

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1999

OR

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

COMMISSION FILE NUMBER: 001-13545

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

<TABLE>
<S>

<C>

MARYLAND (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	94-3281941 (I.R.S. EMPLOYER IDENTIFICATION NO.)
505 MONTGOMERY ST., SAN FRANCISCO, CALIFORNIA (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	94111 (ZIP CODE)

</TABLE>

(415) 394-9000
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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

As of April 30, 1999, there were 86,031,121 shares of the Registrant's common stock, \$0.01 par value per share, outstanding.

AMB PROPERTY CORPORATION

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PART I

ITEM 1. FINANCIAL STATEMENTS

AMB PROPERTY CORPORATION

CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 1998 AND MARCH 31, 1999

(UNAUDITED, DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

ASSETS

<TABLE>

<CAPTION>

	DECEMBER 31, 1998	MARCH 31, 1999
	-----	-----
<S>	<C>	<C>
Investments in real estate:		
Land and improvements.....	\$ 740,680	\$ 618,355
Buildings and improvements.....	2,445,104	1,932,509
Construction in progress.....	183,276	181,800
	-----	-----
Total investments in properties.....	3,369,060	2,732,664
Accumulated depreciation and amortization.....	(58,404)	(54,760)
	-----	-----
Net investments in properties.....	3,310,656	2,677,904
Investment in unconsolidated joint venture.....	57,655	57,697
Properties held for divestiture, net.....	115,050	871,665
	-----	-----
Net investments in real estate.....	3,483,361	3,607,266
Cash and cash equivalents.....	25,137	29,165
Other assets.....	54,387	60,187
	-----	-----
Total assets.....	\$3,562,885	\$3,696,618
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Debt:		
Secured debt.....	\$ 734,196	\$ 770,429
Unsecured senior debt securities.....	400,000	400,000
Unsecured credit facility.....	234,000	316,000
	-----	-----
Total debt.....	1,368,196	1,486,429
Other liabilities.....	104,305	123,796
	-----	-----
Total liabilities.....	1,472,501	1,610,225
Commitments and contingencies.....	--	--
Minority interests.....	325,024	324,860
Stockholders' equity:		
Series A preferred stock, cumulative, redeemable, \$0.01 par value, 100,000,000 shares authorized, 4,000,000 shares issued and outstanding, \$100,000 liquidation preference.....	96,100	96,100
Common stock, \$0.01 par value, 500,000,000 shares authorized, 85,917,520 and 86,026,271 issued and outstanding.....	859	860
Additional paid-in capital.....	1,668,401	1,664,573
Retained earnings.....	--	--
	-----	-----
Total stockholders' equity.....	1,765,360	1,761,533
	-----	-----
Total liabilities and stockholders' equity.....	\$3,562,885	\$3,696,618
	=====	=====

</TABLE>

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

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AMB PROPERTY CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND 1999

(UNAUDITED, DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	FOR THE THREE MONTHS ENDED MARCH 31,	
	1998	1999
<S>	<C>	<C>
REVENUES		
Rental revenues.....	\$ 74,602	\$ 107,657
Equity in earnings of unconsolidated joint venture.....	--	1,151
Investment management and other income.....	1,183	764
Total revenues.....	75,785	109,572
OPERATING EXPENSES		
Property operating expenses.....	10,004	14,499
Real estate taxes.....	10,248	15,035
General and administrative.....	2,718	4,072
Interest, including amortization.....	11,841	22,967
Depreciation and amortization.....	11,786	18,424
Total operating expenses.....	46,597	74,997
Income from operations before minority interests.....	29,188	34,575
Minority interests' share of net income.....	(1,282)	(6,561)
Net income.....	27,906	28,014
Series A preferred stock dividends.....	--	(2,125)
Net income available to common stockholders.....	\$ 27,906	\$ 25,889
INCOME PER SHARE OF COMMON STOCK		
Basic.....	\$ 0.32	\$ 0.30
Diluted.....	\$ 0.32	\$ 0.30
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic.....	85,874,513	86,001,104
Diluted.....	86,284,736	86,020,680

</TABLE>

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

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AMB PROPERTY CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND 1999
(UNAUDITED, DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	FOR THE THREE MONTHS ENDED MARCH 31,	
	1998	1999
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	\$ 27,906	\$ 28,014
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	11,786	18,424
Straight-line rents.....	(2,825)	(2,688)
Amortization of debt premiums and financing costs.....	(669)	(727)
Minority interests' share of net income.....	1,282	6,561
Equity in earnings of AMB Investment Management.....	(126)	(578)
Equity in earnings of unconsolidated joint venture.....	--	(1,151)
Changes in assets and liabilities:		
Other assets.....	(4,512)	(2,834)
Other liabilities.....	1,978	19,491
Net cash provided by operating activities.....	34,820	64,512
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for property acquisitions.....	(149,874)	(70,100)

