act or pursuant to transactions exempt from registration under the Securities Act, in each such case where securities sold in such transaction may be resold without subsequent registration under the Securities Act.

"Incapacitated" shall have the meaning set forth in the Partnership Agreement.

"Initial Public Offering" means the offering of the Company's Common Stock pursuant to the Form S-11 Registration Statement (No. 333-35915) filed by the Company with the Commission under the Securities Act.

"Ownership Limit Provisions" mean the various provisions of the Articles of Incorporation set forth in Article IV thereof restricting the ownership of Common Stock by certain Persons to specified percentages of the outstanding Common Stock.

"Partnership Agreement" means the amended and restated agreement of limited partnership of the Operating Partnership dated as of _________, 1997, as the same may be amended, modified or restated from time to time.

"Person" means an individual or a corporation, partnership, limited liability company, association, trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Piggy-Back Registration" means a Piggy-Back Registration as defined in Section 2.2 hereof.

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

"Registrable Securities" means shares of Common Stock of the Company at any time owned, either of record or beneficially, by any Holder issued upon exchange of Exchangeable OP Units until (i) a registration statement covering such securities has been declared effective by the Commission and such shares have been sold or transferred pursuant to such effective registration statement, (ii) such shares are sold under circumstances in which all of the applicable conditions of Rule 144 are met or under which such shares may be sold pursuant to Rule 144(k) under the Securities Act or (iii) such shares have been otherwise transferred in a transaction that would constitute a sale thereof under the Securities Act, the Company has delivered a new certificate or other evidence of ownership for such shares not bearing the Securities Act restricted stock legend and such shares may be resold without subsequent registration under the Securities Act.

"Rule 144" means Rule 144 under the Securities Act, as amended from time to time (or any successor statute).

"Securities Act" means the Securities Act of 1933, as amended.

"Selling Holder" means a Holder who is selling Registrable Securities pursuant to a registration statement under the Securities Act pursuant to this Agreement.

"Underwriter" means a securities dealer who purchases any Registrable Securities as principal and not as part of such dealer's market-making activities.

ARTICLE II
REGISTRATION RIGHTS

SECTION 2.1. Shelf Registration. The Company shall prepare and file, and use its reasonable efforts to cause to become effective, on or as soon as practicable after the first anniversary of the date that the Common Stock is first offered to the public in the Initial Public Offering (the "IPO Date") a "shelf" registration statement with respect to shares of Common Stock issuable upon the exchange of Exchangeable OP Units covering the issuance by the Company and the resale thereof by the Holders on an appropriate form for an offering to be made

on a continuous basis pursuant to Rule 415 under the Securities Act (the "Shelf

Registration Statement") and shall use its best efforts to cause the Shelf Registration Statement to be declared effective on or as soon as practicable after such first anniversary, and to keep such Shelf Registration Statement continuously effective for a period ending when all Registrable Securities covered by the Shelf Registration Statement have been issued and resold.

SECTION 2.2. Limitation on Resales. Notwithstanding anything contained herein, prior to the date upon which shares of Common Stock issued as of the IPO Date 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 Commission), each holder agrees to limit resales of Registrable Securities under a Shelf Registration Statement, to the number of shares of Registrable Securities which otherwise would be eligible for resale by such Selling Stockholder pursuant to Rule 144, assuming such Registrable Securities were issued as of the IPO Date.

SECTION 2.3. Registration Procedures; Filings; Information. In connection with any Shelf Registration Statement under Section 2.1 hereof, the Company will use its best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof as quickly as practicable, and in connection with any such request:

(a) The Company will as expeditiously as possible prepare and file with the Commission a registration statement on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and use its best efforts to cause such filed registration statement to become and remain effective for a period of not less than 180 days or in the case of a Shelf Registration Statement as provided in Section 2.1 hereof.

(b) The Company will, if requested, prior to filing a registration statement or prospectus or any amendment or supplement thereto, furnish to each Selling Holder and each Underwriter, if any, of the Registrable Securities covered by such registration statement or prospectus copies of such registration statement or prospectus or any amendment or supplement thereto as proposed to be filed, and thereafter furnish to such Selling Holder and Underwriter, if any, one conformed copy of such registration statement, each amendment thereof and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein; provided, that each such exhibit need only be provided once), and such number of copies of the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such Selling Holder or Underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Selling Holder.

(c) After the filing of the registration statement, the Company will promptly notify each Selling Holder of Registrable Securities covered by such registration

statement of any stop order issued or threatened by the Commission and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered.

(d) The Company will use its best efforts to (i) register or qualify the Registrable Securities under such other securities or blue sky laws of such jurisdictions in the United States (where an exemption is not available) as any Selling Holder or managing Underwriter or Underwriters, if any, reasonably (in light of such Selling Holder's intended plan of distribution) requests and (ii) cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company and do any and all other acts and things that may be reasonably necessary or advisable to enable such Selling Holder to consummate the disposition of the Registrable Securities owned by such Selling Holder; provided that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (d), (B) subject itself to taxation in any such jurisdiction or (C) consent to general service of process in any such jurisdiction.

(e) The Company will promptly notify each Selling Holder of such Registrable Securities, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the occurrence of an event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances then existing, not misleading and promptly make available to each Selling Holder a reasonable number of copies of any such supplement or amendment.

(f) The Company will enter into customary agreements (including an underwriting agreement, if any, in customary form) and take such other actions

as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities.

(g) The Company will make available for inspection by any Selling Holder of such Registrable Securities, any Underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other professional retained by any such Selling Holder or Underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company (collectively, the "Records") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information reasonably requested by any Inspectors in connection with such registration statement. Records which the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors unless (i) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in such registration statement or (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction. Each Selling Holder of such Registrable Securities agrees that information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any market transactions in the securities of the Company or its Affiliates or otherwise disclosed by it unless and until such is made generally

available to the public. Each Selling Holder of such Registrable Securities further agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential.

(h) The Company will otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its securityholders, as soon as reasonably practicable, an earnings statement covering a period of twelve (12) months, beginning within three (3) months after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 of the Commission promulgated thereunder (or any successor rule or regulation hereafter adopted by the Commission).

(i) The Company will use its best efforts to cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed.

The Company may require, as a condition precedent to the obligations of the Company under the Agreement, each Selling Holder of Registrable Securities to promptly furnish in writing to the Company such information regarding such selling Holder, the Registrable Securities held by it and the intended method of distribution of the Registrable Securities as the Company may from time to time reasonably request and such other information as may be legally required in connection with such registration.

Each Selling Holder agrees that, upon receipt of any notice from the Company of, or such Selling Holder obtains knowledge of, the happening of any event of the kind described in Section 2.5(e) hereof, such Selling Holder will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement and prospectus covering such Registrable Securities until such Selling Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.5(e) hereof, and, if so directed by the Company, such Selling Holder will deliver to the Company all copies, other than permanent file copies then in such Selling Holder's possession, of the most recent prospectus and each amendment thereof and supplement thereto covering such Registrable Securities at the time of receipt of such notice. Each Selling Holder of Registrable Securities agrees that it will immediately notify the Company at any time when a prospectus relating to the registration of such Registrable Securities is required to be delivered under the Securities Act of the happening of an event known to such Selling Holder as a result of which information previously furnished by such Selling Holder to the Company in writing for inclusion in such prospectus contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. In the event the Company shall give such notice, the Company shall extend the period during which such registration statement shall be maintained effective (including the period referred to in Section 2.5(a) hereof) by the number of days during the period from and including the date of the giving of notice pursuant to Section 2.5(e) hereof to the date when the Company shall make

available to the Selling Holders of Registrable Securities covered by such registration statement a prospectus supplemented or amended to conform with the requirements of Section 2.5(e) hereof.

SECTION 2.6. Registration Expenses. In connection with any registration statement required to be filed hereunder, the Company shall pay the following registration expenses incurred in connection with the registration hereunder (the "Registration Expenses"): (i) all registration and filing fees, (ii) fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), (iii) printing expenses, (iv) internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (v) the fees and expenses incurred in connection with the listing of the Registrable Securities on each securities exchange on which similar securities issued by the Company are then listed, (vi) reasonable fees and disbursements of counsel for the Company and customary fees and expenses for independent certified public accountants retained by the Company and (vii) the reasonable fees and expenses of any special experts retained by the Company in connection with such registration. The Company shall have no obligation to pay any underwriting fees, discounts or commissions attributable to the sale of Registrable Securities, or any out-of-pocket expenses of the Holders (or the agents who manage their accounts) or any transfer taxes relating to the registration or sale of the Registrable Securities.

SECTION 2.7. Indemnification by the Company. The Company agrees to indemnify and hold harmless each Selling Holder of Registrable Securities, its officers, directors and agents, and each Person, if any, who controls such Selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in any registration statement or prospectus relating to the Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information furnished in writing to the Company by such Selling Holder or on such Selling Holder's behalf expressly for inclusion therein. The Company also agrees to indemnify any Underwriters of the Registrable Securities, their officers and directors and each Person who controls such Underwriters within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act on substantially the same basis as that of the indemnification of the Selling Holders provided in this Section 2.7, provided that the foregoing indemnity with respect to any preliminary prospectus shall not inure to the benefit of any Underwriter of the Registrable Securities from whom the person asserting any such losses, claims, damages or liabilities purchased the Registrable Securities which are the subject thereof if such person did not receive a copy of the prospectus (or the prospectus as supplemented) at or prior to the confirmation of the sale of such Registrable Securities to such person in any case where such delivery is required by the Securities Act and the untrue statement or omission of a material fact contained in such preliminary prospectus was corrected in the prospectus (or the prospectus as supplemented).

SECTION 2.8. Indemnification by Holders of Registrable Securities. Each Selling Holder agrees, severally but not jointly, to indemnify and hold harmless the Company, its officers, directors and agents and each Person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Selling Holder, but only with respect to information relating to such Selling Holder furnished in writing by such Selling Holder or on such Selling Holder's behalf expressly for use in any registration statement or prospectus relating to the Registrable Securities, or any amendment or supplement thereto, or any preliminary prospectus. In case any action or proceeding shall be brought against the Company or its officers, directors or agents or any such controlling person, in respect of which indemnity may be sought against such Selling Holder, such Selling Holder shall have the rights and duties given to the Company, and the Company or its officers, directors or agents or such controlling person shall have the rights and duties given to such Selling Holder, by Section 2.7 hereof. Each Selling Holder also agrees to indemnify and hold harmless Underwriters of the Registrable Securities, their officers and directors and each Person who controls such Underwriters within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act on substantially the same basis as that of the indemnification of the Company provided in this Section 2.8.

SECTION 2.9. Conduct of Indemnification Proceedings. In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Sections 2.7 or 2.8 hereof, such person (an "Indemnified Party") shall promptly notify the person against whom such indemnity may be sought (an "Indemnifying Party") in writing and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party, and shall assume the payment of all fees and expenses. In any such proceeding, any Indemnified Party shall have the right to retain its own

counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Indemnified Party and the Indemnifying Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for all such Indemnified Parties, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Indemnified Parties, such firm shall be designated in writing by (i) in the case of Persons indemnified pursuant to Section 2.7 hereof, by the Selling Holders which owned a majority of the Registrable Securities sold under the applicable registration statement and (ii) in the case of Persons indemnified pursuant to Section 2.8 hereof, the Company. The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent, or if there be a final judgment for the plaintiff, the Indemnifying Party shall indemnify and hold harmless such Indemnified Parties from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Party shall have requested an Indemnifying

Party to reimburse the Indemnified Party for fees and expenses of counsel as contemplated by the third sentence of this paragraph, the Indemnifying Party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than thirty (30) Business Days after receipt by such Indemnifying Party of the aforesaid request and (ii) such Indemnifying Party shall not have reimbursed the Indemnified Party in accordance with such request prior to the date of such settlement. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability arising out of such proceeding.

SECTION 2.10. Contribution. If the indemnification provided for in Sections 2.7 or 2.8 hereof is unavailable to an Indemnified Party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (i) as between the Company and the Selling Holders on the one hand and the Underwriters on the other, in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Holders on the one hand and the Underwriters on the other from the offering of the securities, or if such allocation is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits but also the relative fault of the Company and the Selling Holders on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations and (ii) as between the Company on the one hand and each Selling Holder on the other, in such proportion as is appropriate to reflect the relative fault of the Company and of each Selling Holder in connection with such statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Holders on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by the Company and the Selling Holders bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the prospectus. The relative fault of the Company and the Selling Holders on the one hand and of the Underwriters on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and the Selling Holders or by the Underwriters. The relative fault of the Company on the one hand and of each Selling Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or such Selling Holder, and the Company's and the Selling Holder's relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Selling Holders agree that it would not be just and equitable if contribution pursuant to this Section 2.10 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account

of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in Sections 2.7 and 2.8 hereof shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 2.10, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no Selling Holder shall be required to contribute any amount in excess of the amount by which the total price at which the securities of such Selling Holder were offered to the public exceeds the amount of any damages which such Selling Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Selling Holder's obligations to contribute pursuant to this Section 2.10 are several in the proportion that the proceeds of the offering received by such Selling Holder bears to the total proceeds of the offering received by all the Selling Holders and not joint.

SECTION 2.11. Participation in Underwritten Registrations. No Person may participate in any underwritten registration hereunder unless such Person (a) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents in customary form and reasonably required under the terms of such underwriting arrangements and these registration rights provided for in this Article II.

SECTION 2.12. Rule 144. The Company covenants that it will file any reports required to be filed by it under the Securities Act and the Exchange Act and that it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable Holders to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144, or (b) any similar rule or regulation hereafter adopted by the Commission. Upon the request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

SECTION 2.13. Holdback Agreements.

(a) If the Company determines in its good faith judgment that the filing of the Shelf Registration Statement under Section 2.1 hereof or the use of any related prospectus would require the disclosure of non-public material information that the Company has

a bona fide business purpose for preserving as confidential or the disclosure of which would impede the Company's ability to consummate a material transaction, and that the Company is not otherwise required by applicable securities laws or regulations to disclose, upon written notice of such determination by the Company, the rights of the Holders to offer, sell or distribute any Registrable Securities pursuant to the Shelf Registration Statement or to require the Company to take action with respect to the registration or sale of any Registrable Securities pursuant to the Shelf Registration Statement shall be suspended until the earlier of (i) the date upon which the Company notifies the Holders in writing that suspension of such rights for the grounds set forth in this Section 2.13(b) is no longer necessary and (ii) 180 days. The Company agrees to give such notice as promptly as practicable following the date that such suspension of rights is no longer necessary.

(b) If all reports required to be filed by the Company pursuant to the Exchange Act have not been filed by the required date without regard to any extension, or if the consummation of any business combination by the Company has occurred or is probable for purposes of Rule 3-05 or Article 11 of Regulation S-X under the Act, upon written notice thereof by the Company to the Holders, the rights of the Holders to offer, sell or distribute any Registrable Securities pursuant to the Shelf Registration Statement or to require the Company to take action with respect to the registration or sale of any Registrable Securities pursuant to the Shelf Registration Statement shall be suspended until the date on which the Company has filed such reports or obtained and filed the financial information required by Rule 3-05 or Article 11 of Regulation S-X to be included or incorporated by reference, as applicable, in the Shelf Registration Statement, and the Company shall notify the Holders as promptly as practicable when such suspension is no longer required.

ARTICLE III
MISCELLANEOUS

SECTION 3.1. New York Stock Exchange Listing. In the event that the

Company shall issue any Common Stock in exchange for OP Units pursuant to Section 8.6 of the Partnership Agreement, then in any such case the Company agrees to cause any such shares of Common Stock to be listed on the New York Stock Exchange (or, if the Common Stock is not then listed on the New York Stock Exchange, such other national securities exchange or quotation service upon which such shares are then listed or quoted) prior to or concurrently with the issuance thereof by the Company.

SECTION 3.2. Remedies. In addition to being entitled to exercise all rights provided herein and granted by law, including recovery of damages, the Holders shall be entitled to specific performance of the rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

SECTION 3.3. Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and

waivers or consents to departures from the provisions hereof may not be given without the prior written consent of the Company and the Holders or any such Holder's representative if any such Holder is Incapacitated. No failure or delay by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon any breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

SECTION 3.4. Notices. All notices and other communications in connection with this Agreement shall be made in writing by hand delivery, registered first-class mail, telex, telecopier, or air courier guaranteeing overnight delivery:

(1) if to any Unit Holder, initially c/o AMB Property Corporation, 505 Montgomery Street, San Francisco, California 94111 (Attention: President and Chief Executive Officer), or to such other address and to such other Persons as the Unit Holders may hereafter specify in writing; and

(2) if to the Company, initially at 505 Montgomery Street, San Francisco, California 94111 (Attention: President and Chief Executive Officer), or to such other address as the Company may hereafter specify in writing.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; when received if deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

SECTION 3.5. Successors and Assigns. Except as expressly provided in this Agreement, the rights and obligations of the Holders under this Agreement shall not be assignable by any Holder to any Person that is not a Holder. This Agreement shall be binding upon the parties hereto and their respective successors and assigns.

SECTION 3.6. Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

SECTION 3.7. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California without regard to the choice of law provisions thereof.

SECTION 3.8. Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

SECTION 3.9. Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

SECTION 3.10. Headings. The headings in this Agreement are for convenience

of reference only and shall not limit or otherwise affect the meaning hereof.

SECTION 3.11. No Third Party Beneficiaries. Nothing express or implied herein is intended or shall be construed to confer upon any person or entity, other than the parties hereto and their respective successors and assigns, any rights, remedies or other benefits under or by reason of this Agreement.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

AMB PROPERTY CORPORATION,
a Maryland corporation

By: ____________________________________
Hamid R. Moghadam
President

AMB PROPERTY, L.P., a Delaware limited partnership

By AMB Property Corporation,
its general partner

By: ________________________________
Hamid R. Moghadam
President

UNIT HOLDERS

FIRST ALLMERICA LIFE INSURANCE COMPANY
LAUNCE E. GAMBLE
GEORGE F. GAMBLE
HOLBROOK W. GOODALE 1954 TRUST
CHARLES R. WICHMAN 1954 TRUST
FREDERICK B. WICHMAN 1954 TRUST
HOLBROOK W. GOODALE 1957 TRUST
CHARLES R. WICHMAN 1957 TRUST
FREDERICK B. WICHMAN 1957 TRUST
HOLBROOK W. GOODALE 1958 TRUST
CHARLES R. WICHMAN 1958 TRUST
FREDERICK B. WICHMAN 1958 TRUST

By: ____________________________________
S. Davis Carniglia
Attorney-In-Fact

EXHIBIT 10.3

==

AMENDED AND RESTATED
REVOLVING CREDIT AGREEMENT

dated as of August 8, 1997

among

AMB Current Income Fund, Inc.

The Banks Listed Herein

and

Morgan Guaranty Trust Company of New York,
as Agent

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AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

THIS AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT dated as of August 8, 1997 by and among AMB CURRENT INCOME FUND, INC., a Maryland corporation (the "Borrower"), the BANKS listed on the signature pages hereof and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent.

WHEREAS, certain of the Banks previously agreed to make available to the Borrower a revolving credit facility upon the terms and conditions set forth in that certain Revolving Credit Agreement, dated as of October 25, 1996, as amended by that certain First Amendment to Revolving Credit Agreement, dated as of January 17, 1997 (as so amended, the "Existing Credit Agreement"); and

WHEREAS, the Borrower and the Banks wish to amend and restate the provisions of the Existing Credit Agreement in their entirety, as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties hereby amend and restate the Existing Credit Agreement and agree as follows:

I. The Existing Credit Agreement is hereby amended, restated, replaced and modified so that all of the terms and conditions of the aforesaid Existing Credit Agreement shall be restated and replaced in their entirety as set forth herein, and the Borrower agrees to comply with and be subject to all of the terms, covenants and conditions of this Agreement.

II. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns, and shall be deemed to be effective as of the date hereof.

III. Any reference to the Existing Credit Agreement in the Guaranty or any other instrument or document executed in connection with the Existing Credit Agreement shall be deemed to refer to this Agreement.

ARTICLE I

DEFINITIONS

SECTION 1.1. Definitions. The following terms, as used herein, have the following meanings:

"Acquisition Price" means (i) the purchase price of a Real Property Asset as set forth in the applicable purchase and sale agreement, (ii) increases or reductions to such purchase price as provided in such purchase and sale agreement or the final closing statement, (iii) the acquisition advisory fee paid to the Advisor, if applicable, and (iv) reasonable closing costs to the extent incurred by Borrower, RIF or AIF or any Consolidated Subsidiary of RIF or AIF in connection with such acquisition, including but not limited to, brokerage fees, attorneys fees and expenses, due diligence expenses, appraisal fees, engineering and environmental fees, title insurance premiums, survey preparation costs, and recording fees.

"Adjusted London Interbank Offered Rate" has the meaning set forth in Section 2.6(b).

"Administrative Questionnaire" means, with respect to each Bank, an administrative questionnaire in the form prepared by the Agent and submitted to the Agent (with a copy to the Borrower) duly completed by such Bank.

"Advisor" means AMB Institutional Realty Advisors, Inc., a California corporation.

"Agent" means Morgan Guaranty Trust Company of New York in its capacity as agent for the Banks hereunder, and its successors in such capacity.

"Agreement" means this Amended and Restated Revolving Credit Agreement, as the same may from time to time hereafter be modified, supplemented or amended, as permitted herein.

"AIF" means the AMB Industrial Income Fund, Inc., a Maryland corporation and a wholly-owned direct Subsidiary of the Borrower.

"AMB Consolidation Transactions" means the transactions, including the Merger, which shall occur over time to effect the consolidation of the businesses, operations, assets and liabilities of the Borrower, AIF and RIF and their respective Subsidiaries, including, without limitation, any transfers and contributions by such entities which may be made, directly or indirectly, to the New Borrower to effect such consolidation.

"Annual Appraisal" means the MAI appraisal, prepared annually with respect to each Real Property Asset in connection with each Valuation Date, by an appraisal company selected in the manner customarily used by Borrower in the selection of such appraisal companies.

"Applicable Interest Rate" means (i) with respect to any Fixed Rate Indebtedness, the fixed interest rate applicable to such Fixed Rate Indebtedness at the time in question, and (ii) with respect to any Floating Rate Indebtedness, the lesser of (x) the rate at which the interest rate applicable

to such Floating Rate Indebtedness could be fixed, at the time of calculation, by Borrower entering into an unsecured interest rate swap agreement (or, if such rate is incapable of being fixed by entering into an unsecured interest rate swap agreement at the time of calculation, a reasonably determined fixed rate equivalent), or (y) the rate at which the interest rate applicable to such Floating Rate Indebtedness is actually capped, at the time of calculation, if Borrower has entered into an interest rate cap agreement with respect thereto.

"Applicable Lending Office" means, with respect to any Bank, (i) in the case of its Domestic Loans, its Domestic Lending Office and (ii) in the case of its Euro- Dollar Loans, its Euro-Dollar Lending Office.

"Applicable Margin" means, with respect to each Euro-Dollar Loan or Base Rate Loan, the respective percentages per annum determined, at any time, based on the range into which Borrower's Credit Rating (if any) then falls, in accordance with the table set forth below. Any change in Borrower's Credit Rating shall be effective immediately as of the date on which any of the Rating Agencies announces a change in the Borrower's Credit Rating or the date on which the Borrower has no Credit Rating, whichever is applicable. In the event that

Borrower receives two (2) Credit Ratings that are not equivalent, the Applicable Margin shall be determined by the lower of such two (2) Credit Ratings. In the event that Borrower receives more than two (2) Credit Ratings, and such ratings are not equivalent, the Applicable Margin shall be determined by the lower of the two (2) highest ratings, provided that each of said two (2) highest ratings shall be Investment Grade Ratings and at least one of which shall be an Investment Grade Rating from S&P or Moody's. In the event that only one of the Rating Agencies shall have set Borrower's Credit Rating, then the Applicable Margin shall be based on such rating only.