Additions to land, building, development costs, and improvements.....	(11,575)	(31,208)
Distribution received from unconsolidated joint venture.....	--	1,109
Reduction of payable to affiliates in connection with Formation Transactions.....	(38,071)	--
	-----	-----
Net cash used in investing activities.....	(199,520)	(100,199)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock.....	--	391
Borrowings on unsecured credit facility.....	162,000	82,000
Borrowings on secured debt.....	1,118	303
Payments on secured debt.....	(9,429)	(8,316)
Payments of financing fees.....	--	(92)
Dividends paid to common and preferred stockholders.....	--	(31,552)
Distributions to minority interests.....	(373)	(3,019)
	-----	-----
Net cash provided by financing activities.....	153,316	39,715
	-----	-----
Net increase (decrease) in cash and cash equivalents.....	(11,384)	4,028
Cash and cash equivalents at beginning of period.....	39,968	25,137
	-----	-----
Cash and cash equivalents at end of period.....	\$ 28,584	\$ 29,165
	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest.....	\$ 13,457	\$ 15,312
	=====	=====
Non-cash transactions:		
Acquisitions of properties.....	\$ 296,143	\$ 113,881
Assumption of debt.....	(83,515)	(43,756)
Minority interest's contribution, including units issued.....	(62,754)	(25)
	-----	-----
Net cash paid.....	\$ 149,874	\$ 70,100
	=====	=====

</TABLE>

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

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AMB PROPERTY CORPORATION

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 1999
(UNAUDITED, DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	SERIES A PREFERRED STOCK	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
		NUMBER OF SHARES	AMOUNT			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE AT DECEMBER 31, 1998.....	\$96,100	85,917,520	\$859	\$1,668,401	\$ --	\$1,765,360
Net income.....	2,125	--	--	--	25,889	28,014
Issuance of restricted stock, net.....	--	100,000	1	206	--	207
Exercise of stock options.....	--	8,751	--	186	--	186
Reallocation of Limited Partners' interests in Operating Partnership.....	--	--	--	--	--	--
Dividends.....	(2,125)	--	--	(4,220)	(25,889)	(32,234)
	-----	-----	-----	-----	-----	-----
BALANCE AT MARCH 31, 1999.....	\$96,100	86,026,271	\$860	\$1,664,573	\$ --	\$1,761,533
	=====	=====	=====	=====	=====	=====

</TABLE>

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

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1999

(UNAUDITED, DOLLARS IN THOUSANDS, EXCEPT PER SHARE AND UNIT AMOUNTS)

1. ORGANIZATION AND FORMATION

AMB Property Corporation, a Maryland corporation (the "Company"), commenced operations as a fully integrated real estate company effective with the completion of its initial public offering (the "IPO") on November 26, 1997. The

Company elected to be taxed as a real estate investment trust ("REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986 (the "Code"), commencing with its taxable year ended December 31, 1997, and believes its current organization and method of operation will enable it to maintain its status as a REIT. The Company, through its controlling interest in its subsidiary, AMB Property, L.P., a Delaware limited partnership (the "Operating Partnership"), is engaged in the acquisition, ownership, operation, management, renovation, expansion and development of industrial buildings and community shopping centers in target markets nationwide. Unless the context otherwise requires, the "Company" means AMB Property Corporation, the Operating Partnership and its other controlled subsidiaries.

The Company and the Operating Partnership were formed shortly before consummation of the IPO. AMB Institutional Realty Advisors, Inc., a California corporation and registered investment advisor (the "Predecessor") formed AMB Property Corporation, a wholly owned subsidiary, and merged with and into the Company (the "Merger") in exchange for 4,746,616 shares of the Company's Common Stock (the "Common Stock"). In addition, the Company and the Operating Partnership acquired, through a series of mergers and other transactions, 31.8 million rentable square feet of industrial property and 6.3 million rentable square feet of retail property in exchange for 65,022,185 shares of the Company's Common Stock, 2,542,163 limited partner interests ("LP Units") in the Operating Partnership, the assumption of debt and, to a limited extent, cash. The net assets of the Predecessor and the properties acquired with Common Stock were contributed to the Operating Partnership in exchange for 69,768,801 LP Units. The purchase method of accounting was applied to the acquisition of the properties. Collectively, the Merger and the other formation transactions described above are referred to as the "Formation Transactions."

On November 26, 1997, the Company completed its IPO of 16,100,000 shares of Common Stock, \$0.01 par value per share for \$21.00 per share, resulting in gross offering proceeds of approximately \$338,100. The net proceeds of approximately \$300,032 were used to repay indebtedness, to purchase interests from certain investors who elected not to receive Common Stock or LP Units in connection with the Formation Transactions, to fund property acquisitions, and for general corporate working capital requirements.

As of March 31, 1999, the Company owned an approximate 95.1% general partner interest in the Operating Partnership, excluding preferred units. The remaining 4.9% limited partner interest is owned by nonaffiliated investors. For local law purposes, properties in certain states are 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 entities does not materially affect the Company's overall ownership of the interests in the properties. As the sole general partner of the Operating Partnership, the Company has the full, exclusive and complete responsibility and discretion in the day-to-day management and control of the Operating Partnership.

In connection with the Formation Transactions, the Operating Partnership formed AMB Investment Management, Inc., a Maryland corporation ("AMB Investment Management"). The Operating Partnership purchased 100% of AMB Investment Management's non-voting preferred stock (representing a 95% economic interest therein). Certain current and former executive officers of the Company and an officer of AMB Investment Management collectively purchased 100% of AMB Investment Management's voting common stock (representing a 5% economic interest therein). AMB Investment Management was formed to succeed to the Predecessor's investment management business of providing real estate investment management services on a fee basis to clients. The Operating Partnership also owns 100% of the non-voting preferred stock of Headlands Realty Corporation, a Maryland corporation (representing a 95% economic interest

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 1999

(UNAUDITED, DOLLARS IN THOUSANDS, EXCEPT PER SHARE AND UNIT AMOUNTS)

therein). Certain executive officers of the Company and an officer of Headlands Realty Corporation collectively own 100% of the voting common stock of Headlands Realty Corporation (representing a 5% economic interest therein). Headlands Realty Corporation invests in properties and interests in entities that engage in the management, leasing and development of properties and similar activities. The Operating Partnership accounts for its investment in AMB Investment Management and Headlands Realty Corporation using the equity method of accounting.

As of March 31, 1999, the Company owned 615 industrial buildings (the "Industrial Properties") and 38 retail centers (the "Retail Properties") located in 30 markets throughout the United States. The Industrial Properties, principally warehouse distribution buildings, encompass approximately 58.9 million rentable square feet and, as of March 31, 1999, were 95.4% leased to over 1,900 tenants. The Retail Properties, principally grocer-anchored community shopping centers, encompass approximately 7.1 million rentable square feet and,

as of the same date, were 95.0% leased to over 900 tenants. The Industrial Properties and the Retail Properties collectively are referred to as the "Properties."

2. INTERIM FINANCIAL STATEMENTS

The consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and note disclosures normally included in the annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. The consolidated financial statements for prior periods have been reclassified to conform to current classifications with no effect on results of operations. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments, of a normal recurring nature, necessary for a fair presentation of the Company's consolidated financial position and results of operations for the interim periods.

The interim results of the three months ended March 31, 1999 and 1998 are not necessarily indicative of the results expected for the entire year. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

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.

3. REAL ESTATE ACQUISITION AND DEVELOPMENT ACTIVITY

During the first quarter, the Company invested \$109,078 in operating properties, consisting of 36 industrial buildings aggregating 1.7 million square feet. The Company also initiated two new development projects aggregating approximately 0.2 million square feet during the quarter, with a total estimated cost of \$14,600 upon completion. As of March 31, 1999, the Company had 15 industrial projects aggregating approximately 3.7 million square feet in its development pipeline with a total estimated investment of \$179,500 upon completion and three retail projects aggregating approximately 0.6 million square feet in its development pipeline representing an estimated investment of \$84,700 upon completion. As of March 31, 1999, approximately \$135,100 had been funded and approximately \$129,100 is estimated to be required to complete projects currently under construction or for which we have committed to complete.

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 1999

(UNAUDITED, DOLLARS IN THOUSANDS, EXCEPT PER SHARE AND UNIT AMOUNTS)

4. PROPERTY HELD FOR DIVESTITURE AND PROPERTY DIVESTITURE

On March 9, 1999, the Operating Partnership signed a series of definitive agreements with BPP Retail, LLC ("BPP Retail"), a co-investment entity between Burnham Pacific Properties ("BPP") and the California Public Employees' Retirement System ("CalPERS"), pursuant to which, if fully consummated, BPP Retail will acquire up to 28 of our retail shopping centers, totaling 5.1 million square feet, for an aggregate price of \$663,400. BPP will acquire the centers in separate transactions, which were originally expected to close on or about April 30, 1999, July 31, 1999 and December 1, 1999. In addition, the Operating Partnership has entered into a definitive agreement, subject to a financing condition, with BPP, pursuant to which, if fully consummated, BPP will acquire up to six additional retail centers, totaling 1.5 million square feet, for \$284,400. Assuming satisfaction or waiver of this condition, this transaction is currently expected to close by December 31, 1999. Under the agreements, the Operating Partnership has the right to extend the closing dates for a period of up to either 20 or 50 days. The Operating Partnership has exercised this right with respect to the first closing, which is now expected to occur on or about June 15, 1999. In connection with these transactions, the Company has granted to CalPERS an option to purchase up to 2,000,000 original issue shares of the Company's Common Stock for an exercise price of \$25 per share that may be exercised on or before March 31, 2000. As of March 31, 1999, the net carrying value of the properties held for divestiture was \$823,452. Certain of the properties included in these transactions are subject to indebtedness which totaled \$178,263 as of March 31, 1999. The Company intends to use the proceeds of \$947,800 from these transactions to pay expenses incurred in connection with the divestitures, to repay the secured debt related to the properties divested, to partially pay down the unsecured credit facility, for potential acquisitions and for general corporate purposes.

Although none of the transactions has a discretionary due diligence period

(other than the transaction with BPP, which has a fully discretionary financing contingency), all of the transactions are subject to certain customary closing conditions, which are generally applied on a property-by-property basis. While BPP Retail has posted certain initial deposits aggregating \$25,000 on the transactions, BPP Retail's liability in the event of its default under a definitive agreement is limited to its deposit. Additionally, the sale of five of the centers is subject to the consent of our joint venture partners. Accordingly, the transactions might not close as scheduled or close at all, and it is possible that the transactions may close with respect to just a portion of the properties currently subject to the agreements.

In addition to the 34 retail centers, the Company has decided to divest itself of 17 industrial buildings which are not in its core markets and which do not meet its strategic objectives. As of March 31, 1999, the divestiture of the properties is subject to negotiation of acceptable terms and conditions. As of March 31, 1999, the net carrying value of the industrial buildings held for divestiture was \$48,213.