<TABLE>
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Range of Borrower's Credit Rating (S&P/Moody's Ratings)	Applicable Margin for Base Rate Loans (% per annum)	Applicable Margin for Euro Dollar Loans (% per annum)
<S>	<C>	<C>
BBB/Baa2	0.000	1.250
BBB-/Baa3	0.125	1.375
Non-Invest-ment Grade or no rating	0.250	1.500

</TABLE>

"Appraised Value" shall mean, with respect to each applicable Valuation Date, the fair market value of a Real Property Asset as set forth in the Annual Appraisal of such Real Property Asset prepared on behalf of Borrower in connection with such Valuation Date.

"Approved Bank" shall mean a bank which has (i)(a) a minimum net worth of $500,000,000 and/or (b) total assets of $10,000,000,000, and (ii) a minimum long term debt rating of (a) BBB+ or higher by S&P, and (b) Baa1 or higher by Moody's.

"Approved Uses" has the meaning set forth in Section 2.14.

"Assignee" has the meaning set forth in Section 10.6(c).

"Assumption Agreement" means an Assumption Agreement in substantially the form of Exhibit D attached hereto and made a part hereof (with blanks appropriately completed)

delivered to the Agent in connection with the assumption of this Agreement by the New Borrower in accordance with the provisions of Section 9.2.

"Assumption Date" has the meaning set forth in Section 9.2.

"Bank" means each bank listed on the signature pages hereof, each Assignee which becomes a Bank pursuant to Section 10.6(c), and their respective successors.

"Bankruptcy Code" means Title 11 of the United States Code, entitled "Bankruptcy", as amended from time to time, and any successor statute or statutes.

"Base Rate" means, for any day, a rate per annum equal to the higher of (i) the Prime Rate for such day or (ii) the sum of 1/2 of 1% plus the Federal

Funds Rate for such day.

"Base Rate Loan" means a Loan to be made by a Bank as a Base Rate Loan in accordance with the applicable Notice of Borrowing or pursuant to Article VIII.

"Benefit Arrangement" means at any time an employee benefit plan within the meaning of Section 3(3) of ERISA which is not a Plan or a Multiemployer Plan and which is maintained or otherwise contributed to by any member of the ERISA Group.

"Borrower" means AMB Current Income Fund, Inc., a Maryland corporation, qualified as a real estate investment trust, and its permitted successors (including, without limitation, the New Borrower).

"Borrower's Credit Rating" means the rating assigned by the Rating Agencies to Borrower's senior unsecured long term indebtedness.

"Borrowing" means a borrowing hereunder consisting of Loans made to the Borrower at the same time by the Banks pursuant to Article II. A Borrowing is (i) a "Domestic Borrowing" if such Loans are Domestic Loans or (ii) a "Euro-Dollar Borrowing" if such Loans are Euro-Dollar Loans.

"Borrowing Base Net Operating Cash Flow" means as of any date of determination with respect to the Borrowing

Base Properties, Property Income for the previous four consecutive quarters including the quarter then ended, but less (x) Property Expenses with respect to the Borrowing Base Properties for the previous four consecutive quarters including the quarter then ended, and (y) appropriate reserves for replacements of not less than $.50 per square foot per annum for each Borrowing Base Property that is primarily a retail use property and not less than $.35 per square foot per annum for each Borrowing Base Property that is primarily an industrial use property. For purposes of Section 5.1(m) hereof, the calculation of Borrowing Base Net Operating Cash Flow shall be made separately as to each Borrowing Base Property.

"Borrowing Base Properties" has the meaning set forth in Section 3.3.

"Borrowing Base Properties Value" means the aggregate of the Gross Asset Values of the Borrowing Base Properties.

"Capital Expenditures" means, for any period, the sum of all expenditures (whether paid in cash or accrued as a liability) which are capitalized on the balance sheet of the Borrower in accordance with GAAP, but exclusive, however, with respect to any Real Property Asset acquired by the Borrower or a Consolidated Subsidiary within the previous twelve months, of those expenditures which the Borrower makes, or reasonably projects (as of the date of determination) to make, within twelve months after the date of such acquisition and excluding all expenditures made with respect to the acquisition of such Real Property Asset by the Borrower or such Consolidated Subsidiary.

"Cash and Cash Equivalents" means (i) cash, (ii) direct obligations of the United States Government, including, without limitation, treasury bills, notes and bonds, (iii) interest bearing or discounted obligations of Federal agencies and Government sponsored entities or pools of such instruments offered by Approved Banks and dealers, including, without limitation, Federal Home Loan Mortgage Corporation participation sale certificates, Government National Mortgage Association modified pass-through certificates, Federal National Mortgage Association bonds and notes, Federal Farm Credit System securities, (iv) time deposits, domestic and Euro-dollar certificates of deposit, bankers acceptances, commercial paper rated at least A-1 by S&P and

P-1 by Moody's Investors Service, Inc., and/or guaranteed by an Aa rating by Moody's Investors Service, Inc., an AA rating by S&P, or better rated credit, floating rate notes, other money market instruments and letters of credit each issued by Approved Banks, (v) obligations of domestic corporations, including, without limitation, commercial paper, bonds, debentures, and loan participations, each of which is rated at least AA by S&P, and/or Aa2 by Moody's Investors Service, Inc., and/or unconditionally guaranteed by an AA rating by S&P, an Aa2 rating by Moody's, or better rated credit, (vi) obligations issued by states and local governments or their agencies, rated at least MIG-1 by Moody's Investors Service, Inc. and/or SP-1 by S&P and/or guaranteed by an irrevocable letter of credit of an Approved Bank, (vii) repurchase agreements with major banks and primary government securities dealers fully secured by U.S. Government or agency collateral equal to or exceeding the principal amount on a daily basis and held in safekeeping, and (viii) real estate loan pool participations, guaranteed by an AA rating given by S&P or an Aa2 rating given by Moody's Investors Service, Inc., or better rated credit.

"Closing Date" means August 8, 1997.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor statute.

"Combined Gross Asset Value" shall be the aggregate Gross Asset Value of all Real Property Assets owned, directly or indirectly, by the Borrower; with respect to Real Property Assets held in Minority Holdings or Joint Ventures or Subsidiaries which are not Consolidated, only the portion of such Real Property Asset that is allocable, in accordance with GAAP, to Borrower's interest shall be included in Combined Gross Asset Value.

"Commitment" means, with respect to each Bank, the amount set forth opposite the name of such Bank on the signature pages hereof (and for each Bank which is an Assignee, the amount set forth in the Assumption Agreement entered into pursuant to Section 10.6(c) as the Assignee's Commitment), as such amount may be reduced from time to time pursuant to Section 2.10(c) or in connection with an assignment to an Assignee.

"Commitment Fee" has the meaning set forth in Section 2.7(a).

"Commitment Fee Percentage" means the applicable percentage per annum determined, at any time, based on the range into which Borrower's Credit Rating (if any) then falls, in accordance with the following table. Any change in the Commitment Fee Percentage shall be effective immediately as of the date on which any of the Rating Agencies announces a change in the Borrower's Credit Rating or the date on which the Borrower has no Credit Rating, whichever

is applicable. In the event that Borrower receives two (2) Credit Ratings that are not equivalent, the Commitment Fee Percentage shall be determined by the lower of such two (2) Credit Ratings. In the event that Borrower receives more than two (2) Credit Ratings, and such ratings are not equivalent, the Commitment Fee Percentage shall be determined by the lower of the two (2) highest ratings, provided that each of said two (2) highest ratings shall be Investment Grade Ratings and at least one of which shall be an Investment Grade Rating from S&P or Moody's. In the event that only one of the Rating Agencies shall have set Borrower's Credit Rating, then the Commitment Fee Percentage shall be based on such rating only.

The Commitment Fee Percentage during the time, from time to time, that Borrower's Credit Rating is BBB-/Baa3 or above, shall be 0.20%.

The Commitment Fee Percentage during the time, from time to time, that Borrower's Credit Rating is below BBB-/Baa3 or that the Rating Agencies have not rated Borrower's senior unsecured long term indebtedness, shall be as follows:

<TABLE>
<CAPTION>

Leverage Ratio	Unused Facility greater than 50% of Maximum Loan Amount	Unused Facility equal to or less than 50% of Maximum Loan Amount
<S>	<C>	<C>
Equal to or greater than 30%	0.25%	0.20%
Less than 30%	0.20%	0.15%

</TABLE>

"Confirmation of Guaranty" means that certain Confirmation of Guaranty, dated as of the date hereof, by AIF and RIF.

"Consent" has the meaning set forth in Section 9.2.

"Consolidated" means "consolidated" in accordance with GAAP.

"Consolidated Subsidiary" means at any date any Subsidiary of the Borrower that is Consolidated on the financial statements of the Borrower.

"Consolidated Tangible Net Worth" means at any date the consolidated stockholders' or partners' equity of the Borrower and its Consolidated Subsidiaries less their Consolidated Intangible Assets, all determined as of such date. For purposes of this definition "Intangible Assets" means with respect to any such intangible assets, the amount (to the extent reflected in determining such consolidated stockholders' equity) of (i) all write-ups (other than write-ups resulting from foreign currency translations and

write-ups of assets of a going concern business made within twelve months after the acquisition of such business and write-ups of Real Property Assets based

upon the fair market value ascribed to such Real Property Asset in an Annual Appraisal on a Valuation Date) in the book value of any asset owned by the Borrower or a Consolidated Subsidiary and (ii) all unamortized debt discount and expense, unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, anticipated future benefit of tax loss carry-forwards, copyrights, organization or developmental expenses and other intangible assets.

"Construction Asset Cost" shall mean, with respect to Development Projects in which construction has begun (as evidenced by obtaining a permit to commence such construction by the applicable governmental authority) but has not yet been substantially completed (substantial completion shall be deemed to mean not less than 90% completion, as such completion shall be evidenced by a certificate of occupancy or its equivalent and the commencement of the payment of rent by tenants of such Development Project), the aggregate, good faith estimated cost of construction of such improvements (including land acquisition costs).

"Contingent Obligation" as to any Person means, without duplication, (i) any contingent obligation of such Person required to be shown on such Person's balance sheet in accordance with GAAP, and (ii) any obligation required to be disclosed in the footnotes to such Person's financial statements in accordance with GAAP, guaranteeing partially or in whole any non-recourse Debt, lease, dividend or other obligation, exclusive of contractual indemnities (including, without limitation, any indemnity or price-adjustment provision relating to the purchase or sale of securities or other assets) and guarantees of non-monetary obligations (other than guarantees of completion) which have not yet been called on or quantified, of such Person or of any other Person. The amount of any Contingent Obligation described in clause (ii) shall be deemed to be (a) with respect to a guaranty of interest or interest and principal, or operating income guaranty, the sum of all payments required to be made thereunder (which in the case of an operating income guaranty shall be deemed to be equal to the debt service for the note secured thereby), calculated at the Applicable Interest Rate, through (i) in the case of an interest or interest and principal guaranty, the stated date of maturity of the obligation (and commencing on the date interest could first be payable thereunder), or (ii) in the case of an operating income guaranty, the date through which such guaranty will remain in effect, and (b) with respect to all guarantees not covered by the preceding clause (a), an amount equal to the stated or determinable amount of the primary obligation in respect of which such guaranty is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as recorded on the balance sheet and on

the footnotes to the most recent financial statements of Borrower required to be delivered pursuant to Section 4.4 hereof. Notwithstanding anything contained herein to the contrary, guarantees of completion shall not be deemed to be Contingent Obligations unless and until a claim for payment or performance has been made thereunder by the person entitled to performance or payment thereunder, at which time any such guaranty of completion shall be deemed to be a Contingent Obligation in an amount equal to any such claim. Subject to the preceding sentence, (i) in the case of a joint and several guaranty given by such Person and another Person (but only to the extent such guaranty is directly or indirectly recourse to such Person), the amount of the guaranty, to the extent it is directly or indirectly recourse to such Person, shall be deemed to be 100% thereof unless and only to the extent that such other Person has delivered Cash or Cash Equivalents to secure all or any part of such Person's guaranteed obligations, (ii) in the case of joint and several guarantees given by a Person in whom Borrower owns an interest (which guarantees are non-recourse to Borrower), to the extent the guarantees, in the aggregate, exceed 15% of Combined Gross Asset Value, the amount which is the lesser of (x) the amount in excess of 15% or (y) the amount of Borrower's interest therein shall be deemed to be a Contingent Obligation of Borrower, and (iii) in the case of any other guaranty, (whether or not joint and several) of an obligation otherwise constituting Debt of such Person, the amount of such guaranty shall be deemed to be only that amount in excess of the amount of the obligation constituting Indebtedness of such Person. Notwithstanding anything contained herein to the contrary, "Contingent Obligations" shall not be deemed to include guarantees of Unused Commitments or of construction loans to the extent the same have not been drawn.

"Debt" of any Person means, without duplication, (A) as shown on such Person's balance sheet (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property and, (ii) all indebtedness of such Person evidenced by a note, bond, debenture or similar instrument (whether or not disbursed in full in the case of a construction loan), (B) the face amount of all letters of credit issued for the account of such Person and, without duplication, all unreimbursed amounts drawn thereunder, (C) all Contingent Obligations of such Person, (D) all payment obligations of such Person under any interest rate protection agreement (including, without limitation, any interest rate swaps, caps, floors, collars and similar agreements) and currency swaps and similar agreements which were not entered into specifically in connection with Debt set forth in clauses (A), (B) or (C) hereof. For purposes of this Agreement, Debt (other than Contingent Obligations) of the Borrower shall be deemed to include only Debt of the Borrower and its Consolidated Subsidiaries

plus the Borrower's pro rata share (such share being based upon the Borrower's percentage ownership interest as shown on the Borrower's

annual financial statements) of the Debt of any Person in which the Borrower, directly or indirectly, owns an interest, provided that such Debt is nonrecourse, both directly and indirectly, to the Borrower or any Consolidated Subsidiary.

"Debt Service" shall mean, measured as of the last day of each calendar quarter, an amount equal to the sum of (i) interest (whether accrued, paid or capitalized) actually payable by the Borrower and its Consolidated Subsidiaries, together with the Borrower's pro rata share of such interest actually payable by Minority Holdings and Joint Ventures, on their Debt for the previous four consecutive quarters including the quarter then ended, plus (ii) scheduled payments of principal on Debt of the Borrower and its Consolidated Subsidiaries (and the Borrower's pro rata share of such payments on Debt of Minority Holdings and Joint Ventures), whether or not actually paid (excluding balloon payments) for the previous four consecutive quarters including the quarter then ended.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Development Projects" shall have the meaning set forth in Section 5.1(l) hereof.

"Domestic Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York City and/or San Francisco, California are authorized by law to close.

"Domestic Lending Office" means, as to each Bank, its office located at its address set forth on the signature pages hereto or such other office as such Bank may hereafter designate as its Domestic Lending Office by notice to the Borrower and the Agent.

"Domestic Loans" means Base Rate Loans.

"Effective Date" means the date this Agreement becomes effective in accordance with Section 10.10.

"Environmental Affiliate" means any partnership, or joint venture, trust or corporation in which an equity interest is owned by the Borrower, either directly or indirectly.

"Environmental Approvals" means any permit, license, approval, ruling, variance, exemption or other authorization required under applicable Environmental Laws by a court or governmental agency having jurisdiction.

"Environmental Claim" means, with respect to any Person, any written notice, claim, demand or similar communication by any other Person having jurisdiction alleging potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damage, property damages, personal injuries, fines or penalties arising out of, based on or resulting from (i) the presence, or release into the environment, of any Hazardous Substances at any location, whether or not owned by such Person or (ii) circumstances forming the basis of any violation, of any applicable Environmental Law, in each case as to which there is a reasonable possibility of an adverse determination with respect thereto and which, if adversely determined, would have a Material Adverse Effect on the Borrower.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to the environment, the effect of the environment on human health or to emissions, discharges or releases of pollutants, contaminants, Hazardous Substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, Hazardous Substances or wastes or the clean-up or other remediation thereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

"ERISA Group" means the Borrower, any Subsidiary and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any Subsidiary, are treated as a single employer under Section 414 of the Internal Revenue Code.

"Euro-Dollar Business Day" means any Domestic Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in London.

"Euro-Dollar Lending Office" means, as to each Bank, its office, branch or affiliate located at its address set forth on the signature pages hereto, or such other office, branch or affiliate of such Bank as it may hereafter designate as its Euro-Dollar Lending Office by notice to the Borrower and the Agent.

"Euro-Dollar Loan" means a Loan to be made by a Bank as a Euro-Dollar Loan in accordance with the applicable Notice of Borrowing.

"Event of Default" has the meaning set forth in Section 6.1.

"Existing Credit Agreement" has the meaning set forth in the recitals of this Agreement.

"Extension Date" shall have the meaning set forth in Section 2.8.

"Extension Notice" shall have the meaning set forth in Section 2.8.

"Extension Option" shall have the meaning set forth in Section 2.8.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Domestic Business Day next succeeding such day, provided that (i) if such day is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day, and (ii) if no such rate is so published on such next succeeding Domestic Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Morgan Guaranty Trust Company of New York on such day on such transactions as determined by the Agent.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System as constituted from time to time.

"Fixed Charges" means with respect to any fiscal period, the sum of (a) interest expense according to GAAP (including capitalized interest) payable during such period, plus (b) the aggregate of all scheduled principal payments on Debt according to GAAP payable during that fiscal period and for Debt guaranteed under a Contingent Obligation (but excluding balloon payments of principal due upon the stated maturity of a Debt), plus (c) the aggregate of all dividends payable on the Borrower's or any Consolidated Subsidiary's preferred stock, to the extent such charges are paid or incurred, as applicable, by Borrower and its Consolidated Subsidiaries or, with respect to Minority Holdings and Joint Ventures, in each case to the extent of Borrower's or the applicable Consolidated Subsidiary's allocable share of such payments. For the purposes of this definition, (i) interest on Fixed Rate Indebtedness shall be the actual interest payable on such Debt and (ii) interest on Floating Rate Indebtedness shall be assumed to be the greater of (A) the actual interest payable on such Debt or (B) an assumed interest rate per annum to be approved by the Agent for tax-

exempt Debt and an assumed interest rate of nine percent (9%) per annum for non-tax-exempt Debt, except that, if any of the foregoing in (A) or (B) above is subject to an interest rate cap agreement purchased by the Borrower or a Consolidated Subsidiary, the interest rate shall be assumed to be the lower of the actual interest payable on such Debt or the capped rate of such interest rate cap agreement. In no event shall any dividends payable on the Borrower's or any Consolidated Subsidiary's common stock be included in Fixed Charges.

"Fixed Rate Indebtedness" means all Debt which accrues interest at a fixed rate.

"Floating Rate Indebtedness" means all Debt which is not Fixed Rate Indebtedness and which is not a Contingent Obligation or an Unused Commitment.

"Funds From Operations" means net income (computed in accordance with GAAP) before extraordinary items, excluding gains (or losses) from debt restructuring and sales of property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations on the same basis.

"GAAP" means generally accepted accounting principles recognized as such in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and Board or in such other

statements by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"General Partner Guaranty" means an Unconditional Guaranty Agreement in substantially the form of Exhibit H attached hereto and made a part hereof (with blanks appropriately completed) delivered to the Agent in connection with the guaranty by the general partner of the New Borrower of the New Borrower's obligations under this Agreement, in accordance with the provisions of Section 9.2.

"Gross Asset Value" shall mean (i) with respect to a Real Property Asset that has not been subject to a Valuation Date (i.e., no Valuation Date has occurred more than twelve (12) months after Borrower acquired, directly or indirectly, the Real Property Asset), the Acquisition Price of such Real Property Asset plus any Capital Expenditures actually incurred by the Borrower or its Subsidiary in connection with such Real Property Asset (which, for the purpose of this definition shall include any expenditures that would have been considered Capital Expenditures except that they were made with respect to the acquisition by the Borrower or its Consolidated Subsidiaries of any interest in

a Real Property Asset within twelve months after the date such interest in asset was acquired) and (ii) with respect to a Real Property Asset that has been subject to a Valuation Date (i.e., a Valuation Date has occurred more than twelve (12) months after Borrower acquired the Real Property Asset), the lower of (x) the Appraised Value of such asset or (y) the "carrying value" of such asset as determined by an internal review of the Borrower and (iii) with respect to a Borrowing Base Property from which a Separate Parcel which originally formed a part of such Borrowing Base Property is released or sold in accordance with this Agreement, until a Valuation Date occurs with respect to such remaining Borrowing Base Property (at which time the value shall be the lower of the Appraised Value or the "carrying value" of such asset), a value ascribed to such remaining Borrowing Base Property by the Agent in its sole discretion.

"Guarantor" has the meaning ascribed to it in the Guaranty.

"Guaranty" means that certain Unconditional Guaranty Agreement, dated as of October 25, 1996, by AIF and RIF, jointly and severally, as the same may be amended, supplemented, modified or restated from time to time.

"Hazardous Substances" means any toxic, radioactive, caustic or otherwise hazardous substance, identified as such as a matter of Environmental Law, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics.

"Improved Asset" means a Real Property Asset upon which material construction of material improvements has commenced or upon which material improvements have been constructed.

"Indemnitee" has the meaning set forth in Section 10.3(b).

"Information" has the meaning set forth in Section 9.2.

"Interest Period" means: (1) with respect to each Euro-Dollar Borrowing, the period commencing on the date of such Borrowing and ending one, two, three or six months thereafter, as the Borrower may elect in the applicable Notice of Borrowing; provided that:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Euro-Dollar Business Day;

(b) any Interest Period which begins on the last Euro-Dollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (c) below, end on the last Euro-Dollar Business Day of a calendar month; and

(c) if any Interest Period includes a date on which a payment of principal of the Loans is required to be made under Section 2.9 but does not end on such date, then (i) the principal amount (if any) of each Euro-Dollar Loan required to be repaid on such date shall have an Interest Period ending on such date and (ii) the remainder (if any) of each such Euro-Dollar Loan shall have an Interest Period determined as set forth above.

(2) with respect to each Base Rate Borrowing, the period commencing on the date of such Borrowing and ending 30 days thereafter; provided that:

(a) any Interest Period (other than an Interest Period determined pursuant to clause (b) below) which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day; and

(b) if any Interest Period includes a date on which a payment of principal of the Loans is required to be made under Section 2.9 but does not end on such date, then (i) the principal amount (if any) of each Base Rate Loan required to be repaid on such date shall have an Interest Period ending on such date and (ii) the remainder (if any) of each such Base Rate Loan shall have an Interest Period determined as set forth above.

"Investment Grade Rating" means a rating for a Person's senior long-term unsecured debt of BBB- or better from S&P, and a rating of Baa3 or better from Moody's, if ratings from both Rating Agencies are obtained.

"IPO" has the meaning set forth in Section 9.1.

"Joint Ventures" means partnerships, corporations or other entities held or owned jointly by the Borrower or a Consolidated Subsidiary of Borrower and one or more Persons which Persons are not Consolidated with Borrower.

"Leverage Ratio" has the meaning set forth in Section 5.9(a).

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, or any other type of preferential arrangement that has the practical effect of creating a security interest, in respect of such asset. For the purposes of this Agreement, the Borrower or any Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Loan" means a Domestic Loan or a Euro-Dollar Loan and "Loans" means Domestic Loans or Euro-Dollar Loans or any combination of the foregoing.

"Loan Amount" shall mean the amount of Two Hundred Million Dollars ($200,000,000).

"Loan Documents" means this Agreement, the Notes and the Guaranty.

"London Interbank Offered Rate" has the meaning set forth in Section 2.6(b).

"Mandatory Prepayment Event" has the meaning set forth in Section 2.9(d).