The following summarizes the condensed results of operations of the properties held for divestiture for the quarter ended March 31, 1998 and 1999:

<TABLE>
<CAPTION>

	PROPERTIES HELD FOR DIVESTITURE					
	INDUSTRIAL		RETAIL		TOTAL	
	1998	1999	1998	1999	1998	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Income.....	\$1,511	\$1,409	\$25,793	\$27,900	\$27,304	\$29,309
Property Operating Expenses.....	333	322	6,928	7,572	7,261	7,894
Net Operating Income.....	\$1,178	\$1,087	\$18,865	\$20,328	\$20,043	\$21,415

</TABLE>

On February 26, 1999, the Company divested itself of one retail center located in Miami, Florida, aggregating 83,108 square feet. The center was sold at a gross sales price of \$9,775 and the related secured debt of \$5,742 was paid down at the time of the closing of the transaction.

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 1999

(UNAUDITED, DOLLARS IN THOUSANDS, EXCEPT PER SHARE AND UNIT AMOUNTS)

5. DEBT

As of December 31, 1998 and March 31, 1999, debt consisted of the following:

<TABLE>
<CAPTION>

	DECEMBER 31, 1998	MARCH 31, 1999
<S>	<C>	<C>
Secured debt, varying interest rates from 4.00% to 10.38% due April 1999 to April 2014.....	\$ 718,979	\$ 754,746
Unsecured senior debt securities, weighted average interest rate of 7.18%, due June 2008, June 2015 and June 2018.....	400,000	400,000
Unsecured credit facility, variable interest at LIBOR plus 90 to 120 basis points (6.10% at March 31, 1999), due November 2000.....	234,000	316,000
Subtotal.....	1,352,979	1,470,746
Unamortized premiums.....	15,217	15,683
Total consolidated debt.....	\$1,368,196	\$1,486,429

</TABLE>

Secured debt generally requires monthly principal and interest payments. The secured debt is secured by deeds of trust on certain Properties. As of March 31, 1999, the total gross investment value of those Properties secured by debt was \$1,432,595. All of the secured debt bears interest at fixed rates, except for two loans with an aggregate principal amount of \$9,466 which bear interest at a variable rate. The secured debt has various financial and non-financial covenants. Additionally, certain of the secured debt is cross-collateralized. In the first quarter of 1999, as part of a property acquisition transaction, the Company assumed \$43,800 of secured debt at a weighted average interest rate of 7.91%, maturing between May, 2000 and March, 2010.

Interest on the senior debt securities is payable semiannually in each June and December commencing December 1998. The 2015 notes are putable and callable in June 2005. The senior debt securities are subject to various financial and non-financial covenants.

The Company has a \$500,000 unsecured revolving credit agreement (the "Credit Facility") with Morgan Guaranty Trust Company of New York, as agent, and a syndicate of twelve other banks. The Credit Facility has an original term of three years and is subject to a fee that accrues on the daily average undrawn funds, which varies between 15 and 25 basis points of the undrawn funds based on the Company's credit rating. The Credit Facility has various financial and non-financial covenants.

Capitalized interest related to construction projects for the three months ended March 31, 1998 and 1999 was \$1,253 and \$2,583, respectively.

The scheduled maturities of the Company's total debt, excluding unamortized debt premiums, as of March 31, 1999 are as follows:

<TABLE>
<CAPTION>

	SECURED DEBT	UNSECURED SENIOR DEBT SECURITIES	UNSECURED CREDIT FACILITY	TOTAL
<S>	<C>	<C>	<C>	<C>
1999 (nine months).....	\$ 13,184	\$ --	\$ --	\$ 13,184
2000.....	33,527	--	316,000	349,527
2001.....	43,484	--	--	43,484
2002.....	66,375	--	--	66,375
2003.....	133,295	--	--	133,295
Thereafter.....	464,881	400,000	--	864,881
	-----	-----	-----	-----
	\$754,746	\$400,000	\$316,000	\$1,470,746
	=====	=====	=====	=====

</TABLE>

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 1999

(UNAUDITED, DOLLARS IN THOUSANDS, EXCEPT PER SHARE AND UNIT AMOUNTS)

6. MINORITY INTERESTS IN CONSOLIDATED JOINT VENTURE

Minority interests in the Company represent the limited partnership interests in the Operating Partnership and interests held by certain third parties (some of which are Institutional Alliance Partners) in 21 real estate joint ventures that are consolidated for financial reporting purposes. Such investments are consolidated because (i) the Company owns a majority interest or (ii) the Company 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 changes in financing.

The following table distinguishes the minority interest ownership held by certain Joint Venture Partners, Institutional Alliance Partners, the limited partners in the Operating Partnership, the Series B Preferred Unit holders interest in the Operating Partnership, and the Series C Preferred Unit holders interest in a subsidiary of the Operating Partnership, as of and for the quarter ended March 31, 1999.

<TABLE>
<CAPTION>

	MINORITY INTEREST LIABILITY	MINORITY INTEREST SHARE OF NET INCOME
<S>	<C>	<C>
Joint Venture Partners.....	\$ 17,974	\$ 356
Institutional Alliance Partners.....	52,279	1,059
Limited Partners in the Operating Partnership.....	86,420	1,338
Series B Preferred Units (liquidation preference of \$65,000).....	62,319	1,402
Series C Preferred Units (liquidation preference of \$110,000).....	105,868	2,406
	-----	-----
	\$324,860	\$6,561
	=====	=====

</TABLE>

7. INVESTMENT IN UNCONSOLIDATED JOINT VENTURE

The Company has a 56.1% non-controlling limited partnership interest in one unconsolidated equity investment joint venture which was purchased in June, 1998. The joint venture owns 36 industrial buildings totaling approximately 4.0 million square feet in the Chicago market. For the three month period ended March 31, 1999, the Company's share of net operating income was \$1,151 and, as of March 31, 1999, the Company's share of the unconsolidated joint venture debt was \$19,831, which had a weighted average interest rate of 6.49%.