"Margin Stock" shall have the meaning provided such term in Regulation U and Regulation G of the Federal Reserve Board.

"Material Adverse Effect" means a material adverse effect upon (i) the business, operations, properties or assets of the Borrower and its Consolidated Subsidiaries or (ii) the ability of the Borrower to pay debt service on the Loans, as such debt service becomes due from time to time.

"Material Plan" means at any time a Plan or Plans having aggregate Unfunded Liabilities in excess of $5,000,000.

"Maturity Date" shall have the meaning set forth in Section 2.8.

"Maximum Loan Amount" means the Loan Amount, as the Loan Amount may be reduced pursuant to Section 2.10(c).

"Merger" shall have the meaning set forth in Section 9.1.

"Minority Holdings" means partnerships and corporations held or owned by the Borrower which are not Consolidated with Borrower on Borrower's financial statements.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Morgan" means Morgan Guaranty Trust Company of New York, in its individual capacity.

"Multiemployer Plan" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions, including for these purposes any Person which ceased to be a member of the ERISA Group during such five year period.

"Net Income" shall mean net income of the Borrower and its Consolidated Subsidiaries determined in accordance with GAAP.

"Net Operating Cash Flow" means, as of any date of determination, with respect to all Real Property Assets, Minority Holdings and Joint Ventures of Borrower and its Consolidated Subsidiaries (with respect to Minority Holdings and Joint Ventures, Borrower's or the applicable Consolidated Subsidiary's allocable share only), Property Income for the previous four consecutive quarters including the quarter then ended, but less (x) Property Expenses with respect to all such Real Property Assets, Minority Holdings and Joint Ventures (with respect to Minority Holdings and Joint Ventures, Borrower's or the applicable Consolidated Subsidiary's allocable share only) for the previous four consecutive quarters including the quarter then ended and (y) appropriate reserves for replacements of not less than $.50 per square foot per annum for each Real Property Asset that is primarily a retail use property and not less than $.35 per square foot per annum for each Real Property Asset that is primarily an industrial use property.

"New Acquisitions" has the meaning set forth in Section 2.14.

"New Borrower" has the meaning set forth in Section 9.1.

"New Borrower Assumption" has the meaning set forth in Section 9.2.

"New Borrower Notes" means promissory notes of the New Borrower, substantially in the form of Exhibit E hereto, evidencing the obligation of the New Borrower to repay the Loans, as the same may be amended, supplemented, modified or restated from time to time, and "New Borrower Note" means any one of such promissory notes issued hereunder.

"Non-Recourse Debt" Debt of a Person for which the right of recovery of the obligee thereof is limited to recourse against the Real Property Assets securing such Debt (subject to such limited exceptions as fraud, misappropriation, misapplication and environmental indemnities as are usual and customary in similar transactions at the time such Debt is incurred).

"Notes" means promissory notes of the Borrower, substantially in the form of Exhibit A hereto, evidencing the obligation of the Borrower to repay the Loans, as the same may be amended, supplemented, modified or restated from time to time, and "Note" means any one of such promissory notes issued hereunder.

"Notice of Borrowing" means a Notice of Borrowing (as defined in Section 2.2).

"Obligations" means all obligations, liabilities and indebtedness of every nature of the Borrower, from time to time owing to any Bank under or in connection with this Agreement or any other Loan Document.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Parent" means, with respect to any Bank, any Person controlling such Bank.

"Participant" has the meaning set forth in Section 10.6(b).

"Permitted Liens" means (a) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds, completion bonds, government contracts or other obligations of a like nature, including Liens in connection with workers' compensation, unemployment insurance and other types of statutory obligations or to secure the performance of tenders, bids, leases, contracts (other than for the repayment of Debt) and other similar obligations incurred in the ordinary course of business; (b) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided, that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor; (c) Liens on property of either Borrower or any Subsidiary thereof in favor of the Federal or any state government to secure certain payments pursuant to any contract, statute or regulation; (d) easements (including, without limitation, reciprocal easement agreements and utility agreements),

rights of way, covenants, consents, reservations, encroachments, variations and zoning and other restrictions, charges or encumbrances (whether or not recorded), which do not interfere materially with the ordinary conduct of the business of the Borrower or any Subsidiary thereof and which do not materially detract from the value of the property to which they attach or materially impair the use thereof by the Borrower or Subsidiary; (e) statutory Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen or other Liens imposed by law and arising in the ordinary course of business, for sums not then due and payable (or which, if due and payable are being contested in good faith

and with respect to which adequate reserves are being maintained to the extent required by GAAP); (f) Liens not otherwise permitted by this definition and incurred in the ordinary course of business of the Borrower or any Subsidiary with respect to obligations which do not exceed $100,000 in principal amount with respect to any Separate Parcel and do not exceed $1,000,000 in principal amount in the aggregate, in each case at any one time outstanding; and (g) the interests of lessees and lessors under leases of real or personal property made in the ordinary course of business which would not have a material adverse effect on the Borrower and its Consolidated Subsidiaries taken as a whole.

"Person" means an individual, a corporation, a partnership, an association, a trust, limited liability company or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Plan" means at any time an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (i) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

"Plan Asset Regulations" means the Department of Labor Regulation Section 2510.3-101, 29 C.F.R. Section 2510.3-101.

"Prime Rate" means the rate of interest publicly announced by Morgan Guaranty Trust Company of New York in New York City from time to time as its Prime Rate.

"Pro-Forma Debt Service" means as of any date of determination, an amount equal to the greater of (x) the product of: (A) the average Unsecured Debt outstanding at

the end of each of the previous four quarters, including the quarter then ended, as set forth on the Borrower's balance sheet, and (B) the Treasury Rate plus 1.75%, plus an amount equal to the principal that would be required to be repaid by applying a 25 year mortgage style amortization schedule thereto; and (y) Debt Service for Unsecured Debt for the previous four quarters including the quarter then ended.

"Property Expenses" means, when used with respect to any Real Property Asset, the costs of maintaining such Real Property Asset, including, without limitation, taxes, insurance, repairs and maintenance, but excluding depreciation, amortization and interest costs and Capital Expenditures.

"Property Income" means, when used with respect to any Real Property Asset, revenues therefrom (including, without limitation, lease termination fees appropriately amortized), less deferred rents receivable, calculated, in each case, in accordance with GAAP.

"Rated Unsecured Debt" means, Investment Grade Debt which is Unsecured Debt and which has an Investment Grade Rating.

"Rating Agencies" means, collectively, Standard & Poor's Ratings Group, Moody's Investors' Services, Inc., Duff & Phelps Credit Rating Co., and Fitch Investor Services, L.P., or any successor to any of the foregoing.

"REOC" shall mean a "real estate operating company" within the meaning of Section 2510.3-101(e) of the Plan Asset Regulations.

"Required Occupancy Level" means, with respect to any Borrowing Base Property, that during any twelve (12) month period, no less than an average of 85% of the rentable square feet of such Borrowing Base Property is occupied by tenants pursuant to written leases for which no default has occurred beyond applicable notice and cure periods.

"RIF" shall mean AMB Retail Income Fund, Inc., a Maryland corporation and a wholly-owned direct Subsidiary of the Borrower.

"Real Property Assets" means the real property assets or interests therein (including interests in participating mortgages in which the Borrower's interest therein is characterized as equity according to GAAP) currently owned directly or indirectly by the Borrower or its Consolidated Subsidiaries (including the form the real property asset is held, such as a partnership, limited liability company or corporation) and listed on Schedule 4.17(a) annexed hereto,

as such may be modified from time to time to reflect sales, transfers, assignments, conveyances, acquisitions and purchases of real property assets.

"Recourse Debt" means Debt of a Person that is not Non-Recourse Debt.

"Reference Bank" means the principal London offices of Morgan Guaranty Trust Company of New York.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Required Banks" means at any time Banks having at least 66-2/3% of the aggregate amount of the Commitments or, if the Commitments shall have been terminated, holding Notes evidencing at least 66-2/3% of the aggregate unpaid principal amount of the Loans.

"Secured Debt" means Debt of a Person that is secured by a Lien.

"Separate Parcel" means a Real Estate Asset that is a single, legally subdivided, separately zoned parcel that can be legally transferred or conveyed separate and distinct from any other Real Estate Asset without benefit of any other Real Estate Asset.

"Solvent" as to any Person shall mean that such Person is not "insolvent" within the meaning of Section 101(32) of the Bankruptcy Code or Section 271 of the Debtor and Creditor Law of the State of New York.

"Subsidiary" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Borrower.

"Subsidiary Guaranties" shall have the meaning set forth in Section 9.2.

"S&P" means S&P Ratings Group and its successors.

"Term" has the meaning set forth in Section 2.8.

"Termination Event" shall mean (i) a "reportable event", as such term is described in Section 4043 of ERISA (other than a "reportable event" not subject to the provision for 30-day notice to the PBGC), or an event described in Section 4062(e) of ERISA, (ii) the withdrawal by any member of the ERISA Group from a Multiemployer Plan during a

plan year in which it is a "substantial employer" (as defined in Section 4001(a)(2) of ERISA), or the incurrence of liability by any member of the ERISA Group under Section 4064 of ERISA upon the termination of a Multiemployer Plan, (iii) the filing of a notice of intent to terminate any Plan under Section 4041 of ERISA, other than in a standard termination within the meaning of Section 4041 of ERISA, or the treatment of a Plan amendment as a distress termination under Section 4041 of ERISA, (iv) the institution by the PBGC of proceedings to terminate, impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or cause a trustee to be appointed to administer, any Plan or (v) any other event or condition that might reasonably constitute grounds for the termination of, or the appointment of a trustee to administer, any Plan or the imposition of any liability or encumbrance or Lien on the Real Property Assets or any member of the ERISA Group under ERISA.

"Title Company" means, with respect to each Borrowing Base Property, a title insurance company of recognized national standing.

"Title Commitment" means, for each Borrowing Base Property, an ALTA fee or leasehold title commitment or title policy issued by the Title Company at the time of acquisition by the Borrower or its Subsidiary.

"Total Liabilities" means, without duplication, all liabilities (determined in accordance with GAAP) and all other Debt (to the extent such Debt is not a "liability" as determined in accordance with GAAP) of the Borrower and its Consolidated Subsidiaries and Borrower's pro rata share of liabilities (including the pro rata share of Debt) of Minority Holdings and Joint Ventures, based on Borrower's percentage ownership of such Minority Holdings and Joint Ventures.

"Treasury Rate" means, as of any date, a rate equal to the annual yield to maturity on the U.S. Treasury Constant Maturity Series with a ten year maturity, as such yield is reported in Federal Reserve Statistical Release H.15 -- Selected Interest Rates, published most recently prior to the date the applicable Treasury Rate is being determined. Such yield shall be determined by straight line linear interpolation between the yields reported in Release H.15, if necessary. In the event Release H.15 is no longer published, the Agent shall select, in its reasonable discretion, an alternate basis for the determination of Treasury yield for U.S. Treasury Constant Maturity Series with ten year maturities.

"UCC Searches" has the meaning set forth in Section 3.1(n).

"Unfunded Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (i) the value of all benefit liabilities under such Plan, determined on a plan termination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

"Unimproved Assets" means Real Property Assets (i) upon which no material construction of material improvements has been commenced and (ii) which are either not contiguous to an Improved Asset or, if contiguous to an Improved Asset, were not acquired at the same time as the Improved Asset, or if contiguous to an Improved Asset and acquired at the same time as an Improved Asset, the net operating income (capitalized in accordance with industry standard) of the Improved Asset was, at time of acquisition, insufficient to support the acquisition price of such Improved Asset plus an 8% rate of return on the investment; all Unimproved Assets will continue to be deemed Unimproved Assets until such time as the chief financial officer or chief accounting officer of Borrower shall certify to the Agent that material construction of material improvements has commenced thereon.

"Unimproved Land Value" means the aggregate Gross Asset Value of Unimproved Assets.

"United States" means the United States of America, including the states and the District of Columbia, but excluding its territories and possessions.

"Unsecured Assets" means assets of a Person which are not subject to a Lien (other than Permitted Liens).

"Unsecured Debt" means Debt of a Person which is not secured by a Lien.

"Unsecured Senior Debt" means the Obligations and other Unsecured Debt of the Borrower.

"Unused Commitments" means an amount equal to all unadvanced funds (other than unadvanced funds in connection with any construction loan) which any third party is obligated to advance to the Borrower or otherwise, pursuant to any loan document, written instrument or otherwise.

"Unused Facility" shall mean the amount, calculated daily, by which the Commitments exceed the sum of the outstanding principal amount of the Loans.

"Valuation Date" means September 30 of each year at which time the Borrower shall determine the Gross Asset Value of each Real Property Asset acquired directly or indirectly by Borrower or its Subsidiaries more than twelve (12) months prior to the Valuation Date, or such other date(s) as determined by Borrower's board of directors, such that all such Real Property Assets are valued annually although such Valuation Date need not be the same date for all Real Property Assets.

"VCOC" shall mean a "venture capital operating company" within the meaning of Section 2510.2-101(d) of the Plan Asset Regulations.

SECTION 1.2. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP as in effect from time to time, applied on a basis consistent (except for changes concurred in by the Borrower's independent public accountants) with the most recent audited Consolidated financial statements of the Borrower and its Consolidated Subsidiaries delivered to the Banks; provided that, if the Borrower notifies the Agent that the Borrower wishes to amend any covenant in Article V to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Agent notifies the Borrower that the Required Banks wish to amend Article V for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Banks. The Agent acknowledges that GAAP for the Borrower and its Consolidated Subsidiaries is "current value reporting" as supplemented by National Counsel of Real Estate Investment Fiduciaries standards.

SECTION 1.3. Types of Borrowings. The term "Borrowing" denotes the aggregation of Loans of one or more Banks to be made to the Borrower pursuant to Article II on a single date and for a single Interest Period. Borrowings are classified for purposes of this Agreement by reference to the pricing of Loans comprising such Borrowing (e.g., a "Euro-Dollar Borrowing" is a Borrowing comprised of Euro-Dollar Loans).

ARTICLE II

THE CREDITS

SECTION 2.1. Commitments to Lend. During the Term, each Bank severally agrees, on the terms and conditions set forth in this Agreement, to make loans to the Borrower pursuant to this Section from time to time in amounts such that the aggregate principal amount of Loans by such Bank at any one time outstanding shall not exceed the amount of its Commitment. The aggregate amount of Loans to be made hereunder shall not exceed the Maximum Loan Amount. At no time shall there be more than ten (10) Euro-Dollar Loans outstanding. Each Borrowing under this subsection (a) shall be in an aggregate principal amount of not less than $5,000,000, or an integral multiple of $1,000,000 in excess thereof (except that any such Borrowing may be in the aggregate amount available in accordance with Section 3.2(c)) and shall be made from the several Banks ratably in proportion to their respective Commitments. Upon the expiration of the Term, the Banks shall have no further obligation to make loans to Borrower. Within the foregoing limits, the Borrower may borrow under this Section, repay, or to the extent required by Section 2.9 or permitted by Section 2.10, prepay Loans and reborrow at any time during the Term.

SECTION 2.2. Notice of Borrowing. The Borrower shall give the Agent notice (a "Notice of Borrowing") not later than 1:00 p.m. (New York City time) (y) one (1) Domestic Business Day before each Base Rate Borrowing, or (z) three (3) Euro-Dollar Business Days before each Euro-Dollar Borrowing, as applicable, specifying:

(a) the date of such Borrowing, which shall be a Domestic Business Day in the case of a Domestic Borrowing or a Euro-Dollar Business Day in the case of a Euro-Dollar Borrowing,

(b) the aggregate amount of such Borrowing,

(c) whether the Loans comprising such Borrowing are to be Base Rate Loans or Euro-Dollar Loans, and

(d) in the case of a Euro-Dollar Borrowing, the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period, except that no Interest Period shall extend beyond the Maturity Date, as such may be extended pursuant to Section 2.8 hereof.

SECTION 2.3. Notice to Banks; Funding of Loans.

(a) Upon receipt of a Notice of Borrowing, the Agent shall promptly notify each Bank of the contents thereof and of such Bank's share (if any) of such Borrowing and such Notice of Borrowing shall thereafter only be revocable by the Borrower no later than (y) with respect to a Base Rate Borrowing, 5:00 p.m. (New York City time) one Domestic Business Day before each Base Rate Borrowing or (z) with respect to a Euro-Dollar Borrowing, 3:00 p.m. (New York City time) three (3) Euro-Dollar Business Days before each Euro-Dollar Borrowing. Upon the expiration of such applicable time periods, the Notice of Borrowing shall not thereafter be revocable by Borrower.

(b) Not later than 2:00 p.m. (New York City time) on the date of each Borrowing as indicated in the Notice of Borrowing, each Bank participating therein shall (except as provided in subsection (c) of this Section) make available its share of such Borrowing, in Federal or other funds immediately available in New York City, to the Agent at its address referred to in Section 10.1. Unless the Agent determines that any applicable condition specified in Article III has not been satisfied, the Agent will make the funds so received from the Banks available to the Borrower at the Agent's aforesaid address.

(c) Unless the Agent shall have received notice from a Bank prior to the date of any Borrowing that such Bank will not make available to the Agent such Bank's share of such Borrowing, the Agent may assume that such Bank has made such share available to the Agent on the date of such Borrowing in accordance with subsection (b) of this Section 2.3 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have so made such share available to the Agent, such Bank and the Borrower severally agree to repay to the Agent forthwith within ten (10) days after demand therefore such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, a rate per annum equal to the higher of the Federal Funds Rate and the interest rate applicable thereto pursuant to Section 2.6 and (ii) in the case of such Bank, the Federal Funds Rate. If such Bank shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Bank's Loan included in such Borrowing for purposes of this Agreement. The failure of any Bank to make any Loan on a date of Borrowing hereunder shall not relieve any other Bank of any obligation hereunder to make a

Loan on such date. Notwithstanding the foregoing and any other provision to the contrary contained herein, if any

Bank shall have failed to fund its share of a previously requested Loan on the applicable date of Borrowing and Borrower provides a new Notice of Borrowing as a result of such failure to fund, then, if necessary to make such Borrowing, Borrower shall be permitted a single additional Loan (beyond that permitted by Section 2.1, if a Euro-Dollar Loan) and the $5,000,000 minimum Borrowing limit elsewhere referred to in the Credit Agreement shall not apply to such new Borrowing.

SECTION 2.4. Notes.

(a) The Loans of each Bank shall be evidenced by a single Note payable to the order of such Bank for the account of its Applicable Lending Office in an amount equal to the aggregate unpaid principal amount of such Bank's Loans.

(b) Each Bank may, by notice to the Borrower and the Agent, request that its Loans of a particular type be evidenced by a separate Note in an amount equal to the aggregate unpaid principal amount of such Bank's Loans. Each such Note shall be in substantially the form of Exhibit A hereto with appropriate modifications to reflect the fact that it evidences solely Loans of the relevant type for such Bank. Each reference in this Agreement to the "Note" of such Bank shall be deemed to refer to and include any or all of such Notes, as the context may require.

(c) Upon receipt of each Bank's Note pursuant to Section 3.1(a), the Agent shall forward such Note to such Bank. Each Bank shall record the date, amount, type and maturity of each Loan made by it and the date and amount of each payment of principal made by the Borrower with respect thereto, and may, if such Bank so elects in connection with any transfer or enforcement of its Note, endorse on the schedule forming a part thereof appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding; provided that the failure of any Bank to make any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Notes. Each Bank is hereby irrevocably authorized by the Borrower so to endorse its Note and to attach to and make a part of its Note a continuation of any such schedule as and when required which continuation shall be deemed correct absent manifest error.

SECTION 2.5. Maturity of Loans. Each Loan included in any Borrowing shall mature, and the principal amount thereof shall be due and payable, on the last day of the Interest Period applicable to such Borrowing.

SECTION 2.6. Interest Rates.

(a) Each Base Rate Loan shall bear interest on the outstanding principal amount thereof for each day from the date such Loan is made until the date it is repaid at a rate per annum equal to the Base Rate plus the Applicable Margin for Base Rate Loans for such day. Such interest shall be payable for each Interest Period on the last day thereof.

(b) Each Euro-Dollar Loan shall bear interest on the outstanding principal amount thereof, for each day during the Interest Period applicable thereto, at a rate per annum equal to the sum of the Applicable Margin for Euro-Dollar Loans for such day plus the Adjusted London Interbank Offered Rate applicable to such Interest Period. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than three months, at intervals of three months after the first day thereof.

The "Adjusted London Interbank Offered Rate" applicable to any Interest Period means a rate per annum equal to the quotient obtained (rounded upward, if necessary, to the next higher 1/100 of 1%) by dividing (i) the applicable London Interbank Offered Rate by (ii) 1.00 minus the Euro-Dollar Reserve Percentage.

The "London Interbank Offered Rate" applicable to any Interest Period means the average (rounded upward, if necessary, to the next higher 1/16 of 1%) of the respective rates per annum at which deposits in dollars are offered to the Reference Bank in the London interbank market at approximately 11:00 a.m. (London time) two Euro-Dollar Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Euro-Dollar Loan of the Reference Bank to which such Interest Period is to apply and for a period of time comparable to such Interest Period.

"Euro-Dollar Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of "Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on

Euro-Dollar Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Bank to United States residents). The Adjusted London Interbank

Offered Rate shall be adjusted automatically on and as of the effective date of any change in the Euro-Dollar Reserve Percentage.

(c) In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the outstanding principal amount of the Loans, and, to the extent permitted by applicable law, overdue interest in respect of all Loans, shall bear interest at the annual rate of the sum of the Prime Rate and four percent (4%).

(d) The Agent shall determine each interest rate applicable to the Loans hereunder. The Agent shall give prompt notice to the Borrower and the participating Banks of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(e) The Reference Bank agrees to use its best efforts to furnish quotations to the Agent as contemplated by this Section. If the Reference Bank does not furnish a timely quotation, the provisions of Section 8.1 shall apply.

SECTION 2.7. Fees.

(a) Commitment Fee. During the Term, the Borrower shall pay Agent for the account of the Banks ratably in proportion to their respective Commitments a commitment fee (the "Commitment Fee") accruing at a per annum rate equal to the then applicable Commitment Fee Percentage on the daily average undrawn Commitments. The Commitment Fee shall be payable quarterly in arrears on each October 31, January 31, April 30, and July 31 during the Term.

(b) Extension Fee. Within three (3) Domestic Business Days after the Borrower shall have received notice from the Agent that the Extension Notice has been approved, the Borrower shall pay to the Agent for the account of the Banks ratably in proportion to their Commitments an extension fee of one quarter of one percent (1/4%) of the aggregate Commitments.

(c) Fees Non-Refundable. All fees set forth in this Section 2.7 shall be deemed to have been earned on the date payment is due in accordance with the provisions of this Agreement and shall be non-refundable. The obligation of the Borrower to pay such fees in accordance with the provisions of this Agreement shall be binding upon the Borrower and shall inure to the benefit of the Agent and the Banks regardless of whether any Loans are actually made.

SECTION 2.8. Mandatory Expiration. The term (the "Term") of the Commitments shall terminate and expire on the

date which is the second anniversary of the Closing Date (or, if such date is not a Domestic Business Day, then the next succeeding Domestic Business Day) (the "Maturity Date"); except that, subject to the following conditions, the Borrower shall have the option (the "Extension Option") exercisable upon delivery by the Borrower of written notice thereof to the Agent (the "Extension Notice") on or before the date which is 60 days prior to the Maturity Date to extend the Term of the Commitments and the Maturity Date for an additional one year period, such that the Term shall expire on the third anniversary of the Closing Date (which Extension Notice, the Agent shall promptly deliver to the Banks). The Borrower's right to exercise the Extension Option shall be subject to the following terms and conditions: (i) the Agent and the Banks holding no less than 75% of the aggregate Commitments consent in writing to such extension within thirty (30) days after the Agent's receipt of the Extension Notice, which consent shall be in the sole discretion of the Agent and the Banks (if Banks holding less than 100%, but not less than 75%, of the aggregate Commitments shall have consented to the extension, the Agent shall promptly notify the consenting Banks and the Borrower thereof, and the Borrower and the consenting Banks shall have an additional ten Domestic Business Days to consent to the extension of the Maturity Date without the participation of 100% of the Banks), (ii) no Default or Event of Default shall have occurred and be continuing both on the date Borrower delivers the Extension Notice to the Agent and on the second anniversary of the Closing Date (the "Extension Date"), and (iii) the Borrower shall pay to the Agent, for the account of the Banks, on the Extension Date the Extension Fee. Borrower's delivery of the Extension Notice shall be irrevocable. Upon the date of the termination of the Term, any Loans then outstanding (together with accrued interest thereon) shall be due and payable. In the event that Banks holding less than 100% but not less than 75% of the aggregate Commitments consent to the extension of the term without the participation of 100% of the Banks commencing on the Extension Date, the aggregate Commitment shall be reduced by the Commitments of the Banks not consenting to such extension and on the Extension Date, such non-consenting Banks shall be released from any obligations to Borrower hereunder. On the Extension Date, the non-consenting Banks shall receive from Borrower and Borrower shall pay to such non-consenting Banks all amounts due to such

non-consenting Banks with respect to their respective Commitments as if such date were the Maturity Date with respect to such Commitments and the failure of the Borrower to repay such amounts on the Extension Date shall constitute an Event of Default hereunder. Unless (i) Borrower shall have notified the Agent prior to 11:00 a.m. (New York time) on the Domestic Business Day immediately prior to the Extension Date that Borrower intends to pay the Agent any such amounts due

to such non-consenting Banks or (ii) there are insufficient undrawn and uncancelled Commitments remaining in the facility, Borrower shall be deemed to have timely given a Notice of Borrowing pursuant to Section 2.2. to the Agent, requesting a Borrowing of Base Rate Loans on the Extension Date in an amount equal to the amount due to such non-consenting Banks.

SECTION 2.9. Mandatory Prepayment.

(a) In the event that a Borrowing Base Property (or any Separate Parcel that originally formed a part of a Borrowing Base Property) is sold, transferred or released from the restrictions of Section 5.11 hereof, in accordance with this Agreement, the Borrower shall simultaneously with such sale, transfer or release, prepay an amount equal to in the event of a sale or transfer, 100% of the net proceeds of such sale or transfer or in the event of a release, such amount as shall be required for the Borrower to remain in compliance with this Agreement. Notwithstanding the foregoing, a simultaneous like-kind exchange under Section 1031 of the Internal Revenue Code will not be subject to the provisions of this Section 2.9(a) provided that the exchanged property has qualified as a New Acquisition and any "boot" associated therewith shall be applied to prepayment of the Loans. Sale of a property in violation of this Section 2.9 shall constitute an Event of Default.

(b) Intentionally Omitted.

(c) Any prepayment pursuant to this Section 2.9 shall be applied first to any Base Rate Loans then outstanding, then to any Euro-Dollar Loans with the shortest remaining Interest Periods. In connection with the prepayment of a Euro-Dollar Loan prior to the maturity thereof, the Borrower shall also pay any applicable expenses pursuant to Section 2.12. Each such prepayment shall be applied to prepay ratably the Loans of the Banks. Notwithstanding the foregoing, in the event any Mandatory Prepayment Event would result in the Borrower incurring expenses pursuant to Section 2.12, at Borrower's written request to be delivered on the date of any prepayment pursuant to this Section 2.9 (if Borrower fails to deliver such a request, then such expenses pursuant to Section 2.12, if any, shall be immediately due and payable), the Agent shall create an interest-bearing escrow account with Agent or Agent's designee to receive funds that would have been applied to pre-pay Euro-Dollar Loans prior to the end of the applicable Interest Periods, which funds will be held by Agent or Agent's designee until the earlier of (x) an Event of Default hereunder (in which event such funds shall be immediately applied without notice to the outstanding Euro-Dollar Loans) or (y) such time as an Interest Period shall end whereupon the Agent shall apply

such funds to pay the Euro-Dollar Loan relating to such expiring Interest Period or (z) Agent has received a Notice of Borrowing with respect to such escrowed funds together with a certificate of the Borrower's chief financial officer or chief accounting officer certifying that upon the distribution of such funds to Borrower as new Loans, the Borrower will be in compliance with the requirements of Section 5.9 and containing information required by Section 5.1(c)(i) and (ii) hereof to establish such compliance.

(d) Any event referred to in Section 2.9(a) or (b) above that results in a required prepayment of the Loans pursuant to this Section 2.9 shall be referred to as a "Mandatory Prepayment Event".

SECTION 2.10. Optional Prepayments.

(a) The Borrower may, upon at least five (5) Domestic Business Days' notice to the Agent, prepay any Base Rate Borrowing in whole at any time, or from time to time in part in amounts aggregating not less than One Million Dollars ($1,000,000) or any larger multiple of One Million Dollars ($1,000,000), by paying the principal amount to be pre-paid together with accrued interest thereon to the date of prepayment. Each such optional prepayment shall be applied to prepay ratably the Loans of the several Banks included in such Borrowing.

(b) Except as provided in Section 8.2, the Borrower may not prepay all or any portion of the principal amount of any Euro-Dollar Loan prior to the maturity thereof unless the Borrower shall also pay any applicable expenses pursuant to Section 2.12. Notice of such prepayment shall be delivered to Agent by Borrower, upon at least five (5) Domestic Business Days notice. Each such optional prepayment shall be in the amounts set forth in Section 2.10(a) above and shall be applied to prepay ratably the Loans of the Banks included.

(c) The Borrower may cancel all or any portion of the Commitments by the delivery to Agent of a notice of cancellation within the applicable time periods and minimum amounts set forth in Sections 2.10(a) and (b) above if there are Loans then outstanding or, if there are no Loans outstanding at such time, upon at least five (5) Domestic Business Days notice to Agent, whereupon, in either event, such Commitments so designated by Borrower shall terminate on the date set forth in such notice of cancellation, and, if there are any Loans then outstanding in excess of the Commitments after giving effect to such termination, Borrower shall prepay such Loans outstanding on such date in accordance with the requirements of Section 2.10(a) and (b).

(d) Upon receipt of a notice of prepayment or cancellation from Borrower pursuant to this Section, the Agent shall promptly notify each Bank of the contents thereof and of such Bank's ratable share (if any) of such prepayment or cancellation and such notice shall thereafter be revocable by the Borrower no later than 10:00 a.m. (New York City time) three (3) Domestic Business Days before the date originally set forth by Borrower in the applicable notice of prepayment or cancellation as the prepayment or cancellation date. Upon the expiration of such time period, the notice of prepayment or cancellation shall be irrevocable.

(e) Any amounts prepaid pursuant to Sections 2.10(a) or (b) may be reborrowed. Any amounts cancelled pursuant to Section 2.10(c) may not be reborrowed.

SECTION 2.11. General Provisions as to Payments.

(a) The Borrower shall make each payment of principal of, and interest on, the Loans and of fees required hereunder, not later than 1:00 p.m. (New York City time) on the date when due, in Federal or other funds immediately available in New York City, to the Agent at its address referred to in Section 10.1. The Agent will promptly distribute to each Bank its ratable share of each such payment received by the Agent for the account of the Banks. Whenever any payment of principal of, or interest on, the Base Rate Loans or of fees required hereunder shall be due on a day which is not a Domestic Business Day, the date for payment thereof shall be extended to the next succeeding Domestic Business Day. Whenever any payment of principal of, or interest on, the Euro-Dollar Loans shall be due on a day which is not a Euro-Dollar Business Day, the date for payment thereof shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding Euro-Dollar Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(b) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Banks hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent that the Borrower shall not have so made such payment, each Bank shall repay to the Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such

Bank until the date such Bank repays such amount to the Agent, at the Federal Funds Rate.

SECTION 2.12. Funding Losses. If the Borrower makes any payment of principal with respect to any Euro-Dollar Loan (pursuant to Article II, VI or VIII or otherwise) on any day other than the last day of the Interest Period applicable thereto, or the last day of an applicable period fixed pursuant to Section 2.6(b), or if the Borrower fails to borrow any Euro-Dollar Loans, after notice has been given to any Bank in accordance with Section 2.3(a) and not revoked as permitted in this Agreement, then and only then shall Borrower reimburse each Bank within 15 days after demand therefor for any resulting loss or expense reasonably incurred by it (or by an existing or prospective Participant in the related Loan), including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment or failure to borrow, provided that such Bank shall have delivered to the Borrower a certificate signed by an authorized officer of such Bank as to the amount of such loss or expense reasonably incurred, which certificate shall be conclusive in the absence of manifest error.

SECTION 2.13. Computation of Interest and Fees. Interest based on the Prime Rate hereunder shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). All other interest and fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last

day).

SECTION 2.14. Use of Proceeds. The Borrower shall use the proceeds of the Loans solely for (i) the acquisition by either AIF or RIF (either directly or indirectly through Subsidiaries) of real estate properties (or interests therein) which are primarily industrial (including warehouse/distribution, light industrial and light assembly) or retail (including neighborhood or community shopping centers and similar sub-regional properties) with land adjacent or incidental thereto (the "New Acquisitions"), (ii) such other costs and expenses attendant with such acquisitions and improvements, including, without limitation, closing costs, attorneys' fees and expenses and other professional fees, architectural fees, advisory fees of the Advisor, due diligence expenses, title insurance premiums, survey preparation costs, recording fees, appraisal fees, engineering and environmental fees, licensing and regulatory filing fees, brokerage commissions, leasing commissions, reasonable tenant improvement costs, (iii) payoff of Loans

under Section 2.8 hereof, if applicable, to non-consenting banks in the event that Banks holding not less than 75% of the aggregate Commitments have consented to the Borrower's exercise of the Extension Option, (iv) construction, renovation, rehabilitation and alteration of Real Property Assets or other Capital Expenditures, and (v) general working capital needs of Borrower, AIF or RIF or Consolidated Subsidiaries of either AIF or RIF not to exceed a maximum amount of $30,000,000 with respect to such working capital needs (collectively, "Approved Uses").

ARTICLE III

CONDITIONS

SECTION 3.1. Closing. The closing hereunder shall occur on the date (the "Closing Date") when each of the following conditions is satisfied (or waived by the Agent), each document to be dated the Closing Date unless otherwise indicated:

(a) the Borrower shall have executed and delivered to the Agent a Note for the account of each Bank dated on or before the Closing Date complying with the provisions of Section 2.4;

(b) the Borrower and Agent shall have executed and delivered to the Agent a duly executed original of this Agreement;

(c) Each of AIF and RIF shall have executed and delivered the Confirmation of Guaranty;

(d) Agent shall have received an enforceability opinion of Latham & Watkins, New York and California counsel for the Borrower, reasonably acceptable to the Agent, the Banks and their counsel;

(e) Agent shall have received an opinion of Morrison & Foerster LLP, ERISA counsel for the Borrower (i) with respect to the REOC or VCOC status of the Borrower, AIF and RIF and (ii) that this transaction will not constitute a nonexempt prohibited transaction (as such term is defined in Section 4975 of the Code or Section 406 of ERISA) that could subject the Agent and/or the Banks to any tax or penalty on prohibited transactions imposed under Section 4975 of the Code or Section 502(i) of ERISA, reasonably acceptable to the Agent, the Banks and their counsel;

(f) Agent shall have received all documents Agent may reasonably request relating to the existence of the Borrower, AIF and RIF, the authority for and the validity of this

Agreement and the other Loan Documents, and any other matters relevant hereto, all in form and substance reasonably satisfactory to the Agent. Such documentation shall include, without limitation, the articles of incorporation of each of the Borrower, AIF and RIF, as amended, modified or supplemented to the Closing Date, certified to be true, correct and complete by a senior officer of the Borrower as of a date not more than twenty (20) days prior to the Closing Date, together with a good standing certificate from the Secretary of State (or the equivalent thereof) of the State or States in which Borrower, AIF and RIF are incorporated and from the Secretary of State (or the equivalent thereof) of each other State in which a Borrowing Base Property is located and in which any of the Borrower, AIF and RIF is required to be qualified to transact business, each to be dated not more than twenty (20) days prior to the Closing Date;

(g) Agent shall have received all certificates, agreements and other documents referred to in this Section 3.1 and Section 3.2, unless otherwise specified, in sufficient counterparts, satisfactory in form and substance to the Agent in its sole discretion;

(h) Borrower, AIF and RIF shall have taken all actions required to authorize the execution and delivery of this Agreement and the other Loan Documents to which it is a party and the performance thereof by the Borrower, AIF and RIF;

(i) Agent shall be satisfied that the Borrower is not subject to any present or contingent Environmental Claim which could have a Material Adverse Effect;

(j) Agent shall have received a Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries for the period ended June 30, 1997;

(k) Agent shall have received wire transfer instructions in connection with any Loans to be made on the Closing Date;

(l) Agent shall have received, for its and any other Bank's account, (i) all fees due and payable pursuant to Section 2.7 hereof on or before the Closing Date, and (ii) the reasonable fees and expenses accrued through the Closing Date of Skadden, Arps, Slate, Meagher & Flom LLP;

(m) Agent shall have received copies of all consents, licenses and approvals, if any, required in connection with the execution, delivery and performance by the Borrower, AIF and RIF, and the validity and enforceability, of the Loan Documents, or in connection with any of the transactions

contemplated thereby, and such consents, licenses and ap- provals shall be in full force and effect in all material respects;

(n) Agent shall have received satisfactory reports of UCC (collectively, the "UCC Searches"), tax lien, and judgment searches conducted by a search firm reasonably acceptable to Agent with respect to the Borrowing Base Properties, the Borrower, AIF and RIF, such searches to be conducted by Borrower's counsel in each of the locations specified by the Agent;

(o) the Agent shall have received with respect to each Borrowing Base Property, a copy of the engineer's inspection report obtained by the Borrower or its Subsidiary in connection with the acquisition of such Borrowing Base Property;

(p) the Agent shall have received with respect to each Borrowing Base Property, (i) a description of the Borrowing Base Property, (ii) two years of historical cash flow operating statements with respect to such Borrowing Base Property, if available, (iii) five years of cash flow projections (including capital expenditures), (iv) a map and site plan, (v) an investment memorandum prepared by the Borrower in connection with the acquisition of the Borrowing Base Property by Borrower or its Subsidiary (which memorandum shall include, but not be limited to, an analysis prepared by the Borrower of the credit quality and viability of each existing tenant of such Borrowing Base Property which occupies more than 15% of such Borrowing Base Property or accounts for more than 15% of the base rentals of such Borrowing Base Property), and (vi) to the extent obtained by the Borrower or, as applicable, the Subsidiary in connection with such acquisition, evidence of zoning compliance (which evidence can include a "lawyer's letter" from a local counsel engaged by Borrower at the time of acquisition);

(q) the Agent shall have received certificates of insurance with respect to each Borrowing Base Property demonstrating the coverage required under this Agreement;

(r) the Agent shall have received with respect to each Borrowing Base Property, a copy of the Title Commitment obtained by the Subsidiary that owns or leases each such Borrowing Base Property in connection with the acquisition of each such Borrowing Base Property;

(s) the Agent shall have received a compliance certificate from Borrower's chief financial officer or chief accounting officer certifying compliance with Section 5.9 hereof containing such information as is required by Section 5.1(c)(i) and (ii);

(t) the Agent shall have received with respect to each Borrowing Base Property, a copy of the environmental report obtained by the Subsidiary that owns or leases each such Borrowing Base Property in connection with the acquisition of each such Borrowing Base Property; and

(u) the Agent shall have received with respect to each Borrowing Base Property such additional information with respect to each Borrowing Base Property, the Subsidiary that owns or leases such Borrowing Base Property, and the tenants of such Borrowing Base Property as the Agent or any Bank shall reasonably request.

Agent shall promptly notify Borrower and the Banks of the Closing Date.

SECTION 3.2. Borrowings. The obligation of any Bank to make a Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

(a) the Closing Date shall have occurred on or prior to August 8, 1997;

(b) receipt by Agent of a Notice of Borrowing as required by Section 2.2;

(c) immediately after such Borrowing, the aggregate outstanding principal amount of the Loans will not exceed the Maximum Loan Amount;

(d) immediately after such Borrowing, the aggregate outstanding principal amount of the Loans will not exceed the aggregate amount of the Commitments (as reduced pursuant to Section 2.10(c)) and with respect to each Bank, such Bank's pro rata portion of the Loans will not exceed such Bank's Commitment (as reduced pursuant to Section 2.10(c)).

(e) immediately before and after such Borrowing, no Default or Event of Default shall have occurred and be continuing both before and after giving effect to the making of such Loans;

(f) the representations and warranties of the Borrower contained in this Agreement shall be true and correct in all material respects on and as of the date of such Borrowing both before and after giving effect to the making of such Loans;

(g) no law or regulation shall have been adopted, no order, judgment or decree of any governmental authority shall have been issued, and no litigation shall be pending or threatened, which does or, with respect to any threatened litigation, seeks to enjoin, prohibit or restrain, the

making or repayment of the Loans or the consummation of the transactions contemplated by this Agreement;

(h) no event, act or condition shall have occurred after the Closing Date which, in the reasonable judgment of the Agent or the Banks, as the case may be, has had or is likely to have a Material Adverse Effect;

(i) with respect to any portion of the $30,000,000 of the proceeds of the Loans solely available for the payment of working capital needs of the Borrower, AIF, RIF and any Subsidiaries of AIF or RIF in accordance with Section 2.14, receipt by the Agent of a certificate of the chief financial officer or the chief accounting officer of the Borrower certifying that the applicable Borrower will use the proceeds of such Loan for working capital needs of the Borrower, AIF, RIF and/or any Subsidiaries of AIF or RIF and briefly describing such needs;

(j) receipt by the Agent of a certificate of the chief financial officer or the chief accounting officer of the Borrower certifying that as of the date of such Borrowing, the Borrower is in compliance Section 5.9 and containing such information as is required by Section 5.1(c) (i) and (ii); and

(k) receipt by the Agent of a certificate of the chief financial officer or the chief accounting officer of the Borrower certifying that, as applicable, AIF or RIF shall receive the proceeds of the Loan and will use the proceeds of such Loan for Approved Uses and briefly describing such Approved Uses.

Each Borrowing hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such Borrowing as to the facts specified in clauses (c), (d), (e), (f), and (g) of this Section.

SECTION 3.3. Borrowing Base Properties.

(a) For purposes of this Agreement, the term "Borrowing Base Properties" shall mean (i) the Real Property Assets listed in Exhibit B attached hereto and made a part hereof, each of which shall be 100% owned in fee (or lease-hold in the case of assets listed as such on Exhibit B) by AIF or RIF or any Consolidated Subsidiary of AIF or RIF and each of which is not subject to any Lien (other than Permitted Liens), subject to adjustment as set forth herein, together with (ii) all New Acquisitions or Real Property Assets each of which is 100% owned in fee or leasehold by AIF or RIF or any Consolidated Subsidiary of AIF or RIF, each of which is not subject to a Lien (other than Permitted Liens), none of which is an interest in a participating

mortgage, all as certified by Borrower pursuant to a certificate in substantially the form of Exhibit G attached hereto delivered to Agent at the time that Borrower submits such New Acquisition or Real Property Asset for inclusion as a Borrowing Base Property, and, if applicable, each of which have become part of the Borrowing Base Properties as of such date in accordance with

Section 3.4 hereof.

(b) Except as set forth in clause (c) below, Real Property Assets (i) which have been released from this Agreement and the other Loan Documents as of such date in accordance with Sections 5.11 or Section 5.12 or any other provision of this Agreement, or (ii) which have failed to maintain the Required Occupancy Level for any twelve month period, shall be excluded as "Borrowing Base Properties" for purposes of this Agreement.

(c) Notwithstanding the foregoing clause (b), Separate Parcels which, for a period of no longer than twelve months, do not maintain the Required Occupancy Level but which otherwise satisfy the requirements set forth in Section 3.3(a) or Section 3.4 for inclusion as Borrowing Base Properties may be included as Borrowing Base Properties provided that the aggregate Gross Asset Value for such Separate Parcels shall not constitute more than ten percent (10%) of the aggregate Gross Asset Value of the remaining Borrowing Base Properties, as of any date of determination. In the event that the aggregate Gross Asset Value of such Separate Parcels would, as of any date, constitute more than ten percent of the Gross Asset Value of the remaining Borrowing Base Properties, only those Separate Parcels for which the aggregate Gross Asset Value would constitute 10% or less shall be deemed to be included as Borrowing Base Properties hereunder.

SECTION 3.4. Conditions Precedent to New Acquisitions and Additional Real Property Assets.

(a) Until such time as Borrower shall receive at least one (1) Investment Grade Rating, from either S&P or Moody's, all New Acquisitions or Real Property Assets to be added to the Borrowing Base Properties of Borrower shall be approved by the Required Banks. The approval right set forth in this clause (a) shall be of no further force or effect for so long as Borrower's Credit Rating is an Investment Grade Rating. Notwithstanding the foregoing, if Borrower receives a rating that is not Investment Grade from either S&P or Moody's, until such time as Borrower has received an Investment Grade Rating from each of S&P and Moody's, all New Acquisitions or Real Property Assets to be added to the Borrowing Base Properties of Borrower shall be approved by the Required Banks.

(b) The Borrower shall submit to the Agent the materials set forth below (the "Due Diligence Package") relating to each potential New Acquisition or Real Property Assets that the Borrower desires to be added to the Borrowing Base Properties. The Due Diligence Package shall include (i) a description of the Real Property Asset or New Acquisition, (ii) two years of historical cash flow operating statements, if available, (iii) five years of cash flow projections (including capital expenditures), (iv) a map and site plan, (v) an investment memorandum prepared by the Borrower in connection with the acquisition of the Borrowing Base Property by Borrower or its Subsidiary (which memorandum shall include, but not be limited to, an analysis prepared by the Borrower of the credit quality and viability of each existing tenant of such Borrowing Base Property which occupies more than 15% of such Borrowing Base Property or accounts for more than 15% of the base rentals of such Borrowing Base Property), (vi) to the extent obtained by the Borrower or, as applicable, the Subsidiary in connection with such acquisition, evidence of zoning compliance (which evidence can include a "lawyer's letter" from a local counsel engaged by Borrower at the time of acquisition), (vi) a copy of the engineer's inspection report obtained by the Borrower or its Subsidiary in connection with the acquisition of such New Acquisition or Real Property Asset, (vii) a copy of the Title Commitment obtained by the Subsidiary that owns or leases (or will own or lease) each such New Acquisition or Real Property Asset, (viii) a copy of the environmental report obtained by the Subsidiary that owns or leases (or will own or lease) each such New Acquisition or Real Property Asset in connection with the acquisition of each such Borrowing Base Property and (ix) such additional information with respect to each New Acquisition or Real Property Asset, the Subsidiary that owns or leases such New Acquisition or Real Property Asset, and the tenants of such New Acquisition or Real Property Asset as the Agent or any Bank shall reasonably request. The Borrower shall permit the Agent at all reasonable times and upon reasonable prior notice to make an inspection of such New Acquisition or Real Property Asset

(c) The Borrower shall distribute a copy of each item constituting the Due Diligence Package by overnight mail to each of the Banks for their review and approval. Failure to respond to the Agent in writing by any Bank within ten (10) Domestic Business Days after receipt of the Due Diligence Package, shall be deemed to be an approval by such Bank of such potential New Acquisition or Real Property Asset.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

In order to induce the Agent and each of the other Banks which may become

a party to this Agreement to make the Loans, the Borrower makes the following representations and warranties as of the Closing Date. Such representations and warranties, shall survive the effectiveness of this Agreement, the execution and delivery of the other Loan Documents and the making of the Loans.