8. STOCKHOLDERS' EQUITY

On March 5, 1999, the Company and the Operating Partnership declared a quarterly cash distribution of \$0.35 per share of common stock and operating partnership unit, for the quarter ending March 31, 1999, payable on April 15, 1999, to stockholders and unitholders of record as of March 31, 1999. On March 5, 1999, the Company declared a cash dividend of \$0.53125 per share on its Series A Preferred Stock, and the Operating Partnership declared a cash distribution of \$0.53125 per unit on its Series A Preferred Units, for the three month period ending April 14, 1999, payable on April 15, 1999, to stockholders and unitholders of record as of March 31, 1999.

9. INCOME PER SHARE

The Company's only dilutive securities outstanding for the three months ended March 31, 1998 and 1999 were stock options issued under its stock incentive plan. The effect of the stock options was to increase weighted average shares outstanding by 410,223 and 19,576 shares for the three months ended March 31, 1998 and 1999, respectively. Such dilution was computed using the treasury stock method.

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 1999

(UNAUDITED, DOLLARS IN THOUSANDS, EXCEPT PER SHARE AND UNIT AMOUNTS)

10. SEGMENT INFORMATION

The Company has two reportable segments: Industrial Properties and Retail Properties. The Industrial Properties consist primarily of warehouse distribution facilities suitable for single or multiple tenants and are typically comprised of multiple buildings and are leased to tenants engaged in various types of businesses. The Retail Properties are generally leased to one or more anchor tenants, such as grocery and drug stores, and various retail businesses. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based upon property net operating income from the combined properties in each segment. The Company's properties are managed separately because each segment requires different operating, pricing and leasing strategies. Significant information used by the Company for the reportable segments is as follows:

<TABLE>

<CAPTION>

	INDUSTRIAL PROPERTIES -----	RETAIL PROPERTIES -----	TOTAL PROPERTIES -----
<S>	<C>	<C>	<C>
RENTAL REVENUES:			
For the three months ended:			
March 31, 1998.....	\$ 48,665	\$ 25,937	\$ 74,602
March 31, 1999.....	79,686	27,971	107,657
PROPERTY NET OPERATING INCOME AND CONTRIBUTION TO FFO(1):			
For the three months ended:			
March 31, 1998.....	35,513	18,837	54,350
March 31, 1999.....	58,050	20,073	78,123
INVESTMENT IN PROPERTIES:			
As of:			
December 31, 1998(2).....	2,574,940	794,120	3,369,060
March 31, 1999(3).....	2,690,481	42,183	2,732,664

</TABLE>

- (1) Property net operating income (NOI) is defined as rental revenue, including reimbursements and straight-line rents, less property level operating expenses, including allocated asset management costs and excluding depreciation, amortization and interest expense.
- (2) Excludes net properties held for divestiture of \$21,434, \$93,616 and \$115,050 for Industrial, Retail and Total Properties, respectively.
- (3) Excludes net properties held for divestiture of \$48,213, \$823,452 and \$871,665 for Industrial, Retail and Total Properties, respectively. See Note

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 1999

(UNAUDITED, DOLLARS IN THOUSANDS, EXCEPT PER SHARE AND UNIT AMOUNTS)

The Company uses property net operating income and FFO as operating performance measures. The following two tables are reconciliations between total reportable segment revenue, property net operating income and funds from operations ("FFO") contribution to consolidated revenues, net income and FFO.

<TABLE>

<CAPTION>

	FOR THE THREE MONTHS ENDED MARCH 31,	
	1998	1999
<S>	<C>	<C>
REVENUES		
Total rental revenues for reportable segments.....	\$74,602	\$107,657
Investment management and other income.....	1,183	1,915
	-----	-----
Total consolidated revenues.....	\$75,785	\$109,572
	=====	=====
NET INCOME		
Property net operating income for reportable segments.....	\$54,350	\$ 78,123
Equity in earnings of unconsolidated joint venture.....	--	1,151
Investment management and other income.....	1,183	764
Less:		
General and administrative.....	(2,718)	(4,072)
Interest expense.....	(11,841)	(22,967)
Depreciation and amortization.....	(11,786)	(18,424)
Minority interests.....	(1,282)	(6,561)
	-----	-----
Net income.....	\$27,906	\$ 28,014
	=====	=====
FFO(1)		
Net income.....	\$27,906	\$ 28,014
Minority interests' share of net income.....	1,282	6,561
Real estate depreciation and amortization:		
Total depreciation and amortization.....	11,786	18,424
Furniture, fixtures, and equipment depreciation.....	(104)	(114)
FFO attributable to minority interests(2):		
Institutional Alliance Partners.....	--	(1,474)
Other joint venture partners.....	(575)	(551)
Adjustment to derive FFO in unconsolidated joint venture(3):		
Company's share of net income.....	--	(1,151)
Company's share of FFO.....	--	1,645
Series A preferred stock dividends.....	--	(2,125)
Series B & C preferred unit distributions.....	--	(3,808)
	-----	-----
FFO.....	\$40,295	\$ 45,421
	=====	=====

</TABLE>

(1) Funds from Operations ("FFO") is defined as income from operations before minority interest, gains or losses from sale of real estate and extraordinary losses plus real estate depreciation and adjustment to derive the Company's pro rata share of the FFO of unconsolidated joint ventures, less minority interests' pro rata share of the FFO of consolidated joint ventures and perpetual preferred stock dividends. In accordance with NAREIT White Paper on FFO, the Company includes the effects of straight-line rents in FFO. Further, the Company does not adjust FFO to eliminate the effects of non-recurring charges.