SECTION 4.1. Existence and Power. The Borrower (or, if Borrower is a partnership, Borrower's general partner) is a real estate investment trust, duly formed, validly existing and in good standing as a corporation under the laws of Maryland. Each of AIF and RIF is a corporation, duly formed, validly existing and in good standing under the laws of Maryland. Each of the Borrower, AIF and RIF has all powers and all material governmental licenses, authorizations, consents and approvals required to own its property and assets and carry on its business as now conducted or as it presently proposes to conduct and has been duly qualified and is in good standing in every jurisdiction in which the failure to be so qualified and/or in good standing is likely to have a Material Adverse Effect.

SECTION 4.2. Power and Authority. Each of the Borrower, AIF and RIF has the corporate power and authority to execute, deliver and carry out the terms and provisions of each of the Loan Documents to which it is a party and has taken all necessary corporate action to authorize the execution and delivery on behalf of, as applicable, the Borrower, AIF and/or RIF and the performance by the Borrower, AIF and RIF of such Loan Documents to which it is a party. Each of the Borrower, AIF and RIF has duly executed and delivered each Loan Document to which it is a party, and each such Loan Document constitutes the legal, valid and binding obligation of such party, enforceable in accordance with its terms, except as enforceability may be limited by applicable insolvency, bankruptcy or other laws affecting creditors rights generally, or general principles of equity, whether such enforceability is considered in a proceeding in equity or at law.

SECTION 4.3. No Violation. Neither the execution, delivery or performance by or on behalf of the Borrower, AIF or RIF of the Loan Documents to which it is a party, nor compliance by the Borrower, AIF or RIF with the terms and provisions thereof nor the consummation of the transactions contemplated by the Loan Documents, (i) will contravene any applicable provision of any material law, statute, rule, regulation, order, writ, injunction or decree of any court

or governmental instrumentality or (ii) will conflict, in any material respect, with or result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a material default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of the Borrower, AIF or RIF or any of its Consolidated Subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, subscription agreement or other agreement or other instrument to which the Borrower, AIF or RIF (or of any partnership of which the Borrower, AIF or RIF is a partner) or any of their Consolidated Subsidiaries is a party or by which it or any of its property or assets is bound or to which it is subject, or (iii) will cause a default by the Borrower, AIF or RIF under any subscription agreement or any other organizational document of any Person in which the Borrower, AIF or RIF or any Consolidated Subsidiary has an interest, or cause a default under the articles of incorporation or by laws or Borrower, AIF or RIF.

SECTION 4.4. Financial Information.

(a) The Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries dated December 31, 1996 and the related Consolidated statements of the Borrower's financial position for the fiscal year then ended, audited by Arthur Andersen & Co., L.L.P., a copy of which has been delivered to the Agent fairly present, in conformity with GAAP, the Consolidated financial position of the Borrower and its Consolidated Subsidiaries of such date and their results of operations and cash flows for such fiscal year.

(b) The Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries for the period ending June 30, 1997, a copy of which has been delivered to the Agent, fairly present, in conformity with GAAP, the Consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such date and their Consolidated results of operations and cash flows for such period.

(c) Since June 30, 1997, (i) there has been no material adverse change in the business, financial position or results of operations of the Borrower and its Consolidated Subsidiaries and (ii) except as previously disclosed to the Agent, none of the Borrower nor any of its Consolidated Subsidiaries has incurred any material indebtedness or guaranty.

SECTION 4.5. Litigation. There is no material action, suit or proceeding pending against, or to the actual knowledge of the Borrower, after due inquiry, threatened against or adversely affecting, (i) the Borrower or any of its Subsidiaries, (ii) the Loan Documents or any of the transac-

tions contemplated by the Loan Documents or (iii) any of its assets, before any court or arbitrator or any governmental body, agency or official in which there is a reasonable possibility of an adverse decision which could, individually, or in the aggregate materially adversely affect the business, Consolidated financial position or Consolidated results of operations of the Borrower or its Consolidated Subsidiaries or which in any manner draws into question the validity of this Agreement or the other Loan Documents.

SECTION 4.6. Compliance with ERISA.

(a) Each Borrower, AIF or RIF is either a REOC or VCOC.

(b) The transactions contemplated by the Loan Documents will not constitute a nonexempt prohibited transaction (as such term is defined in Section 4975 of the Code or Section 406 of ERISA) that could subject the Agent or the Banks to any tax or penalty or prohibited transactions imposed under Section 4975 of the Code or Section 502(i) of ERISA.

(c) Each member of the ERISA Group has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and is in compliance in all material respects with the presently applicable provisions of ERISA and the Internal Revenue Code with respect to each Plan. No member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan, (ii) failed to make any contribution or payment to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement, or made any amendment to any Plan or Benefit Arrangement, which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Internal Revenue Code or (iii) incurred any liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

SECTION 4.7. Environmental Matters. In the ordinary course of its business, the Borrower conducts a periodic review of the effect of Environmental Laws on the business, operations and properties of the Borrower and its Subsidiaries, including, without limitation, the Real Property Assets, in the course of which it seeks to identify and evaluate applicable liabilities and costs (including, without limitation, any capital or operating expenditures required as a matter of Environmental Law for clean-up or closure of properties presently or previously owned, any capital or operating expenditures required as a matter of Environmental Law to achieve or maintain compliance with Envi-

ronmental Law or as a condition of any license, permit or contract to which Borrower is a party or a beneficiary, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat, any costs or liabilities in connection with off-site disposal of wastes or Hazardous Substances, and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of this review, the Borrower has reasonably concluded that such associated potential liabilities and costs, including the costs of compliance with Environmental Laws, are unlikely to have a Material Adverse Effect.

SECTION 4.8. Taxes. The Borrower and its Subsidiaries have filed all United States Federal income tax returns and all other material tax returns which are required to be filed by them and have paid all taxes due and payable pursuant to such returns or pursuant to any assessment received by the Borrower or any Subsidiary. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of taxes or other governmental charges are, in the reasonable judgment of the Borrower, adequate.

SECTION 4.9. Full Disclosure. All information heretofore furnished by or on behalf of the Borrower and its Subsidiaries to the Agent or any Bank for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all such information hereafter furnished by the Borrower to the Agent or any Bank will be, true and accurate in all material respects on the date as of which such information is stated. The Borrower has disclosed to the Banks in writing any and all facts which, in Borrower's reasonable judgment, materially and adversely affect or may affect (to the extent the Borrower can now reasonably foresee), the business, operations or financial condition of the Borrower and its Consolidated Subsidiaries, taken as a whole, or the ability of the Borrower to perform its obligations under this Agreement or the other Loan Documents in any material respect.

SECTION 4.10. Solvency. On the Closing Date and after and giving effect to the transactions contemplated by the Loan Documents occurring on the Closing Date, each of Borrower, AIF and RIF will be Solvent.

SECTION 4.11. Use of Proceeds; Margin Regulations. All proceeds of the Loans will be used by the Borrower only in accordance with the provisions of this Agreement. No part of the proceeds of any Loan will be used by the Borrower to purchase or carry any Margin Stock or to extend credit to others for the expressed purpose of purchasing or carrying any Margin Stock. Neither the making

of any Loan nor

the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulations G, T, U or X of the Federal Reserve Board.

SECTION 4.12. Governmental Approvals. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with the execution, delivery and performance of any Loan Document or the consummation of any of the transactions contemplated thereby other than those that have already been duly made or obtained and remain in full force and effect.

SECTION 4.13. Investment Company Act; Public Utility Holding Company Act. The Borrower is not (x) an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended, (y) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, or (z) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

SECTION 4.14. Closing Date Transactions. On the Closing Date and immediately prior to the making of the Loans, the transactions (other than the making of the Loans) intended to be consummated on the Closing Date will have been consummated in accordance with all applicable laws. All material consents and approvals of, and all material filings and registrations with, and all other material actions by, any Person required in order to make or consummate such transactions have been obtained, given, filed or taken and are in full force and effect.

SECTION 4.15. Representations and Warranties in Loan Documents. All representations and warranties made by the Borrower in the Loan Documents are true and correct in all material respects as of the date of this Agreement and as of any date that Borrower is expressly obligated to confirm the same under this Agreement.

SECTION 4.16. Patents, Trademarks, Etc. The Borrower and its Consolidated Subsidiaries have obtained and hold in full force and effect all patents, trademarks, service marks, trade names, copyrights and other such rights, free from burdensome restrictions, which are necessary for the operation of their business as presently conducted, the impairment of which is likely to have a Material Adverse Effect. To the Borrower's knowledge, no material product, process, method, substance, part or other material presently

sold by or employed by the Borrower or its Consolidated Subsidiaries in connection with such business infringes any patent, trademark, service mark, trade name, copyright, license or other such right owned by any other Person. There is not pending or, to the Borrower's knowledge, threatened any claim or litigation against or affecting Borrower or its Consolidated Subsidiaries contesting its right to sell or use any such product, process, method, substance, part or other material.

SECTION 4.17. Ownership of Property. Schedule 4.17(a) attached hereto and made a part hereof sets forth all the real property owned or leased by the Borrower and Persons in which the Borrower, directly or indirectly, owns an interest as of the Closing Date. As of the Closing Date, the Borrower and such Persons have good and insurable fee simple title (or leasehold title if so designated on Schedule 4.17(a) to all of such real property, subject to customary encumbrances and liens as of the date of this Agreement. As of the date of this Agreement, there are no mortgages, deeds of trust, indentures, debt instruments or other agreements creating a Lien against any of the Real Property Assets except as disclosed on Schedule 4.17(b).

SECTION 4.18. No Default. No Default or Event of Default exists under or with respect to any Loan Document. The Borrower (nor any Consolidated Subsidiary) is not in default in any material respect beyond any applicable grace period under or with respect to any other material agreement, instrument or undertaking to which it is a party or by which it or any of its property is bound in any respect, the existence of which default is likely to result in a Material Adverse Effect.

SECTION 4.19. Licenses, Etc. The Borrower (and each of its Consolidated Subsidiaries) has obtained and holds in full force and effect, all material franchises, licenses, permits, certificates, authorizations, qualifications, accreditations, easements, rights of way and other consents and approvals which are necessary for the operation of its business as presently conducted, the absence of which is likely to have a Material Adverse Effect.

SECTION 4.20. Compliance With Law. The Borrower (and each of its Consolidated Subsidiaries) and each of the Real Property Assets is in compliance

with all material laws, rules, regulations, orders, judgments, writs and decrees, including, without limitation, all building and zoning ordinances and codes, the failure to comply with which is likely to have a Material Adverse Effect.

SECTION 4.21. No Burdensome Restrictions. The Borrower (and each of its Consolidated Subsidiaries) is not a

party to any agreement or instrument or subject to any other obligation or any charter or corporate or partnership restriction, as the case may be, which, individually or in the aggregate, is likely to have a Material Adverse Effect except in the event of a default thereunder.

SECTION 4.22. Brokers' Fees. The Borrower has not dealt with any broker or finder with respect to the transactions contemplated by the Loan Documents or otherwise in connection with this Agreement.

SECTION 4.23. Labor Matters. There are no collective bargaining agreements or Multiemployer Plans covering any employees of the Borrower (or any of its Consolidated Subsidiaries).

SECTION 4.24. Insurance. The Borrower (and each of its Consolidated Subsidiaries) currently maintains all insurance which is required to be maintained by Section 5.3 hereof.

SECTION 4.25. Organizational Documents. The documents delivered pursuant to Section 3.1(f) constitute, as of the Closing Date, all of the organizational documents (together with all amendments and modifications thereof) of the Borrower. The Borrower represents that it has delivered to the Agent true, correct and complete copies of each of the documents set forth in this Section 3.1(f).

SECTION 4.26. Principal Offices. The principal office, chief executive office and principal place of business of each of the Borrower, AIF and RIF is 505 Montgomery Street, San Francisco, California.

ARTICLE V

AFFIRMATIVE AND NEGATIVE COVENANTS

The Borrower covenants and agrees that, so long as any Bank has any Commitment hereunder or any Obligations remain unpaid:

SECTION 5.1. Information. The Borrower will deliver to each of the Banks:

(a) as soon as reasonably available and in any event within 95 days after the end of each fiscal year of the Borrower, a Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such fiscal year and the related Consolidated statements of operations for such fiscal year prepared by Arthur Andersen & Co.,

L.L.P. or other independent public accountants of nationally recognized standing;

(b) as soon as available and in any event within 50 days after the end of each of the first three quarters of each fiscal year of the Borrower, (i) a Consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such quarter and the related Consolidated statements of operations for such quarter and for the portion of the Borrower's fiscal year ended at the end of such quarter, all certified (subject to normal year-end adjustments) as to fairness of presentation, GAAP and consistency by the chief financial officer or the chief accounting officer of the Borrower; (ii) an acquisition status report, with respect to each Real Property Asset acquired during such quarter, in form reasonably satisfactory to the Agent, setting forth all acquisition activity during such quarterly period, including a description of such Real Property Asset and the Acquisition Price thereof and (iii) such other information reasonably requested by the Agent or any Bank;

(c) simultaneously with the delivery of each set of financial statements referred to in clauses (a) and (b) above, a certificate of the chief financial officer or the chief accounting officer of the Borrower (i) setting forth in reasonable detail the calculations required to establish whether the Borrower was in compliance with the requirements of Section 5.9 on the date of such financial statements; (ii) stating whether any Default, Event of Default or Mandatory Prepayment Event exists on the date of such certificate and with respect to a Mandatory Prepayment Event, whether it existed at any time during the period covered by such financial statements, and, if any Default, Event of Default or Mandatory Prepayment Event then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto; and (iii) certifying (x) that such financial statements fairly

present the financial condition and the results of operations of the Borrower on the dates and for the periods indicated, on the basis of GAAP, with respect to the Borrower subject, in the case of interim financial statements, to normally recurring year-end adjustments, and (y) that such officer has reviewed the terms of the Loan Documents and has made, or caused to be made under his or her supervision, a review in reasonable detail of the business and condition of the Borrower during the period beginning on the date through which the last such review was made pursuant to this Section 5.1(c) (or, in the case of the first certification pursuant to this Section 5.1(c), the Closing Date) and ending on a date not more than ten (10) Domestic Business Days prior to the date of such delivery and that (1) on the basis of such financial statements and such review of the Loan Documents, no Event of Default existed under Section 6.1(b) with respect to Section

5.9 at or as of the date of said financial statements, and (2) on the basis of such review of the Loan Documents and the business and condition of the Borrower, to the actual knowledge of such officer, no Default or Event of Default under any other provision of Section 6.1 occurred or, if any such Default or Event of Default has occurred and is then continuing, specifying the nature and extent thereof and, if continuing, the action the Borrower proposes to take in respect thereof and (3) on the basis of such review of the Loan Documents and the business and condition of the Borrower, no Mandatory Prepayment Event then exists or has existed during the period since the last review pursuant to this Section 5.1(c). Such certificate shall set forth the calculations required to establish the matters described in clause (i) above;

(d) (i) within seven (7) days after the chief financial officer or chief accounting officer of Borrower, AIF or RIF or any Consolidated Subsidiary of any of the foregoing obtains knowledge of any Default or a Mandatory Prepayment Event, if such Default or Mandatory Prepayment Event is then continuing, a certificate of such officer setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto; (ii) promptly and in any event within ten (10) days after the chief financial officer or chief accounting officer of Borrower, AIF or RIF or any Consolidated Subsidiary of any of the foregoing obtains knowledge thereof, notice of (x) any litigation or governmental proceeding pending or actions threatened against the Borrower or the Real Property Assets as to which there is a reasonable possibility of an adverse determination and which, if adversely determined, is likely to individually or in the aggregate, result in a Material Adverse Effect, and (y) any other event, act or condition which is likely to result in a Material Adverse Effect;

(e) promptly upon the mailing thereof to the shareholders of the Borrower generally, copies of all financial statements, reports and proxy statement so mailed;

(f) promptly upon the filing thereof, copies of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) and reports on Forms 10-K, 10-Q and 8-K (or their equivalents) which the Borrower shall have filed with the Securities and Exchange Commission;

(g) promptly and in any event within ten (10) Domestic Business Days after the Borrower obtains actual knowledge of any of the following events, a certificate of the Borrower, executed by an officer of the Borrower, specifying the nature of such condition and the Borrower's or, if the Borrower has actual knowledge thereof, the Environmental Affil-

iate's proposed initial response thereto: (i) the receipt by the Borrower, or, if the Borrower has actual knowledge thereof, any of the Environmental Affiliates of any written communication, whether from a governmental authority, citizens group, employee or otherwise, that alleges that the Borrower, or, if the Borrower has actual knowledge thereof, any of the Environmental Affiliates, is not in compliance with applicable Environmental Laws, and such noncompliance is likely to have a Material Adverse Effect, (ii) the Borrower shall obtain actual knowledge that there exists any Environmental Claim pending or threatened against the Borrower or any Environmental Affiliate or (iii) the Borrower obtains actual knowledge of any release, emission, discharge or disposal of any Hazardous Substances that is likely to form the basis of any Environmental Claim against the Borrower or any Environmental Affiliate;

(h) within ten (10) Domestic Business Days after receipt of any material notices or correspondence from any company or agent for any company providing insurance coverage to the Borrower relating to any material loss of the Borrower, copies of such notices and correspondence;

(i) within ten (10) Domestic Business Days after receipt of any Annual Appraisal prepared in connection with any Valuation Date, the Borrower shall deliver a copy of such Annual Appraisal to Agent together with the certificate of the chief financial officer or chief accounting officer certifying as to the "carrying value" of such Real Property Asset as determined by an internal review

conducted by the Borrower;

(j) no less than ten (10) Domestic Business Days prior to a sale, transfer or conveyance of any Borrowing Base Property, Borrower shall deliver a certificate of the chief financial officer or the chief accounting officer of the Borrower certifying that such officer has reviewed the terms of the Loan Documents and has made, or caused to be made under his or her supervision, a review in reasonable detail of the business and condition of the Borrower during the period beginning on the date through which the last such review was made pursuant to Section 5.1(c) hereof and ending on a date not more than twenty (20) Domestic Business Days prior to the date of such delivery and that (1) on the basis of such review of the Loan Documents and assuming such sale, transfer or conveyance is actually consummated, no Mandatory Prepayment Event exists and no Event of Default exists under Section 6.1(b) with respect to Section 5.9 at or as of the date of said sale, transfer or conveyance and (2) on the basis of such review of the Loan Documents and the business and condition of the Borrower and assuming the Transfer is actually consummated, to the actual knowledge of such officer, no Default or Event of Default under any

other provision of Section 6.1 occurred or, if any such Default or Event of Default has occurred and is then continuing, specifying the nature and extent thereof and, if continuing, the action the Borrower proposes to take in respect thereof.

(k) within 50 days after the end of each quarter of each fiscal year of Borrower, an updated Schedule 4.17(a) and 4.17(b), certified by the chief financial officer or chief accounting officer of the Borrower as true, correct and complete as of the date such updated schedules are delivered;

(l) within 50 days after June 30 and December 31, a statement containing (i) a listing of all new construction projects and Real Property Assets then undergoing significant rehabilitation (collectively, "Development Projects"), (ii) a list of overall cash payments and disbursements for each such Development Project, and (iii) a reasonable good faith estimate of the cost to complete each such Development Project, such that such Development Project is open to the public and available for rental, together with a certification of the chief financial officer or chief accounting officer of the Borrower certifying that, as of the date of such certification, such statement is true and correct and fairly represents the scope, expenses, costs of completion of such Development Projects.

(m) within 30 days after filing of the annual income tax return with the Internal Revenue Service, a certificate of the chief financial officer or chief accounting officer of the Borrower certifying that Borrower is properly classified and continues to qualify as a real estate investment trust under the Internal Revenue Code and has taken all actions consistent with maintaining such status;

(n) simultaneously with delivery of the information required by Sections 5.1(a) and (b), a statement of Borrowing Base Net Operating Cash Flow with respect to each Borrowing Base Property and a list of all Borrowing Base Properties;

(o) promptly upon receipt thereof, any notice or communication from any Rating Agency regarding any change in Borrower's Credit Rating;

(p) from time to time such additional information regarding the financial position or business of the Borrower and its Subsidiaries as the Agent, at the request of any Bank, may reasonably request in writing; and

(q) within 50 days after the end of each quarter of each fiscal year of Borrower, a certificate of the chief

financial officer or chief accounting officer of Borrower certifying whether or not each Borrowing Base Property has maintained the Required Occupancy Level for the previous twelve month period (as of the end of such quarter).

SECTION 5.2. Payment of Obligations. The Borrower (and each of its Consolidated Subsidiaries) will pay and discharge, at or before maturity, all its respective material obligations and liabilities, including, without limitation, any obligation pursuant to any agreement by which it or any of its properties is bound and any tax liabilities, except where such tax liabilities may be contested in good faith by appropriate proceedings, and will maintain in accordance with GAAP, appropriate reserves for the accrual of any of the same.

SECTION 5.3. Maintenance of Property; Insurance.

(a) The Borrower will keep (or cause to be kept through its leases at the respective Real Property Assets), and will cause each Subsidiary to keep, all property useful and necessary in its business, including without limitation the Real Property Assets, in good repair, working order and condition, ordinary

wear and tear excepted.

(b) The Borrower currently maintains, or causes its tenants to maintain, insurance at 100% replacement cost insurance coverage (subject to customary deductibles) in respect of each of the Real Property Assets, as well as commercial general liability insurance (including "builders' risk") against claims for personal, and bodily injury and/or death, to one or more persons, or property damage, as well as workers' compensation insurance, in each case with respect to the Real Property Assets with insurers having an A.M. Best policyholders' rating of not less than A-IX in amounts that prudent owner of assets such as the Real Property Assets would maintain.

SECTION 5.4. Conduct of Business and Maintenance of Existence. The Borrower will continue to engage in, and will cause AIF and RIF to continue to engage in, business of the same general type as now conducted by the Borrower, AIF or RIF, as applicable, and will preserve, renew and keep in full force and effect, its corporate existence and its respective rights, privileges and franchises necessary or desirable in the normal conduct of business.

SECTION 5.5. Compliance with Laws. The Borrower will comply (and will cause each of its Subsidiaries to comply) in all material respects with all applicable laws, ordinances, rules, regulations, and requirements of governmental authorities (including, without limitation, Environmental Laws, and all zoning and building codes with respect to the

Real Property Assets, all laws, rules and regulations with respect to its status as a real estate investment trust under the Code and ERISA and the rules and regulations thereunder) except where the necessity of compliance therewith is contested in good faith by appropriate proceedings.

SECTION 5.6. Inspection of Property, Books and Records. The Borrower will keep (and will cause each of its Subsidiaries to keep) proper books of record and account in which full, true and correct entries shall be made of all material financial matters and transactions in relation to its business and activities; and will permit representatives of any Bank at such Bank's expense to visit and inspect any of its properties (subject to the terms of the applicable leases), including without limitation the Real Property Assets, to examine and make abstracts from any of its books and records and to discuss its affairs, finances and accounts with its officers, employees and independent public accountants, all at such reasonable times and as often as may reasonably be desired.

SECTION 5.7. Existence. Borrower shall do or cause to be done, all things reasonably necessary to preserve and keep in full force and effect its existence and its tradenames, licenses, permits, certificates, authorizations, qualifications, accreditations, easements, rights of way and other rights, consents and approvals the nonexistence of which is likely to have a Material Adverse Effect.

SECTION 5.8. Certain Requirements for the Borrowing Base Properties. At all times (based upon the average occupancy level for the prior twelve month period) (i) no single tenant shall account for more than 5% of the aggregate base rents from the Borrowing Base Properties and (ii) no single Separate Parcel shall account for more than 15% of the aggregate base rents from the Borrowing Base Properties, taken as a whole. Notwithstanding the foregoing, (a) the government of the United States of America and its agencies (including, without limitation, the General Services Administration) shall be excluded from the restriction set forth in the first sentence of this Section 5.8 and (b) single tenants that hold Investment Grade Ratings and are approved by the Agent, in its sole discretion, may account for up to 10% of the aggregate base rents from the Borrowing Base Properties.