(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 periods. Such minority interests are not exchangeable into shares of Common Stock.

(3) Represents our pro rata share of FFO in unconsolidated joint ventures for the periods presented, which has been computed as our share of net income plus our share of real estate-related depreciation and amortization of the unconsolidated joint venture for such periods.

MARCH 31, 1999

(UNAUDITED, DOLLARS IN THOUSANDS, EXCEPT PER SHARE AND UNIT AMOUNTS)

11. COMMITMENTS AND CONTINGENCIES

Litigation

In the normal course of business, from time to time, the Company is involved in legal actions relating to the ownership and operations of its Properties. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a materially adverse effect on the consolidated financial position, results of operations, or cash flows of the Company.

Environmental Matters

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

General Uninsured Losses

The Company carries comprehensive liability, fire, flood, environmental, 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. Certain of the Properties are located in areas that are subject to earthquake activity; the Company has therefore obtained limited earthquake insurance. Should an uninsured loss occur, the Company could lose its investment in, and anticipated profits and cash flows, from a property.

12. SUBSEQUENT EVENTS

On April 30, 1999, the Operating Partnership issued an aggregate of 390,633 LP Units with an aggregate value of approximately \$9,400 to two corporations and twelve individuals in partial consideration for the acquisition of certain industrial properties with a purchase price of \$40,217. Holders of LP Units may redeem part or all of their LP Units for cash, or at the election of the Company, exchange their LP Units for shares of Common Stock on a one-for-one basis.

On May 5, 1999, one of the Company's subsidiaries issued and sold 1,595,337 7.75% Series D Cumulative Redeemable Preferred Units at a price of \$50.00 per unit in a private placement. Distributions are cumulative from the date of original issuance and are payable quarterly in arrears at a rate per unit equal to \$3.875 per annum. The Series D Preferred Units are redeemable by the subsidiary on or after May 5, 2004, subject to certain conditions, for cash at a redemption price equal to \$50.00 per unit, plus accumulated and unpaid distributions thereon, if any, to the redemption date. The Series D Preferred Units are exchangeable, at specified times and subject to certain conditions, on a one-for-one basis, for shares of the Company's Series D Preferred Stock. The subsidiary used the proceeds to make a loan to the Operating Partnership and to purchase an unconsolidated joint venture interest from the Operating Partnership. The Operating Partnership used the funds to repay borrowings under the credit facility and for general corporate purposes.

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

You should read the following discussion and analysis of the consolidated financial condition and results of operations in conjunction with the Notes to Consolidated Financial Statements. Statements contained in this discussion which are not historical facts may be forward looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements involve numerous risks and uncertainties and you should not rely upon them as predictions of future events. There is no assurance that the events or circumstances reflected in forward-looking statements will be achieved or occur. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: defaults or non-renewal of leases by tenants, increased interest rates and operating costs, failure to

obtain necessary outside financing, difficulties in identifying properties to acquire and in effecting acquisitions, our failure to successfully integrate acquired properties and operations, our failure to divest of properties we have contracted to sell or to timely reinvest proceeds from any such divestitures, risks and uncertainties affecting property development and construction (including, construction delays, cost overruns, our inability to obtain necessary permits and public opposition to these activities), our failure to qualify and maintain our status as a real estate investment trust under the Internal Revenue Code of 1986, as amended, environmental uncertainties, risks related to natural disasters, financial market fluctuations, changes in real estate and zoning laws and increases in real property tax rates. Our success also depends upon economic trends generally, including interest rates, income tax laws, governmental regulation, legislation, population changes and those risk factors discussed in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Business Risks" in our Annual Report on Form 10-K for fiscal year ended December 31, 1998. We caution you not to place undue reliance on forward-looking statements, which reflect our analysis only and speak only as of the date of this report or the dates indicated in the statements.

Unless we indicate otherwise or unless the context requires otherwise, all references in this report to "AMB" mean AMB Property Corporation and all references to the "operating partnership" mean AMB Property, L.P. Unless we indicate otherwise or unless the context requires otherwise, all references in this prospectus to "we," "us," or "our" mean AMB and its subsidiaries, including the operating partnership and its subsidiaries.

THE COMPANY

As of March 31, 1999, we owned and operated industrial buildings and retail centers totaling 66.0 million square feet located in 30 markets nationwide. As of March 31, 1999, we owned 615 industrial buildings, principally warehouse distribution buildings, aggregating 58.9 million rentable square feet, which were 95.4% leased, and 38 retail centers, principally grocer-anchored community shopping centers, aggregating 7.1 million rentable square feet, which were 95.0% leased. In addition, as of the same date we had an interest in an unconsolidated joint venture that owns 36 industrial buildings aggregating 4.0 million square feet and we operated properties aggregating 4.5 million square feet of property on behalf of investment management clients.