SECTION 5.9. Financial Covenants.

(a) Total Liabilities. Total Liabilities will at no time exceed fifty percent (50%) of the Combined Gross Asset Value, plus the sum of Cash and Cash Equivalents held by the Borrower or any Consolidated Subsidiary plus accounts receivable of the Borrower or any Consolidated Subsidiary,

less Intangible Assets (as defined in the definition of Consolidated Tangible Net Worth) and deferred rents (the percentage calculated in accordance with this Section 5.9(a) is referred to herein as the "Leverage Ratio").

(b) Dividends. Neither the Borrower nor any Consolidated Subsidiary will declare any dividends in excess of 95% of its Funds From Operations, except that Borrower may declare dividends in excess thereof (i) to maintain its status as a real estate investment trust under the Code or (ii) to distribute 100% of its taxable income (computed in accordance with the Code).

(c) Limits on Negative Pledge. Neither the Borrower nor any Subsidiary will agree to limits on Liens on Unsecured Assets of Borrower or such

Subsidiary, except as may otherwise be required pursuant to the terms of this Agreement.

(d) Fixed Rate Indebtedness. All Non-Recourse Debt of the Borrower and any Subsidiaries incurred after the date hereof shall be Fixed Rate Indebtedness.

(e) Debt Maturity Dates. The stated maturity or termination dates of any Debt of the Borrower or any Subsidiary shall not be prior to August 9, 1999 (or if the Extension Option is exercised, August 8, 2000); except that Borrower and its Subsidiaries may incur Debt with earlier maturity or termination dates provided that the aggregate outstanding amount of such Debt at any one time shall not exceed five percent (5%) of Combined Gross Asset Value.

(f) Limitation on Secured Debt. Secured Debt of the Borrower shall at no time exceed thirty-five percent (35%) of Combined Gross Asset Value.

(g) Limitation on Unimproved Land Investment. Unimproved Land Value of the Borrower, its Consolidated Subsidiaries, together with the Borrower's pro rata share with respect to Minority Holdings and Joint Ventures, shall at no time exceed five percent (5%) of Combined Gross Asset Value.

(h) Minimum Consolidated Tangible Net Worth. Consolidated Tangible Net Worth of the Borrower and its Consolidated Subsidiaries shall at no time be less than $325,000,000, which amount shall be increased by an amount equal to ninety percent (90%) of the net proceeds of any public or private sale by the Borrower of common or preferred stock.

(i) Limitation on Construction Asset Costs. Construction Asset Costs of the Borrower and its Subsidiaries shall at no time exceed five percent (5%) of Combined Gross Asset Value.

(j) Limitation on Joint Ventures. The aggregate Gross Asset Value of Real Property Assets held in Joint Ventures shall at no time exceed thirty-five percent (35%) of Combined Gross Asset Value.

(k) Fixed Charge Coverage. The ratio of Net Operating Cash Flow of the Borrower to Fixed Charges (for any period of four consecutive fiscal quarters), as of the last day of any quarter, shall be equal to or greater than 2.00:1.

(l) Borrowing Base Properties Minimum Debt Service Coverage. As of the last day of each calendar quarter, the ratio of Borrowing Base Net Operating Cash Flow to Pro-Forma Debt Service shall be equal to or greater than 2:1.

(m) Borrowing Base Properties Value Unsecured Debt Ratio. The ratio of Borrowing Base Properties Value to Unsecured Senior Debt shall at no time be less than 2:1.

SECTION 5.10. Restriction on Fundamental Changes. (a) The Borrower shall not enter into any merger or consolidation, unless the Borrower is the surviving entity, or liquidate, wind-up or dissolve (or suffer any liquidation or dissolution), discontinue its business or convey, lease, sell, transfer or otherwise dispose of, in one transaction or series of transactions, all or any substantial part of its business or property, whether now or hereafter acquired. Subject to other provisions of this Agreement, nothing in this Section 5.10 shall be deemed to prohibit (i) the leasing of portions of the Real Property Assets or an entire Real Property Asset in the ordinary course of business for occupancy by the tenants thereunder or (ii) the sale of such Real Property Assets in the ordinary course of Borrower's business or (iii) the sale of additional equity interests in the Borrower pursuant to a public or privately placed equity offering of common or preferred stock, or (iv) subject to the terms and conditions of Article IX, the AMB Consolidation Transactions, including, without limitation, the IPO.

(b) Except as provided pursuant to Article IX hereof, the Borrower shall not amend its articles of incorporation, by-laws, or other organizational documents without the Agent's consent, which shall not be unreasonably withheld or delayed.

(c) During the Term and prior to the Merger, the Borrower shall continue to own no less than fifty-one percent (51%) of the common and preferred stock of each Guarantor and shall maintain voting control of each Guarantor.

SECTION 5.11. Liens; Release of Liens. Neither Borrower nor any of its Subsidiaries shall at any time during the Term directly or indirectly create, incur, assume or

permit to exist any Lien for borrowed monies or any other Lien (except for Permitted Liens) unless the same is being contested in good faith or the same is discharged, bonded off or paid within thirty (30) days of filing of such Lien, on or with respect to any Borrowing Base Property. Notwithstanding the

foregoing, the Borrower may obtain a release from the terms of this Agreement of any Borrowing Base Property provided that such Borrower has complied with Section 2.9(a) and prior to or simultaneously with such release (i) such Borrower shall pay to the Agent any amounts due pursuant to Section 2.9(a), and (ii) Borrower delivers to the Agent a certificate from its chief financial officer or chief accounting officer certifying that at the time of the release all of the covenants contained in Sections 5.8 through 5.12, 5.19 through 5.20 are and after giving effect to the transaction shall continue to be true and accurate in all respects. In the event that Borrower notifies the Agent that a Separate Parcel that originally formed a part of a Borrowing Base Property be released from the terms of this Agreement and Borrower otherwise complies with the provisions hereof with respect thereto, the value of such Separate Parcel (and the remaining portion of the Borrowing Base Property) will be determined by Agent at the time of the release in its sole discretion.

SECTION 5.12. Sale of Borrowing Base Properties. Prior to the sale or transfer of any Borrowing Base Property, the Borrower shall (i) deliver prior written notice to the Agent, (ii) deliver to the Agent a certificate from its chief financial officer or chief accounting officer certifying that at the time of such sale or other disposal (based on pro-forma calculations for the previous period assuming that such Borrowing Base Property was not a Borrowing Base Property for the relevant period) all of the covenants contained in Sections 5.8 through 5.12, 5.19 through 5.21 are and after giving effect to the transaction shall continue to be true and accurate in all respects, and (iii) pay to the Agent an amount equal to that required pursuant to Section 2.9(a). In the event that Borrower notifies the Agent that a Separate Parcel that originally formed a part of a Borrowing Base Property is to be sold or transferred, the value of the remaining portion of the Borrowing Base Property will be determined by Agent at the time of sale or transfer in its sole discretion.

SECTION 5.13. Changes in Business. The Borrower shall not enter into any business which is substantially different from that conducted by the Borrower on the Closing Date after giving effect to the transactions contemplated by the Loan Documents.

SECTION 5.14. Fiscal Year; Fiscal Quarter. The Borrower shall not change its fiscal year or any of its fiscal

quarters, without Agent's prior written consent, which consent shall not be unreasonably withheld or delayed.

SECTION 5.15. Intentionally Omitted.

SECTION 5.16. Margin Stock. None of the proceeds of the Loan will be used by Borrower, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of buying or carrying any Margin Stock.

SECTION 5.17. Annual Appraisal. With respect to each calendar year, Borrower shall obtain an Annual Appraisal of each Real Property Asset which is to be valued on such Valuation Date (i.e., all Real Property Assets acquired more than twelve months prior to such Valuation Date) on or before the Valuation Date for such year.

SECTION 5.18. Initial Valuation Date. Borrower shall notify Agent of any change in the Valuation Date.

SECTION 5.19. Restrictions on Recourse Debt. Until such time as Borrower shall receive at least one (1) Investment Grade Rating, from either S&P or Moody's, neither Borrower nor any Consolidated Subsidiary shall create, incur or guaranty any Recourse Debt unless such Recourse Debt is Unsecured Debt which has an Investment Grade Rating. Notwithstanding the foregoing, if Borrower receives a rating that is not Investment Grade from either S&P or Moody's, until such time as Borrower has received an Investment Grade Rating from each of S&P and Moody's, neither Borrower nor any Consolidated Subsidiary shall create, incur or guaranty any Recourse Debt unless such Recourse Debt is Unsecured Debt which has an Investment Grade Rating.

SECTION 5.20. Covenant Restrictions. No Debt of Borrower or any Consolidated Subsidiary incurred after the date hereof shall contain any covenant or restriction which is more restrictive than any covenant or restriction contained in this Agreement or any other Loan Documents.

ARTICLE VI

DEFAULTS

SECTION 6.1. Events of Default. If one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) the Borrower shall fail to (i) pay when due any principal on any Loan, or (ii) pay when due any interest on any Loan or any fees or any other amount payable hereunder

and such failure shall continue for three (3) Domestic Business Days;

(b) the Borrower shall fail to observe or perform any covenant contained in (i) Section 5.3, Sections 5.8 to 5.16 inclusive, Section 5.19 and Section 5.20 or (ii) Section 5.17 or 5.18 and such failure continues for five (5) Domestic Business Days;

(c) the Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those covered by clause (a) or (b) above) for 30 days after written notice thereof has been given to the Borrower by the Agent at the request of any Bank;

(d) any representation, warranty, certification or statement made by the Borrower in this Agreement or in any certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made (or deemed made);

(e) The Borrower or any Consolidated Subsidiary shall default in the payment when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) of any amount owing in respect of any Debt (other than the Obligations) and such default shall continue beyond the giving of any required notice and the expiration of any applicable grace period; or the Borrower shall default in the performance or observance of any material obligation or material conditions with respect to any such Debt or any other event shall occur or condition exist beyond the giving of any required notice and the expiration of any applicable grace period, if the effect of such default, event or condition is to accelerate the maturity of any such indebtedness or to permit (without any further requirement of notice or lapse of time) the holder or holders thereof, or any trustee or agent for such holders, to accelerate the maturity of any such indebtedness, or any such indebtedness shall become or be declared to be due and payable prior to its stated maturity other than as a result of a regularly scheduled payment.

(f) the Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general

assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due;

(g) an involuntary case or other proceeding shall be commenced against the Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Borrower under the federal bankruptcy laws as now or hereafter in effect;

(h) one or more judgments or decrees in an aggregate amount of Five Million Dollars ($5,000,000) or more shall be entered by a court or courts of competent jurisdiction against the Borrower or its Consolidated Subsidiaries (other than any judgment as to which, and only to the extent, a reputable insurance company has acknowledged coverage of such claim in writing or has acknowledged in writing its willingness to defend any such claim under a reservation of rights) and (i) any such judgments or decrees shall not be stayed, discharged, paid, bonded or vacated within twenty (20) days or (ii) enforcement proceedings shall be commenced by any creditor on any such judgments or decrees;

(i) (i) a judgment or decree with respect to any Environmental Claim shall have been entered against the Borrower or any Environmental Affiliate or any Real Property Asset by a court of competent jurisdiction, (ii) any release, emission, discharge or disposal of any Hazardous Substances shall have occurred, and such event is reasonably likely to form the basis of an Environmental Claim by a government agency with jurisdiction against the Borrower or any Environmental Affiliate or any Real Property Asset thereof, or (iii) the Borrower or the Environmental Affiliates shall have failed to obtain any Environmental Approval necessary for the ownership, or operation of its business, property or assets or any such Environmental Approval shall be revoked, terminated, or otherwise cease to be in full force and effect, in each case, if the existence of such condition has had or is reasonably likely to have a Material Adverse Effect;

(j) the Borrower shall cease to qualify as a real estate investment trust under the Code;

(k) the Borrower shall cease to be managed by either the Advisor or the New Borrower, as the case may be, or an Affiliate of either. As used in this Section 6.1(k), the term 'Affiliate' shall mean any Person that controls, is

controlled by, or is under common control with the Advisor or the New Borrower, as the case may be;

(l) prior to the IPO, the Borrower shall cease to be a REOC or a VCOC;

(m) there shall be a change in the majority of the Board of Directors of Borrower during any twelve month period; provided, however, that changes in the majority of the Board of Directors of Borrower which are made in connection with the AMB Consolidation Transactions, and which could not reasonably be expected to materially adversely affect the rights of the Agent and the Banks hereunder, shall be permitted;

(n) any Person (including affiliates of such Person) shall acquire more than twenty percent (20%) of the common shares of the Borrower;

(o) if, any Termination Event with respect to a Plan shall occur as a result of which Termination Event or Events any member of the ERISA Group has incurred or may incur any liability to the PBGC or any other Person and the sum (determined as of the date of occurrence of such Termination Event) of the insufficiency of such Plan and the insufficiency of any and all other Plans with respect to which such a Termination Event shall occur and be continuing (or, in the case of a Multi-Employer Plan with respect to which a Termination Event described in clause (ii) of the definition of Termination Event shall occur and be continuing, the liability of the Borrower and the ERISA Affiliates related thereto) is equal to or greater than $1,000,000 and in the case of a Termination Event with respect to a Plan of any ERISA Affiliate other than any Borrower, the liability therefor could reasonably be asserted against any member of the ERISA Group;

(p) if any member of the ERISA Group shall commit a failure described in Section 402(f)(1) of ERISA or Section 412(n)(1) of the Code and the amount of the lien determined under Section 402(f)(3) of ERISA or Section 412(n)(3) of the Code that could reasonably be expected to be imposed on any member of the ERISA Group or their assets in respect of such failure shall be equal to or greater than $1,000,000; or

(q) if the Borrower or the New Borrower shall breach the provisions of Article IX, whether by failure to satisfy the conditions set forth in Section 9.2, or otherwise.

SECTION 6.2. Rights and Remedies. (a) Upon the occurrence of any Event of Default described in Sections 6.1(f) or (g), the unpaid principal amount of, and any and all accrued interest on, the Loans and any and all accrued

fees and other Obligations hereunder shall automatically become immediately due and payable, with all additional interest from time to time accrued thereon and without presentation, demand, or protest or other requirements of any kind (including, without limitation, valuation and appraisement, diligence, presentment, notice of intent to demand or accelerate and notice of acceleration), all of which are hereby expressly waived by the Borrower; and upon the occurrence and during the continuance of any other Event of Default, the Agent may and at the direction of the Required Banks shall (until the Agent receives such written direction, it may, but shall not be obligated to, take such action, or refrain from taking such action with respect to such Event of Default as it shall deem advisable in its sole discretion), by written notice to the Borrower, terminate the Commitments, and may, and at the direction of the Required Banks shall (until the Agent receives such written direction, it may, but shall not be obligated to, take such action, or refrain from taking such action with respect to such Event of Default as it shall deem advisable in its sole discretion), in addition to the exercise of all rights and remedies permitted Agent and the Banks at law or equity, declare the unpaid principal amount of and any and all accrued and unpaid interest on the Loans and any and all accrued fees and other Obligations hereunder to be, and the same shall thereupon be, immediately due and payable with all additional interest from time to time accrued thereon and without presentation, demand, or protest or other requirements of any kind other than as provided in the Loan Documents (including, without limitation, valuation and appraisement, diligence, presentment, notice of intent to demand or accelerate and notice of acceleration), all of which are hereby expressly waived by the Borrower to the extent permitted by law.

(b) Notwithstanding anything to the contrary contained in this Agreement or in any other Loan Document, the Agent and the Banks each agree that any exercise or enforcement of the rights and remedies granted the Agent or the

Banks under this Agreement or at law or in equity with respect to this Agreement or any other Loan Documents shall be commenced and maintained by the Agent on behalf of the Banks.

SECTION 6.3. Notice of Default. The Agent shall give notice to the Borrower under Section 6.1(c) promptly upon being requested to do so by any Bank and shall thereupon notify all the Banks thereof.

ARTICLE VII

THE AGENT

SECTION 7.1. Appointment and Authorization. Each Bank irrevocably appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to the Agent by the terms hereof or thereof, together with all such powers as are reasonably incidental thereto. Only Agent (and not one or more of the Banks) shall have the authority to deal directly with the Borrower under this Agreement and each Bank acknowledges that all notices, demands or requests from such Bank to Borrower must be forwarded to Agent for delivery to the Borrower. Each Bank acknowledges that Borrower has no obligation to act or refrain from acting on instructions or demands of one or more Banks absent written instructions from Agent in accordance with its rights and authority hereunder.

SECTION 7.2. Agent and Affiliates. Morgan shall have the same rights and powers under this Agreement as any other Bank and may exercise or refrain from exercising the same as though it were not the Agent, and Morgan and its affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or affiliate of the Borrower as if it were not the Agent hereunder, and the term "Bank" and "Banks" shall include Morgan in its individual capacity.

SECTION 7.3. Action by Agent. The obligations of the Agent hereunder are only those expressly set forth herein. Without limiting the generality of the foregoing, the Agent shall not be required to take any action with respect to any Default, except as expressly provided in Article VI.

SECTION 7.4. Consultation with Experts. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

SECTION 7.5. Liability of Agent. Neither the Agent nor any of its affiliates nor any of their respective directors, officers, agents or employees shall be liable for any action taken or not taken by it in connection herewith (i) with the consent or at the request of the Required Banks or (ii) in the absence of its own gross negligence or willful misconduct. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection

with this Agreement or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of the Borrower; (iii) the satisfaction of any condition specified in Article III, except receipt of items required to be delivered to the Agent; or (iv) the validity, effectiveness or genuineness of this Agreement, the other Loan Documents or any other instrument or writing furnished in connection herewith. The Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement, or other writing (which may be a bank wire, telex or similar writing) believed by it to be genuine or to be signed by the proper party or parties.

SECTION 7.6. Indemnification. Each Bank shall, ratably in accordance with its Commitment, indemnify the Agent, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower as may be required under this Agreement) against any cost, expense (including counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct) that such indemnitees may suffer or incur in connection with this Agreement, the other Loan Documents or any action taken or omitted by such indemnitees hereunder.

SECTION 7.7. Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under this Agreement.

SECTION 7.8. Successor Agent. The Agent may resign at any time by giving notice thereof to the Banks and the Borrower. Upon any such resignation, the Required Banks shall have the right to appoint a successor Agent with the consent of Borrower which shall not be unreasonably withheld or delayed provided that any such successor agent is then a Bank hereunder. Furthermore, in the event that at any time Morgan is the Agent and Morgan assigns its entire interest as a Bank hereunder to an Assignee as permitted by Section 10.6(c) hereof, which Assignee is not an affiliate of Morgan, then Morgan shall offer to resign as Agent, which resignation shall only become effective if the Required Banks accept such resignation in writing within twenty (20) Domestic Business Days after it has been tendered by Morgan. If the Required Banks do not timely accept such resignation, then the resignation shall be deemed to be withdrawn and Morgan shall continue as Agent pursuant to the terms hereof.

In addition, upon the affirmative vote of the Required Banks that Agent has acted (or failed to act) with gross negligence or committed an act of willful misconduct in its capacity as agent for the Banks hereunder, the Agent shall immediately tender its resignation. If no successor Agent shall have been so appointed by the Required Banks, and shall have accepted such appointment, within 30 days after the retiring Agent gives notice of resignation, then the retiring Agent may, on behalf of the Banks, appoint a successor Agent, which shall be a commercial bank organized or licensed under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $50,000,000. Upon the acceptance of its appointment as the Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Agent.

ARTICLE VIII

CHANGE IN CIRCUMSTANCES

SECTION 8.1. Basis for Determining Interest Rate Inadequate or Unfair. If on or prior to the first day of any Interest Period for any Euro-Dollar Borrowing:

(a) the Agent is advised by the Reference Bank that deposits in dollars (in the applicable amounts) are not being offered to the Reference Bank in the relevant market for such Interest Period, or

(b) Banks having 50% or more of the aggregate amount of the Commitments advise the Agent that the Adjusted London Interbank Offered Rate as determined by the Agent will not adequately and fairly reflect the cost to such Banks of funding their Euro-Dollar Loans for such Interest Period, the Agent shall forthwith give notice thereof to the Borrower and the Banks, whereupon until the Agent notifies the Borrower that the circumstances giving rise to such suspension no longer exist, the obligations of the Banks to make Euro-Dollar Loans shall be suspended. Unless the Borrower notifies the Agent at least two Domestic Business Days before the date of any Euro-Dollar Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow on such date, such Borrowing shall instead be made as a Base Rate Borrowing.

SECTION 8.2. Illegality. If, on or after the date of this Agreement, the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Euro-Dollar Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for any Bank (or its Euro-Dollar Lending Office) to make, maintain or fund its Euro-Dollar Loans and such Bank shall so notify the Agent, the Agent shall forthwith give notice thereof to the other Banks and the Borrower, whereupon until such Bank notifies the Borrower and the Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Bank to make Euro-Dollar Loans shall be suspended. Before giving any notice to the Agent pursuant to this Section, such Bank shall designate a different Euro-Dollar Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. If such Bank shall determine that it may not lawfully continue to maintain and fund any of its outstanding Euro-Dollar Loans to maturity and shall so specify in such notice, the Borrower shall immediately prepay in full the then outstanding principal amount of each such Euro-Dollar Loan, together with accrued interest thereon. Concurrently with prepaying each such Euro-Dollar Loan, the Borrower shall borrow a Base Rate Loan in an equal principal amount from such Bank (on which interest and principal shall be payable contemporaneously with the related Euro-Dollar Loans of the

other Banks), and such Bank shall make such a Base Rate Loan.

SECTION 8.3. Increased Cost and Reduced Return.

(a) If, on or after the date hereof, the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall impose, modify or deem applicable any reserve (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System (but excluding with respect to any Euro-Dollar Loan any such requirement reflected in an applicable Euro-Dollar Reserve Percentage)), special deposit, insurance assessment or similar requirement against assets of, deposits with or for

the account of, or credit extended by, any Bank (or its Applicable Lending Office) or shall impose on any Bank (or its Applicable Lending Office) or on the London interbank market any other condition affecting its Euro-Dollar Loans, its Note, or its obligation to make Euro-Dollar Loans, and the result of any of the foregoing is to increase the cost to such Bank (or its Applicable Lending Office) of making or maintaining any Euro-Dollar Loan, or to reduce the amount of any sum received or receivable by such Bank (or its Applicable Lending Office) under this Agreement or under its Note with respect thereto, by an amount deemed by such Bank to be material, then, within 15 days after demand by such Bank (with a copy to the Agent), the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction; provided, however, that such amounts shall be no greater than that which such Bank is generally charging other borrowers similarly situated to Borrower.

(b) If any Bank shall have determined that, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change in any such law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of such Bank (or its Parent) as a consequence of such Bank's obligations hereunder to a level below that which such Bank (or its Parent) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, within 15 days after demand by such Bank (with a copy to the Agent), the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank (or its Parent) for such reduction; provided, however, that such amount shall be no greater than that which such Bank is generally charging other borrowers similarly situated to Borrower.

(c) Each Bank will promptly notify the Borrower and the Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Bank to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it

hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods.

(d) Notwithstanding anything to the contrary contained herein, no Bank shall demand compensation for any increased cost, reduction or capital referred to above in Section 8.3(a) or (b) if it shall not at the time be the general policy and practice of such Bank to demand such compensation in similar circumstances from similarly situated borrowers.

SECTION 8.4. Taxes.

(a) Any and all payments by the Borrower to or for the account of any Bank or the Agent hereunder or under any other Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Bank and the Agent, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Bank or the Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Bank, taxes imposed on its income, and franchise or similar taxes imposed on it, by the jurisdiction of such Bank's Applicable Lending Office or any political

subdivision thereof (all such non-excluded taxes, duties, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Bank or the Agent, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 8.4) such Bank or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions, (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law and (iv) the Borrower shall furnish to the Agent, at its address referred to in Section 10.1, the original or a certified copy of a receipt evidencing payment thereof.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes and any other excise or property taxes, or charges or similar levies which arise from any payment made hereunder or under any Note or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note (hereinafter referred to as "Other Taxes").

(c) The Borrower agrees to indemnify each Bank and the Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 8.4) paid by such Bank or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 15 days from the date such Bank or the Agent (as the case may be) makes demand therefor.

(d) Each Bank organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Bank listed on the signature pages hereof and on or prior to the date on which it becomes a Bank in the case of each other Bank, and from time to time thereafter if requested in writing by the Borrower (but only so long as such Bank remains lawfully able to do so), shall provide the Borrower with Internal Revenue Service form 1001 or 4224, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Bank is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest or certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States. If the form provided by a Bank at the time such Bank first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from "Taxes" as defined in Section 8.4(a).

(e) For any period with respect to which a Bank has failed to provide the Borrower with the appropriate form pursuant to Section 8.4(d) (unless such failure is due to a change in treaty, law or regulation occurring subsequent to the date on which a form originally was required to be provided), such Bank shall not be entitled to indemnification under Section 8.4(a) with respect to Taxes imposed by the United States; provided, however, that should a Bank, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as such Bank shall reasonably request to assist such Bank to recover such Taxes.

(f) If the Borrower is required to pay additional amounts to or for the account of any Bank pursuant to this Section 8.4, then such Bank will change the jurisdiction of its Applicable Lending Office so as to eliminate or reduce any such additional payment which may thereafter accrue if

such change, in the judgment of such Bank, is not otherwise disadvantageous to such Bank.

(g) If circumstances subsequently change so that it is no longer unlawful for an affected Bank to make or maintain Euro-Dollar Loans as contemplated hereunder, such Bank will, as soon as reasonably practicable after such Bank becomes aware of such change in circumstances, notify the Borrower and the Agent and upon receipt of such notice, the obligations of such Bank to make or continue Euro-Dollar Loans or to convert Base Rate Loans into Euro-Dollar Loans shall be reinstated.

SECTION 8.5. Base Rate Loans Substituted for Affected Euro-Dollar Loans. If (i) the obligation of any Bank to make Euro-Dollar Loans has been suspended pursuant to Section 8.2 or (ii) any Bank has demanded compensation under Section 8.3 or 8.4 with respect to its Euro-Dollar Loans and the Borrower shall, by at least five Euro-Dollar Business Days' prior notice to such Bank through the Agent, have elected that the provisions of this Section shall apply to such Bank, then, unless and until such Bank notifies the Borrower that the circumstances giving rise to such suspension or demand for compensation no longer exist:

(a) all Loans which would otherwise be made by such Bank as Euro-Dollar Loans shall be made instead as Base Rate Loans (on which interest and principal shall be payable contemporaneously with the related Euro-Dollar Loans of the other Banks), and

(b) after each of its Euro-Dollar Loans has been repaid, all payments of principal which would otherwise be applied to repay such Euro-Dollar Loans shall be applied to repay its Base Rate Loans instead.

ARTICLE IX

THE AMB CONSOLIDATION TRANSACTIONS

SECTION 9.1. The AMB Consolidation Transactions. The Advisor has informed the Banks that it contemplates the consolidation of the ownership of various entities, including, without limitation, the Borrower, AIF and RIF, through one or more merger, transfer and/or contribution transactions (collectively, the "Merger"). Pursuant to the AMB Consolidation Transactions, future business of the combined companies will be conducted by an entity which will elect to be taxed as a real estate investment trust ("REIT") or an entity such as a partnership which is controlled at least fifty percent (50%) by a REIT and such entity will receive the assets and liabilities of Borrower, AIF and RIF (among

others) and will continue to conduct the operations of the combined businesses (such entity being referred to herein as the "New Borrower"). The Advisor has further informed the Banks that it contemplates an initial public offering (the "IPO") of the equity interests in the New Borrower (or the REIT, if the New Borrower is a partnership) concurrently with or subsequent to the other AMB Consolidation Transactions. The Advisor, the Borrower, AIF and RIF have requested that the Banks consent to the Merger and to the other AMB Consolidation Transactions.

SECTION 9.2. Consent of Banks; Assumption by New Borrower. The Banks hereby consent to the Merger and the other AMB Consolidation Transactions and to amendments, supplements, restatements and/or other modifications to the organizational documents of the Borrower which may be made in connection therewith (the "Consent"), upon the following terms and conditions:

(a) Conditions to Consent. The effectiveness of the Consent shall be subject to the satisfaction of each of the following conditions:

(i) Information. The Agent shall have received, on behalf of the Banks, all non-confidential agreements and instruments, and all financial materials and public filings, reasonably required by the Agent to assess the terms of the AMB Consolidation Transactions and the assets and liabilities of the New Borrower (collectively, the "Information").

(ii) Consent of Required Banks. Banks constituting Required Banks shall have informed the Agent that they have received and reviewed the Information and have affirmed and ratified the consent of the Banks to the Merger and the other AMB Consolidation Transactions, such affirmation and ratification to be granted or withheld in the sole and absolute discretion of the Required Banks.

(iii) Officer's Certificate. The Agent shall have received on behalf of the Banks, a certificate of the chief executive officer, chief financial officer or chief accounting officer of the New Borrower, representing and certifying (A) that the officer signatory thereto has reviewed the terms of the Loan Documents, and has made, or caused to be made under his/her supervision, a review in reasonable detail of the transactions and Consolidated and consolidating pro forma financial condition of the New Borrower and its Subsidiaries, during the period covered by such reports, that such review has not disclosed the existence during or at the end of such period, and that such officer does not have knowledge of the existence as at the date of such certificate, of any condition or event which

constitutes an Event of Default or Default or mandatory prepayment event; (B) pro forma calculations evidencing compliance with each of the financial covenants set forth in Section 5.9 hereof for the New Borrower, and (C) except as may be disclosed in writing to the Banks and consented to by the Required Banks with respect to RIF or AIF, that each of AIF, RIF and AMB Current Income Fund, Inc. is conducting all of its business and operations through the New Borrower and its Subsidiaries and that each of AMB Current Income Fund, Inc., AIF or RIF is no longer conducting any business or operations and has no remaining assets or Subsidiaries or interests in Joint Ventures or Minority Holdings, all such business, operations and holdings having been assigned, contributed, assumed or otherwise transferred to the New Borrower.

(iv) New Borrower Assumption; Documents. In the event that,

following the consummation of the Merger, the New Borrower is intended to be other than AMB Current Income Fund, Inc., then simultaneously with the consummation of the Merger, (A) the New Borrower shall assume the rights, duties, liabilities and obligations of the Borrower hereunder (the "New Borrower Assumption") and (B) the general partner (if any) of the New Borrower shall guaranty the obligations of the New Borrower hereunder and (C) any Consolidated Subsidiaries of the New Borrower which (i) will own Borrowing Base Properties subsequent to the AMB Consolidation Transactions and (ii) are distinct corporate or partnership entities (exclusive of mere title holding entities, such as land trusts), shall guaranty the obligations of the New Borrower pursuant to guaranty agreements in form and substance satisfactory to the Agent (collectively, the "Subsidiary Guaranties"). It shall be a condition of any New Borrower Assumption that the Agent shall have received on or before the date of the Agent's acceptance of the New Borrower Assumption (the "Assumption Date") all of the following, duly executed and delivered by the parties thereto:

(1) the Assumption Agreement;

(2) the New Borrower Notes;

(3) if applicable, the General Partner Guaranty;

(4) if applicable, Subsidiary Guaranties;

(5) all other agreements, documents, instruments, legal opinions, and certificates described in the List of Assumption Documents attached hereto as Exhibit F and made a part hereof, each duly executed and in recordable form, where appropriate, and in form and substance satisfactory to the Agent; and

(6) such additional documentation as the Agent may reasonably request.

(v) No Legal Impediments. No law, regulation, order, judgment or decree of any Governmental Authority shall, and the Agent shall not have received any notice that litigation is pending or threatened which is likely to (i) enjoin, prohibit or restrain the making of the Loans on or after the Assumption Date or (ii) impose or result in the imposition of a Material Adverse Effect.

(vi) No Default. No Default or Event of Default shall have occurred and be continuing or would result from the New Borrower Assumption or the making of the Loans.

(vii) Representations and Warranties. All of the representations and warranties contained in this Agreement and in any of the other Loan Documents shall be true and correct in all material respects on and as of the Assumption Date as if made by the New Borrower on the Assumption Date.

(viii) Fees and Expenses Paid. There shall have been paid to the Agent, for the accounts of the Agent and the other Banks, as applicable, all fees due and payable on or before the Assumption Date and all expenses due and payable on or before the Assumption Date, including, without limitation, reasonable attorneys' fees and expenses, and other costs and expenses incurred in connection with the New Borrower Assumption, to the extent payable by the Borrower pursuant to Section 10.3 hereof.

Upon the satisfaction of each of the above conditions, and further upon the receipt by each Bank of its New Borrower Note, if applicable, such Bank shall mark its original Note cancelled and return such Note to the Agent for return to the Borrower.

SECTION 9.3. Effect of Merger and New Borrower Assumption.

(a) From and after the Assumption Date, each of the references in this Agreement (A) to the "Borrower", "AIF" or "RIF" shall be deemed to be references to the New Borrower; (B) to the "Notes" shall be deemed to be references to the New Borrower Notes; and (C) to the "Guaranty" or the "Guarantor" shall be deleted and the Guaranty will be released.

(b) From and after the Assumption Date, Section 6.1(j) hereof shall be amended by the addition of the following language, "or, if Borrower is a partnership, Borrowe-

r's general partner shall cease to qualify as a real estate investment trust."

(c) From and after the effective date of the Merger, to the extent that any New Acquisition or Real Property Asset, which is not a Borrowing Base Property as of such effective date, is owned by any Consolidated Subsidiary which is a distinct corporate or partnership entity (exclusive of mere title holding entities, such as land trusts), then, in addition to the conditions set

forth in Section 3.3 and 3.4 hereof, as applicable, such Consolidated Subsidiary shall execute a Subsidiary Guaranty as a condition to the inclusion of such asset as a Borrowing Base Property hereunder; provided, however that the Banks shall not require the delivery of a legal opinion with respect to any such Subsidiary Guaranty.

SECTION 9.4. Effect of IPO.

(a) Definitional Changes. From and after the consummation of the IPO, the definition of "Gross Asset Value" contained in Section 1.1 hereof shall be deleted in its entirety and replaced with the following:

> "Gross Asset Value" shall mean (i) with respect to a Real Property Asset that was acquired, directly or indirectly, within the twelve (12) months prior to the date of determination, (A) prior to the first full quarter following such acquisition, the Acquisition Price of such Real Property Asset plus any Capital Expenditures actually incurred by the Borrower or its Subsidiary in connection with such Real Property Asset (which, for the purpose of this definition shall include any expenditures that would have been considered Capital Expenditures except that they were made with respect to the acquisition by the Borrower or its Consolidated Subsidiaries of any interest in a Real Property Asset within twelve months after the date such interest in asset was acquired) and (B) from and after the first full quarter following such acquisition, the lesser of (x) the amount in clause (i)(A) above and (y) the Net Operating Cash Flow applicable to such Real Property Asset (provided that such Net Operating Cash Flow shall be calculated on an annualized basis based upon the actual amount of Net Operating Cash Flow for the period of Borrower's ownership of such Real Property Asset), in each case capitalized at an annual interest rate of 9.5% if such Real Property Asset is primarily a retail use property and 9.25% if such Real Property Asset is primarily an industrial use property; and (ii) with respect to a Real Property Asset that was acquired, directly or indirectly by the Borrower more than twelve (12) months prior to the date of determina-

> tion, the Net Operating Cash Flow applicable to such Real Property Asset capitalized at an annual interest rate of 9.5% if such Real Property Asset is primarily a retail use property and 9.25% if such Real Property Asset is primarily an industrial use property."

(b) Deletion of Appraisal and Valuation Requirements. From and after the consummation of the IPO, the Borrower shall not be required to obtain Annual Appraisals of the Borrowing Base Properties and the following changes shall be deemed to have been made to this Agreement:

(i) The definition of "Annual Appraisal" contained in Section 1.1 hereof shall be deleted in its entirety.

(ii) The definition of "Appraised Value" contained in Section 1.1 hereof shall be deleted in its entirety.

(iii) The definition of "Valuation Date" contained in Section 1.1 hereof shall be deleted in its entirety.

(iv) Section 5.1(i) shall be deleted in its entirety.

(v) Section 5.17 shall be deleted in its entirety.

(vi) Section 5.18 shall be deleted in its entirety.

ARTICLE X

MISCELLANEOUS

SECTION 10.1. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, facsimile, facsimile transmission or similar writing) and shall be given to such party: (x) in the case of the Borrower or the Agent, at its address or facsimile number set forth on the signature pages hereof, (y) in the case of any Bank, at its address or facsimile number set forth in its Administrative Questionnaire or (z) in the case of any party, such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Agent and the Borrower. Each such notice, request or other communication shall be effective (i) if given by facsimile, when such facsimile is transmitted to the facsimile number specified in this Section and the appropriate answerback is received, (ii) if given by mail,

72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, when delivered at the address specified in this Section; provided that notices

to the Agent under Article II or Article VIII shall not be effective until received.

SECTION 10.2. No Waivers. No failure or delay by the Agent or any Bank or Borrower in exercising any right, power or privilege hereunder or under any Note shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 10.3. Expenses; Indemnification.

(a) The Borrower shall pay (i) all reasonable out-of-pocket expenses of the Agent, including, without limitation, appraisal fees, engineering fees, and fees and disbursements of Skadden, Arps, Slate, Meagher & Flom LLP, counsel for the Agent, as well as fees and disbursements of internal counsel (except that in connection with the preparation and negotiation of this Agreement, Agent's legal fees (exclusive of disbursements) shall not exceed $50,000), in connection with the preparation, syndications and administration of this Agreement, the Loan Documents and the documents and instruments referred to therein, the New Borrower Assumption and the documents and instruments executed and delivered in connection therewith, and further modifications or syndications of the Facility in connection therewith, the administration of the Loans, any waiver or consent hereunder or any amendment or modification hereof or any Default or Event of Default hereunder, and (ii) if an Event of Default occurs, all reasonable out-of-pocket expenses incurred by the Agent and each Bank, including fees and disbursements of counsel for the Agent and each of the Banks, in connection with the enforcement of the Loan Documents and the instruments referred to therein and such Event of Default and collection, bankruptcy, insolvency and other enforcement proceedings resulting therefrom.

(b) The Borrower agrees to indemnify the Agent and each Bank, their respective affiliates and the respective directors, officers, agents and employees of the foregoing (each an "Indemnitee") and hold each Indemnitee harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind, including, without limitation, the reasonable fees and disbursements of counsel, which may be incurred by such Indemnitee in connection with any investigative, administrative or judicial proceeding (whether or not such Indemnitee shall be designated a party

thereto) that may at any time (including, without limitation, at any time following the payment of the Obligations) be imposed on, asserted against or incurred by any Indemnitee as a result of, or arising out of, or in any way related to or by reason of, (i) any of the transactions contemplated by the Loan Documents or the execution, delivery or performance of any Loan Document, (ii) any violation by the Borrower or the Environmental Affiliates of any applicable Environmental Law, (iii) any Environmental Claim arising out of the management, use, control, ownership or operation of property or assets by the Borrower or any of the Environmental Affiliates, including, without limitation, all on-site and off-site activities involving Hazardous Substances, (iv) the breach of any environmental representation or warranty set forth herein, (v) the grant to the Agent and the Banks of any Lien in any property or assets of the Borrower or any stock or other equity interest in the Borrower, and (vi) the exercise by the Agent and the Banks of their rights and remedies (including, without limitation, foreclosure) under any agreements creating any such Lien (but excluding, as to any Indemnitee, any such losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements incurred by reason of (i) the gross negligence or willful misconduct of such Indemnitee as finally determined by a court of competent jurisdiction, (ii) the breach of this Agreement by such Indemnitee, as finally determined by a court of competent jurisdiction and (iii) any investigative, administrative or judicial proceeding imposed or asserted against any Indemnitee by any bank regulatory agency or by any equity holder of such Indemnitee). The Borrower's obligations under this Section shall survive the termination of this Agreement and the payment of the Obligations.

(c) The Borrower shall pay, and hold the Agent and each of the Banks harmless from and against, any and all present and future U.S. stamp, recording, transfer and other similar foreclosure related taxes with respect to the foregoing matters and hold the Agent and each Bank harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Bank) to pay such taxes.

SECTION 10.4. Sharing of Set-Offs. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence and during the continuance of any Event of Default, each Bank is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to the Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special, time or demand, provisional or final)

and any other indebtedness at any time held or owing by such Bank (including, without limitation, by branches and agencies of such Bank wherever located) to or for the credit or the account of the Borrower against and on account of the Obligations of the Borrower then due and payable to such Bank under this Agreement or under any of the other Loan Documents, including, without limitation, all interests in Obligations purchased by such Bank. Each Bank agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise, receive payment of a proportion of the aggregate amount of principal and interest due with respect to any Note held by it which is greater than the proportion received by any other Bank in respect of the aggregate amount of principal and interest due with respect to any Note held by such other Bank, the Bank receiving such proportionately greater payment shall purchase such participations in the Notes held by the other Banks, and such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Notes held by the Banks shall be shared by the Banks pro rata; provided that nothing in this Section shall impair the right of any Bank to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Borrower other than its indebtedness under the Notes. The Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in a Note, whether or not acquired pursuant to the foregoing arrangements, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of the Borrower in the amount of such participation. Notwithstanding anything to the contrary contained herein, any Bank may, by separate agreement with the Borrower, waive its right to set off contained herein or granted by law and any such written waiver shall be effective against such Bank under this Section 10.4.

SECTION 10.5. Amendments and Waivers. Any provision of this Agreement or the Notes or other Loan Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Required Banks (and, if the rights or duties of the Agent are affected thereby, by the Agent); provided that no such amendment or waiver shall, unless signed by all the Banks, (i) increase or decrease the Commitment of any Bank (except for a ratable decrease in the Commitments of all Banks) or subject any Bank to any additional obligation, (ii) reduce the principal of or rate of interest on any Loan or any fees hereunder, except as provided below, (iii) postpone the date fixed for any payment of principal of or interest on any Loan or any fees hereunder or for any reduction or termination of any Commitment, (iv) change the percentage of the

Commitments or of the aggregate unpaid principal amount of the Notes, or the number of Banks, which shall be required for the Banks or any of them to take any action under this Section or any other provision of this Agreement, (v) release any Guarantor or the Guaranty, or (vi) modify the Guaranty.

SECTION 10.6. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may not assign or otherwise transfer any of its rights under this Agreement or the other Loan Documents without the prior written consent of all Banks except as permitted by Section 5.10 hereof.

(b) Any Bank may at any time grant to one or more banks or other institutions (each a "Participant") participating interests in its Commitment or any or all of its Loans. In the event of any such grant by a Bank of a participating interest to a Participant, whether or not upon notice to the Borrower and the Agent, such Bank shall remain responsible for the performance of its obligations hereunder, and the Borrower and the Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement pursuant to which any Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of the Borrower hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement described in clause (i), (ii), (iii) or (iv) of Section 10.5 without the consent of the Participant. The Borrower agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Article VIII with respect to its participating interest. An assignment or other transfer which is not permitted by subsection (c) or (d) below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection (b).

(c) Any Bank may at any time assign to one or more banks or other institutions (each an "Assignee") all, or a proportionate part of all, of its rights and obligations under this Agreement, the Notes and the other Loan Documents, and such Assignee shall assume such rights and obligations, pursuant to an Assignment and Assumption Agreement in substantially the form of Exhibit C

hereto executed by

such Assignee and such transferor Bank, with (and subject to) the subscribed consent of the Borrower and the Agent which consent shall not be unreasonably withheld; provided that if an Assignee is an affiliate of such transferor Bank, no such consent shall be required provided that the rating of such affiliate's senior unsecured indebtedness shall be at least investment grade at such time (although nothing contained herein shall limit the right of any Bank to assign its interest herein as aforesaid to any successor by merger or consolidation); provided further, until such time as an Event of Default has occurred and subject to the provisions of subsection (d) of this Section 10.6 and any reduction pursuant to Section 2.10(c) hereof, at all times during the Term, Morgan or an affiliate of Morgan shall retain a minimum Commitment of $10,000,000 unless (i) required by law, regulation, administrative decree or court order to divest all or any part of such Commitment or (ii) a lesser amount is consented to by Borrower; and provided further that, upon the occurrence and during the continuation of an Event of Default, a Bank may assign its interest herein to an affiliate, regardless of rating and furthermore that Borrower shall have no right to consent to any Assignee. Upon execution and delivery of such instrument and payment by such Assignee to such transferor Bank of an amount equal to the purchase price agreed between such transferor Bank and such Assignee, such Assignee shall be a Bank party to this Agreement and shall have all the rights and obligations of a Bank with a Commitment as set forth in such instrument of assumption, and the transferor Bank shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this subsection (c), the transferor Bank, the Agent and the Borrower shall make appropriate arrangements so that, if required, a new Note is issued to the Assignee. In connection with any such assignment, the transferor Bank shall pay to the Agent an administrative fee for processing such assignment in the amount of $2,500. If the Assignee is not incorporated under the laws of the United States of America or a state thereof, it shall deliver to the Borrower and the Agent certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 8.4.

(d) Any Bank may at any time assign all or any portion of its rights under this Agreement and its Note to a Federal Reserve Bank. No such assignment shall release the transferor Bank from its obligations hereunder. Promptly upon being notified in writing of such transfer, Agent shall notify Borrower thereof.

(e) No Assignee, Participant or other transferee of any Bank's rights shall be entitled to receive any greater

payment under Section 8.3 or 8.4 than such Bank would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Borrower's prior written consent or by reason of the provisions of Section 8.2, 8.3 or 8.4 requiring such Bank to designate a different Applicable Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

SECTION 10.7. Collateral. Each of the Banks repre- sents to the Agent and each of the other Banks that it in good faith is not relying upon any "margin stock" (as de- fined in Regulation U) as collateral in the extension or maintenance of the credit provided for in this Agreement.

SECTION 10.8. Governing Law; Submission to Jurisdiction. (a) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

(b) Any legal action or proceeding with respect to this Agreement or any other Loan Document and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Agreement, the Borrower hereby accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and appellate courts from any thereof. The Borrower irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the hand delivery, or mailing of copies thereof by registered or certified mail, postage prepaid, to the Borrower at its address set forth below. The Borrower hereby irrevocably waives, to the extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Loan Document brought in the courts referred to above and hereby further irrevocably waives, to the extent permitted by applicable law, and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of the Agent, any Bank or any holder of a Note to serve process in any other manner permitted by law or to commence legal proceedings or

otherwise proceed against the Borrower in any other jurisdiction.

Section 10.9. Marshalling; Recapture. Neither the Agent nor any Bank shall be under any obligation to marshall any assets in favor of the Borrower or any other party or

against or in payment of any or all of the Obligations. To the extent any Bank receives any payment by or on behalf of the Borrower, which payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to the Borrower or its estate, trustee, receiver, custodian or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the Obligation or part thereof which has been paid, reduced or satisfied by the amount so repaid shall be reinstated by the amount so repaid and shall be included within the liabilities of the Borrower to such Bank as of the date such initial payment, reduction or satisfaction occurred.