On March 9, 1999, the operating partnership, in which AMB is the sole general partner, signed a series of definitive agreements with BPP Retail, LLC, a co-investment entity between Burnham Pacific Properties and the California Public Employees' Retirement System ("CalPERS"), pursuant to which, if fully consummated, BPP Retail will acquire up to 28 of our retail shopping centers, totaling 5.1 million square feet, for an aggregate price of \$663.4 million. Burnham Pacific will acquire the centers in separate transactions, which we originally expected to close on or about April 30, 1999, July 31, 1999 and December 1, 1999. In addition, the operating partnership has entered into a definitive agreement, subject to a financing condition, with Burnham Pacific, pursuant to which, if fully consummated, Burnham Pacific will acquire up to six additional retail

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centers, totaling 1.5 million square feet, for \$284.4 million. Assuming satisfaction or waiver of this condition, we currently expect this transaction to close by December 31, 1999. Under the agreements, the operating partnership has the right to extend the closing dates for a period of up to either 20 or 50 days. The operating partnership has exercised this right with respect to the first closing, which is now expected to occur on or about June 15, 1999. In connection with these transactions, AMB has granted to CalPERS an option to purchase up to 2,000,000 shares of AMB's common stock for an exercise price of \$25 per share that CalPERS may exercise on or before March 31, 2000. We have agreed to register the resale of the shares issuable upon exercise of the option. We intend to use the proceeds of \$947.8 million from these transactions to pay expenses incurred in connection with the divestitures, to repay the secured debt related to the properties divested, to partially pay down the unsecured credit facility, for potential acquisitions and for general corporate purposes.

Although none of the transactions has a discretionary due diligence period (other than the transaction with Burnham Pacific, which has a fully discretionary financing contingency), all of the transactions are subject to certain customary closing conditions, which are generally applied on a property-by-property basis. While BPP Retail has posted certain initial deposits aggregating \$25 million on the transactions, BPP Retail's liability in the event of its default under a definitive agreement is limited to its deposit. Additionally, the sale of five of the centers is subject to the consent of our joint venture partners. Accordingly, the transactions might not close as scheduled or close at all, and it is possible that the transactions may close with respect to just a portion of the properties currently subject to the agreements.

<TABLE>
<CAPTION>

% OF	REGION	INDUSTRIAL PROPERTIES			RETAIL PROPERTIES			TOTAL	
		NUMBER OF BUILDINGS	RENTABLE SQUARE FEET	% OF TOTAL	NUMBER OF CENTERS	RENTABLE SQUARE FEET	% OF TOTAL	NUMBER OF BUILDINGS AND CENTERS	RENTABLE SQUARE FEET
TOTAL									
<S>		<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Eastern.....		135	13,877,869	23.6%	4	1,282,140	18.1%	139	15,160,009
23.0%									
Midwestern.....		108	12,137,590	20.6	5	803,283	11.4	113	12,940,873
19.6									
Southern.....		194	17,846,453	30.3	12	1,975,312	27.9	206	19,821,765
30.0									
Western.....		178	15,028,232	25.5	17	3,013,060	42.6	195	18,041,292
27.4									
		---	-----	-----	--	-----	-----	---	-----
		-----	-----	-----	-----	-----	-----	-----	-----
Total.....		615	58,890,144	100.0%	38	7,073,795	100.0%	653	65,963,939
100.0%		===	=====	=====	==	=====	=====	===	=====

</TABLE>

ACQUISITION AND DEVELOPMENT ACTIVITY

During the first quarter, we invested \$109.1 million in operating properties, consisting of 36 industrial buildings aggregating 1.7 million square feet. We also initiated two new development projects aggregating approximately 0.2 million square feet during the quarter, with a total estimated cost of \$14.6 million upon completion. As of March 31, 1999, we had 15 industrial projects aggregating approximately 3.7 million square feet in our development pipeline with a total estimated investment of \$179.5 million upon completion and three retail projects aggregating approximately 0.6 million square feet in our development pipeline representing an estimated investment of \$84.7 million upon completion.

STRATEGIC ALLIANCE PROGRAMS

We believe that our strategy of forming strategic alliances with local and regional real estate experts improves our operating efficiency and flexibility, strengthens our customer satisfaction and retention and provides us with attractive growth opportunities. Additionally, our strategic alliances with institutional investors enhance our access to private capital and our ability to finance transactions.

The following are trademarks of AMB: Strategic Alliance Programs, Development Alliance Program, UPREIT Alliance Program, Institutional Alliance Program, Management Alliance Program, Customer Alliance Program and Broker Alliance Program.

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Our six Strategic Alliance Programs can be grouped into two categories:

- Operating Alliances, which allow us to form relationships with local or regional real estate experts, thereby becoming their ally rather than their competitor; and
- Investment Alliances, which allow us to establish relationships with a variety of capital sources.

OPERATING ALLIANCES

MANAGEMENT ALLIANCE PROGRAM: Our strategy for the Management Alliance Program is to develop close relationships with and outsource property management to local property managers that we believe to be among the best in their respective markets. Our alliances with local property managers increase our flexibility, reduce our overhead expenses and improve our customer service. In addition, these alliances provide us with local market information related to tenant activity and acquisition opportunities.

CUSTOMER ALLIANCE PROGRAM: Through our Customer Alliance Program, we seek to build long-term working relationships with major tenants. We are committed to working with our tenants, particularly our larger tenants with multi-site requirements, to make their property searches as efficient as possible. During the first quarter of 1999, we acquired one industrial building aggregating

350,000 square feet sourced through our Customer Alliance Program.