SECTION 10.10. Counterparts; Integration; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective upon receipt by the Agent of counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Agent in form satisfactory to it of telegraphic, telex or other written confirmation from such party of execution of a counterpart hereof by such party).

SECTION 10.11. WAIVER OF JURY TRIAL. EACH OF THE BORROWER, THE AGENT AND THE BANKS HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 10.12. Survival. All indemnities set forth herein shall survive the execution and delivery of this Agreement and the other Loan Documents and the making and repayment of the Loans hereunder.

SECTION 10.13. Domicile of Loans. Each Bank may transfer and carry its Loans at, to or for the account of any domestic or foreign branch office, subsidiary or affiliate of such Bank.

SECTION 10.14. Limitation of Liability. No claim may be made by the Borrower or any other Person against the Agent or any Bank or the affiliates, directors, officers, employees, attorneys or agent of any of them for any consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising

out of or related to the transactions contemplated by this Agreement or by the other Loan Documents, or any act, omission or event occurring in connection therewith; and the Borrower hereby waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

SECTION 10.15. Recourse. All obligations, covenants and agreements of Borrower contained in or evidenced by this Agreement, the Notes and any Loan Document shall be fully recourse to Borrower and each and every asset of Borrower. Notwithstanding the foregoing, no recourse under or upon any obligation, covenant, or agreement contained in this Agreement or the Note or any Loan Document shall be had against the Advisor or any officer, director, shareholder or employee of Borrower or Advisor (a "Non-Recourse Party") and no such Non-Recourse Party shall be personally liable for payment of the Loans or other amounts due in respect thereof (all such liability being expressly waived and released by each Bank and the Agent).

SECTION 10.16. Confidentiality. Each Bank and the Agent agrees that it shall maintain confidentiality with regard to nonpublic information concerning the Borrower obtained from the Borrower pursuant to this Agreement, provided that the Banks and the Agent shall not be precluded from making disclosure regarding such information: (1) to the Banks' and Agent's counsel, accountants and other professional advisors (who are, in each case, subject to this confidentiality agreement), (ii) to officers, directors, employees, agents and partners of each Bank, and the Agent who need to know such information (who are, in each case, subject to this confidentiality agreement), (iii) in response to a subpoena or order of a court or governmental agency, (iv) to any entity participating or considering participating in any credit made under this Agreement, provided, the Banks and Agent shall require that any such entity be subject to this Section 10.16, however, Banks and Agent shall have no duty to monitor any participating entity and shall have no liability in the event that any participating entity violates this Section 10.16, or (v) as required by law, GAAP or applicable regulation. In connection with enforcing its rights pursuant

to this Section 10.16, Borrower shall be entitled to the equitable remedies of specific performance and injunctive relief against the Agent or any Bank which shall breach the confidentiality provisions of this Section 10.16.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

AMB CURRENT INCOME FUND, INC.,
a Maryland corporation

By:_____________________________
Name:
Title:

505 Montgomery Street
San Francisco, CA 94111
Attention: Chief Financial Officer
Facsimile No.: (415) 394-9001

Commitments	Banks
$25,000,000	MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By:_____________________________
Name: Timothy O'Donovan
Title: Vice President

c/o J.P. Morgan Services Inc.
500 Stanton Christiana Road
Newark, DE 19713-2107
Attention: Jennifer Van Landingham
Telecopy: (302) 634-4222

DOMESTIC AND EURO-DOLLAR
LENDING OFFICE:
c/o J.P. Morgan Services Inc.
500 Stanton Christiana Road
Newark, DE 19713-2107
Attention: Jennifer Van Landingham
Telecopy: (302) 634-4222

Commitment	Bank
$25,000,000	BANK OF AMERICA, National Trust and Savings Association

By:_____________________________
Name: Donna L. Chiaro
Title: Regional Manager/Vice President

DOMESTIC AND EURO-CURRENCY
LENDING OFFICE:

Bank of America NT & SA
CRESG National 9105
50 California Street, 11th floor
San Francisco, California 94111
Attn: Laurence Hughes
Telecopy: (415) 445-4154

Commitment	Bank
$25,000,000	DRESDNER BANK AG, NEW YORK AND GRAND CAYMAN BRANCHES

By:______________________________
Name:
Title:

By:______________________________
Name:
Title:

DOMESTIC AND EURO-DOLLAR
LENDING OFFICE:
Dresdner Bank AG
333 South Grand Avenue, Suite 1700
Los Angeles, CA 90071
Attention: Vitol Wiacek
Telecopy: (213) 473-5450

Signature Page to AMB Current Income Fund, Inc. Amended and Restated Credit Agreement

Commitment	Bank
$25,000,000	FLEET NATIONAL BANK

By:______________________________
Name:
Title:

DOMESTIC AND EURO-DOLLAR
LENDING OFFICE:
Fleet Bank
111 Westminster Street
Providence, RI 02903
Attention: Debbie Fox
Telecopy: (401) 278-5166

Signature Page to AMB Current Income Fund, Inc. Amended and Restated Credit Agreement

Commitment	Bank
$25,000,000	THE BANK OF NOVA SCOTIA, acting through its San Francisco Agency

By:______________________________
Name: Paul Stiplosek
Title: Relationship Manager

DOMESTIC AND EURO-DOLLAR
LENDING OFFICE:
Bank of Nova Scotia
580 California Street, 48th floor
San Francisco, CA 94104
Attn: Office Head, Real Estate Banking
Telecopy: (415) 397-0791

Signature Page to AMB Current Income Fund, Inc. Amended and Restated Credit Agreement

Commitment	Bank
$20,000,000	COMMERZBANK AKTIENGESELLSCHAFT, LOS ANGELES BRANCH

By:______________________________
Name:
Title:

By:______________________________
Name:
Title:

DOMESTIC AND EURO-DOLLAR
LENDING OFFICE:

Commerzbank AG
660 S. Figueroa Street
Los Angeles, California
Attention: Steve Larsen
Telecopy: (213) 623-8223

and to:

Commerzbank AG
Two World Financial Center
New York, NY 10281-1050
Attention: David Schwartz, Vice President
Telecopy: 212-266-7530

Signature Page to AMB Current Income Fund, Inc. Amended and Restated Credit Agreement

Commitment	Bank
$20,000,000	CORESTATES BANK, N.A.

By:______________________________
Name:
Title:

DOMESTIC AND EURO-DOLLAR LENDING OFFICE:
CoreStates Bank
FC 1-8-10-67
1339 Chestnut Street
Philadelphia, PA 19107-7618
Attn: R. Scott Relick, Vice President
Telecopy: 215-786-6381

Signature Page to AMB Current Income Fund, Inc. Amended and Restated Credit Agreement

Commitment	Bank
$20,000,000	THE INDUSTRIAL BANK OF JAPAN, LIMITED LOS ANGELES AGENCY

By:______________________________
Name:
Title:

By:______________________________
Name:
Title:

DOMESTIC AND EURO-DOLLAR LENDING OFFICE:

Industrial Bank of Japan, Limited
350 South Grand Avenue, Suite 1500
Los Angeles, CA 90071
Attn: Hiroshi Maekawa
Telecopy: 213-488-9840

Signature Page to AMB Current Income Fund, Inc. Amended and Restated Credit Agreement

Commitment	Bank
$15,000,000	UNION BANK OF CALIFORNIA, N.A.

By:______________________________
Name:
Title:

By:______________________________
Name:
Title:

DOMESTIC AND EURO-DOLLAR LENDING OFFICE:

Union Bank of California, N.A.
San Francisco Corporate Office
350 California Street, 7th Floor
San Francisco, CA 94104
Attn: Diana Giacomini
Telecopy: 415-433-7438

Total Commitments

$200,000,000

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Agent

By:____________________________
Name: Timothy O'Donovan
Title: Vice President

c/o J.P. Morgan Services Inc.
500 Stanton Christiana Road
Newark, DE 19713-2107
Attn: Jennifer Van Landingham
Telecopy: (302) 634-4222

FUNDING INSTRUCTIONS:
Morgan Guaranty Trust Company of
New York
60 Wall Street
New York, New York 10260-0060
ABA # 021 000 238

For Credit to: Loan Department
Account Number 999-99-090
Reference: AMB Current Income Fund

EXHIBIT A

FORM OF NOTE

NOTE

$ ________________ New York, New York

____________, 199_

For value received, AMB Current Income Fund, Inc., a Maryland corporation (the "Borrower"), promises to pay to the order of ____________ (the "Bank"), for the account of its Applicable Lending Office, the unpaid principal amount of each Loan made by the Bank to the Borrower pursuant to the Credit Agreement referred to below on the last day of the Interest Period relating to such Loan. The Borrower promises to pay interest on the unpaid principal amount of each such Loan on the dates and at the rate or rates provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in Federal or other immediately available funds at the office of Morgan Guaranty Trust Company of New York, 60 Wall Street, New York, New York.

All Loans made by the Bank, the respective types and maturities thereof and all repayments of the principal thereof shall be recorded by the Bank and, if the Bank so elects in connection with any transfer or enforcement hereof, appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding may be endorsed by the Bank on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided that the failure of the Bank to make any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Credit Agreement.

This note is one of the Notes referred to in the Amended and Restated Revolving Credit Agreement dated as of August 8, 1997 among the Borrower, the banks listed on the signature pages thereof and Morgan Guaranty Trust Company of New York, as Agent (as the same may be amended from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement are used herein with the same meanings. Reference is made to the Credit Agreement for provisions for the pre-payment hereof and the acceleration of the maturity hereof.

All obligations, covenants and agreements contained or evidenced in this Note, shall be fully recourse to Borrower and each and every asset of Borrower. Notwithstanding the foregoing, no recourse under or upon any obligation,

covenant, agreement contained in this Note shall be had against any Non-Recourse Party (as defined in the Credit Agreement) and no such Non-Recourse Party shall be personally liable for payment of the Loans or other amounts due in respect thereof (all such liability being expressly waived and released by each Bank and the Agent).

AMB CURRENT INCOME FUND, INC.

By: ______________________
Name:
Title:

Note (cont'd)

LOANS AND PAYMENTS OF PRINCIPAL

Date	Amount of Loan	Type of Loan	Amount of Principal Repaid	Maturity Date	Notation Made By

EXHIBIT B

See Attached.

EXHIBIT C

ASSIGNMENT AND ASSUMPTION AGREEMENT

AGREEMENT dated as of __________, 199_ among [ASSIGNOR] (the "Assignor"), [ASSIGNEE] (the "Assignee"), AMB CURRENT INCOME FUND, INC. (the "Borrower") and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent (the "Agent").

W I T N E S S E T H

WHEREAS, this Assignment and Assumption Agreement (the "Assignment") relates to the Amended and Restated Revolving Credit Agreement dated as of

August 8, 1997 (the "Credit Agreement") among the Borrower, the Assignor and the other Banks party thereto, as Banks, and the Agent;

WHEREAS, as provided under the Credit Agreement, the Assignor has a Commitment to make Loans to the Borrower in an aggregate principal amount at any time outstanding not to exceed $__________;

WHEREAS, Loans made to the Borrower by the Assignor under the Credit Agreement in the aggregate principal amount of $____________ are outstanding at the date hereof; and

WHEREAS, the Assignor proposes to assign to the Assignee all of the rights of the Assignor under the Credit Agreement in respect of a portion of its Commitment thereunder in an amount equal to $__________ (the "Assigned Amount"), together with a corresponding portion of its outstanding Loans, and the Assignee proposes to accept assignment of such rights and assume the corresponding obligations from the Assignor on such terms;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. Definitions. All capitalized terms not other- wise defined herein shall have the respective meanings set forth in the Credit Agreement.

SECTION 2. Assignment. The Assignor hereby assigns and sells to the Assignee all of the rights of the Assignor under the Credit Agreement to the extent of the Assigned Amount, and the Assignee hereby accepts such assignment from the Assignor and assumes all of the obligations of the

Assignor under the Credit Agreement to the extent of the Assigned Amount, including the purchase from the Assignor of the corresponding portion of the principal amount of the Loans made by the Assignor outstanding at the date hereof. Upon the execution and delivery hereof by the Assignor, the Assignee, the Borrower and the Agent and the payment of the amounts specified in Section 3 required to be paid on the date hereof (i) the Assignee shall, as of the date hereof, succeed to the rights and be obligated to perform the obligations of a Bank under the Credit Agreement with a Commitment in an amount equal to the Assigned Amount, and (ii) the Commitment of the Assignor shall, as of the date hereof, be reduced by a like amount and the Assignor released from its obligations under the Credit Agreement to the extent such obligations have been assumed by the Assignee. The assignment provided for herein shall be without recourse to the Assignor.

SECTION 3. Payments. As consideration for the assignment and sale contemplated in Section 2 hereof, the Assignee shall pay to the Assignor on the date hereof in Federal funds the amount heretofore agreed between them.* It is understood that Commitment Fees accrued to the date hereof are for the account of the Assignor and such fees accruing from and including the date hereof are for the account of the Assignee. Each of the Assignor and the Assignee hereby agrees that if it receives any amount under the Credit Agreement which is for the account of the other party hereto, it shall receive the same for the account of such other party to the extent of such other party's interest therein and shall promptly pay the same to such other party.

SECTION 4. Consent of the Borrower and the Agent. This Agreement is conditioned upon the consent of the Borrower and the Agent to the extent required by Section 10.6(c) of the Credit Agreement. The execution of this Agreement by the Borrower and the Agent is evidence of this consent (if such consent is required). Pursuant to Section 10.6(c), the Borrower agrees to execute and deliver a Note payable to the order of the Assignee to evidence the assignment and assumption provided for herein.

SECTION 5. Non-Reliance on Assignor. The Assignor makes no representation or warranty in connection with, and shall

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* Amount should combine principal together with accrued interest and breakage compensation, if any, to be paid by the Assignee, net of any portion of any upfront fee to be paid by the Assignor to the Assignee. It may be preferable in an appropriate case to specify these amounts generically or by formula rather than as a fixed sum.

have no responsibility with respect to, the solvency, financial condition, or statements of the Borrower, or the validity and enforceability of the obligations of the Borrower in respect of the Credit Agreement or any Note. The Assignee acknowledges that it has, independently and without reliance on the Assignor, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and will continue to be responsible for making its own independent appraisal of the business, affairs and financial condition of the Borrower.

SECTION 6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York

SECTION 7. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By:_______________________
Title:

[ASSIGNEE]

By:________________________
Title:

AMB CURRENT INCOME FUND, INC.

By:________________________
Title:__________________

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By:________________________
Title:

EXHIBIT D

NEW BORROWER ASSUMPTION AGREEMENT

(See Attached)

EXHIBIT E

FORM OF NEW BORROWER NOTE

NOTE

$ ________________ New York, New York

____________, 199_

For value received, [INSERT NAME OF NEW BORROWER] (the "Borrower"), promises to pay to the order of ____________ (the "Bank"), for the account of its Applicable Lending Office, the unpaid principal amount of each Loan made by the Bank to the Borrower pursuant to the Credit Agreement referred to below on the last day of the Interest Period relating to such Loan. The Borrower promises to pay interest on the unpaid principal amount of each such Loan on the dates and at the rate or rates provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in Federal or other immediately available funds at the office of Morgan Guaranty Trust Company of New York, 60 Wall Street, New York, New York.

All Loans made by the Bank, the respective types and maturities thereof and all repayments of the principal thereof shall be recorded by the Bank and, if the Bank so elects in connection with any transfer or enforcement hereof, appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding may be endorsed by the Bank on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided that the failure of the Bank to make any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Credit Agreement.

This note is one of the New Borrower Notes referred to in the Amended and Restated Revolving Credit Agreement dated as of August 8, 1997 among AMB Current Income Fund, Inc., the banks listed on the signature pages thereof and Morgan Guaranty Trust Company of New York, as Agent (as the same may be amended from time to time, the "Credit Agreement"). Borrower has assumed AMB Current Income Fund, Inc.'s rights and obligations in, to and under the Credit Agreement pursuant to that certain Assumption Agreement, of even date herewith, by and between Borrower and Morgan Guaranty Trust Company of New York, as Agent. Terms defined in the Credit Agreement are used herein with the same meanings. Reference is made to the Credit Agreement for provisions for the prepayment hereof and the acceleration of the maturity hereof.

All obligations, covenants and agreements contained or evidenced in this Note, shall be fully recourse to Borrower and each and every asset of Borrower. Notwithstanding the foregoing, no recourse under or upon any obligation, covenant, agreement contained in this Note shall be had against any Non-Recourse Party (as defined in the Credit Agreement) and no such Non-Recourse Party shall be personally liable for payment of the Loans or other amounts due in respect thereof (all such liability being expressly waived and released by each Bank and the Agent).

[NEW BORROWER]

By: ______________________
Name:
Title:

LOANS AND PAYMENTS OF PRINCIPAL

Date	Amount of Loan	Type of Loan	Amount of Principal Repaid	Maturity Date	Notation Made By

EXHIBIT F

LIST OF ASSUMPTION DOCUMENTS**

1. Assumption Agreement between the "New Borrower" and Morgan Guaranty Trust Company of New York, as agent for the Banks.

2. Promissory Notes executed by New Borrower and payable to each Bank evidencing the Loans to be made by such Bank under the Credit Agreement.

3. If the New Borrower is a partnership: the General Partner Guaranty by the general partner of the "New Borrower".

4. If applicable, any Subsidiary Guaranties.

5. If the New Borrower is a partnership: Certificate of the Secretary of the New Borrower or, if applicable, the general partner of the New Borrower dated the date of the New Borrower Assumption (a) certifying (1) the names and true signatures of the incumbent officers of the general partner of the New Borrower authorized to sign the Assumption Agreement, the Notes, the General Partner Guaranty and the other Loan Documents on behalf of the New Borrower and the general partner, as applicable, (2) the resolutions of the general partner of the New Borrower's Board of Directors approving and authorizing the execution, delivery and performance of the Assumption Agreement, the Notes, the General Partner Guaranty and all other Loan Documents executed by the New Borrower and the general partner, as applicable, (3) a copy of the Certificate of Incorporation of the general partner of the New Borrower, together with all amendments thereto, if any, certified by the Secretary of State of its incorporation, (4) the partnership agreement of the New Borrower together with a copy of the Certificate of Limited Partnership of the New Borrower certified by the Secretary of State of the New Borrower's formation and (b) attaching copies of each of the foregoing items so certified.

6. If the New Borrower is a corporation: Certificate of the Secretary of the New Borrower dated the date of the New Borrower Assumption (a) certifying (1) the names and true signatures of the incumbent officers of the New Borrower authorized to sign the Assumption Agreement, the Notes, and the other Loan Documents on behalf of the New Borrower, (2) the resolutions of the New Borrower's Board of Directors approving and authorizing the execution, delivery and performance of the Assumption Agreement, the Notes, and all other Loan Documents executed by the New Borrower, (3) a copy of the Certificate of Incorporation of the New Borrower, together with all amendments thereto, if any,

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** Capitalized terms used herein but not otherwise defined herein have the meanings assigned to such terms in the Credit Agreement.

certified by the Secretary of State of its incorporation, and (b) attaching copies of each of the foregoing items so certified.

7. Certificates of Good Standing for the New Borrower and, if the New Borrower is a partnership, the general partner of the New Borrower.

8. Opinion of counsel for the New Borrower, regarding the due authorization, execution, delivery and enforceability of the Assumption Agreement and the Notes, in form and substance satisfactory to the Agent, and opinion of special Maryland counsel for the New Borrower (or, if applicable, the general partner of the New Borrower), in form and substance satisfactory to the Agent (including an opinion of counsel with respect to the General Partner Guaranty, if applicable). The Banks shall not require legal opinions with respect to any Subsidiary Guaranty.

9. Officer's Certificates of the New Borrower dated the Assumption Date, certifying, among other things, satisfaction of the conditions precedent to the New Borrower Assumption set forth in Section 9.2 of the Credit Agreement, including, without limitation, the items set forth in Section 9.2(a)(iii).

EXHIBIT G

FORM OF BORROWING BASE PROPERTY CERTIFICATE

[Date]

To: Morgan Guaranty Trust Company of New York ("Agent"), as Agent for the Banks party to Amended and Restated Revolving Credit Agreement dated as of August 8, 1997 (the "Credit Agreement") among AMB Current Income Fund, Inc., and the Banks party thereto, as banks, and the Agent

Re: [INSERT DESCRIPTION OF THE NEW ACQUISITION OR REAL PROPERTY ASSET TO

BE ADDED TO BORROWING BASE] (the "New Borrowing Base Property")

The undersigned requests that the above-described New Borrowing Base Property be added to the "Borrowing Base Properties" under the terms of the Credit Agreement. Capitalized terms used but not defined herein shall have the meaning ascribed thereto in the Credit Agreement.

Pursuant to Section 3.3(a) of the Credit Agreement, the undersigned hereby certifies as follows with respect to the New Borrowing Base Property:

1. The New Borrowing Base Property is 100% owned in fee or leasehold by AIF or RIF or a Consolidated Subsidiary of AIF or RIF.***

2. The New Borrowing Base Property is not subject to any Lien, other than Permitted Liens.

3. The New Borrowing Base Property is not an interest in a participating mortgage.

Insert if New Borrowing Base Property is owned by any Consolidated Subsidiary which is a distinct corporate or partnership entity (exclusive of mere title holding entities, such as land trusts): The Consolidated Subsidiary that owns the New Borrowing Base Property has delivered to the Agent a Subsidiary Guaranty with respect thereto, as required by Section 9.3 of the Credit Agreement.

The undersigned acknowledges and agrees that the Agent and the Banks will be relying on the foregoing certifications in adding the New Borrowing Base Property as a Borrowing Base Property under the Credit Agreement.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be duly executed as of the date first above written.

AMB CURRENT INCOME FUND, INC.

By:____________________________
Title:____________________________

- ----------

*** Subsequent to the AMB Consolidation Transactions, the term "Borrower" will be substituted for "AIF or RIF".

EXHIBIT H

FORM OF GENERAL PARTNER GUARANTY

SCHEDULE 4.17(a)

REAL PROPERTY ASSETS

Los Angeles Industrial Portfolio*

Texas Industrial Portfolio

Minneapolis Distribution Center

Southbay Industrial Portfolio*

Lake Michigan Industrial Portfolio

Southfield Industrial Portfolio*@

Lisle Industrial

Elk Grove Industrial*

Kent Centre Industrial

Two South Middlesex Industrial

Beacon Industrial

Milmont Page Business Center*

Bayhill Shopping Center

Five Points Shopping Center

Corbins Corner Shopping Center*

Pleasant Hill Shopping Center*

Applewood Village Shopping Center

Artesia Industrial Portfolio*

Randall's Houston Shopping Centers

Riverview Shopping Center

Long Gate Shopping Center

Rockford Road Shopping Center

* See Schedule 4.17(b)
@ Southfield Industrial Portfolio includes Old Dixie

SCHEDULE 4.17(b)

LIENS

South Bay Industrial Joint Venture Mortgage (AMB/SF/CIF Limited Partnership)	$19,571,001
Los Angeles Industrial Portfolio	$19,199,000
Southfield Industrial Portfolio@	$11,315,000
Elk Grove Industrial Portfolio	$11,826,000
Milmont Page Business Center	$ 5,110,000
Artesia Industrial Portfolio	$54,100,000
Corbins Corner Shopping Center	$14,527,000
Pleasant Hill Shopping Center	$11,023,000

@ Southfield Industrial Portfolio lien does not include Old Dixie

EXHIBIT 23.3

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports, AMB Contributed Properties, dated October 17, 1997, AMB Institutional Realty Advisors, dated October 17, 1997, 1997 Acquired Properties, dated October 17, 1997, and 1996 Acquired Properties, dated August 4, 1997, included in this Amendment No. 1 to Registration Statement of AMB Property Corporation on Form S-11, dated October , 1997.

/s/ ARTHUR ANDERSEN LLP

October , 1997

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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