BROKER ALLIANCE PROGRAM: Through our Broker Alliance Program, we work closely with top local leasing companies in each of our markets, which brokers provide us with access to high quality tenants and local market knowledge.

INVESTMENT ALLIANCES

DEVELOPMENT ALLIANCE PROGRAM: Our strategy for our Development Alliance Program is to form alliances with development firms with a strong local presence and expertise. Through our Development Alliance Program, during the first quarter of 1999, we initiated one development project aggregating an estimated 78,000 square feet at completion. As of March 31, 1999, over 80% of our development projects were managed by our Development Alliance Partners.

UPREIT ALLIANCE PROGRAM: Through our UPREIT Alliance Program, we issue limited partnership units in the operating partnership to certain property owners in exchange for properties, thus providing additional growth for our portfolio. During the first quarter of 1999, we acquired a portion of the Manekin Portfolio through our UPREIT Alliance Program, which consists of 35 buildings aggregating 1.3 million square feet, for a purchase price of \$99.1 million. In addition, on April 30, 1999, we acquired an additional portion of the Manekin Portfolio, through our UPREIT Alliance Program, which consists of nine buildings aggregating 381,074 square feet, for a purchase price of \$40.2 million.

INSTITUTIONAL ALLIANCE PROGRAM: Our strategy for our Institutional Alliance Program is to form alliances with institutional investors. Our alliances with institutional investors provide us with access to private capital, including during those times when the public markets are less attractive, as well as providing us with a source of incremental fee income and investment returns.

RESULTS OF OPERATIONS

The analysis below shows changes in our results of operations for the three months ended March 31, 1999 and 1998 which includes changes attributable to acquisitions and development activity, and the changes resulting from properties that we owned during both the current and prior year reporting periods, excluding development properties prior to being stabilized (95% leased) for both the current and prior periods (the "same store properties"). For the comparison between the three month periods ended March 31, 1999 and 1998, the same store properties consist of properties aggregating 42.1 million square feet. Our future financial condition and results of operations, including rental revenues, may be impacted by the acquisition of additional properties. Our future revenues and expenses may vary materially from their historical rates.

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THREE MONTHS ENDED MARCH 31, 1999 AND 1998

Rental revenues. Rental revenues, including straight-line rents, tenant reimbursements and other property related income, increased by \$33.1 million, or 44.3%, for the three months ended March 31, 1999, to \$107.7 million, as compared with the same period in 1998. Approximately \$4.6 million, or 13.9% of this increase, was attributable to same store properties, with the remaining \$28.5 million attributable to properties acquired between January 1, 1998 and March 31, 1999. The growth in rental revenues in same store properties resulted primarily from the incremental effect of cash rental rate increases and changes in occupancy and reimbursement of expenses, offset by a decrease in straight-line rents. During the trailing 12 months ended March 31, 1999, the same store properties increase in base rents (cash basis) was 10.7% on 6.2 million square feet leased.

Other revenues. Other revenues, including equity in earnings of unconsolidated joint venture, investment management income, and interest income, totaled \$1.9 and \$1.2 million for the three months ended March 31, 1999 and 1998, respectively. The \$0.7 million, or 58.3%, increase in other revenues was primarily attributable to the earnings from our equity investment in our unconsolidated joint venture which was purchased in June 1998.

Property operating expenses and real estate taxes. Property operating expenses, including asset management costs and real estate taxes, increased by \$9.2 million, or 45.3%, for the three months ended March 31, 1999, to \$29.5 million as compared with the same period in 1998. Same store properties operating expenses increased by approximately \$0.8 million for the three months ended March 31, 1999, while operating expenses attributable to properties acquired between January 1, 1998 through March 31, 1999 added \$8.5 million. The change in same store properties operating expenses primarily relates to increases in same store properties real estate taxes of approximately \$0.8 million for the three months ended March 31, 1999.

General and administrative expenses. General and administrative expenses were \$4.1 and \$2.7 million for the three months ended March 31, 1999 and 1998. The \$1.4 million, or 49.8%, increase in general and administrative expenses, is primarily attributable to additional staffing that resulted from the growth in

our portfolio. The remainder of the increase is due to the change in our accounting policy for internal acquisition costs. During the first quarter of 1998, we capitalized \$0.3 million of internal acquisition costs. Effective April 1998, we changed our policy to expense all internal costs.

LIQUIDITY AND CAPITAL RESOURCES

We currently expect that our principal sources of working capital and funding for acquisitions, development, expansion and renovation of properties will include cash flow from operations, borrowings under our unsecured credit facility, other forms of secured or unsecured financing, proceeds from equity or debt offerings by AMB or the operating partnership (including issuances of limited partnership units in the operating partnership) and net proceeds from divestitures of properties. We presently believe that our sources of working capital and our ability to access private and public debt and equity capital are adequate for us to continue to meet our liquidity requirements for the foreseeable future.

CAPITAL RESOURCES

Property divestitures. On March 9, 1999, we signed a series of definitive agreements with BPP Retail, a co-investment entity between Burnham Pacific and CalPERS, pursuant to which, if fully consummated, BPP Retail will acquire up to 28 of our retail shopping centers, totaling 5.1 million square feet, for an aggregate price of \$663.4 million. If fully consummated, BPP Retail will acquire the centers in separate transactions, which we originally expected to close on or about April 30, 1999, July 31, 1999 and December 1, 1999. Under the agreements, we have the right to extend the closing dates for a period of up to either 20 or 50 days. We have exercised this right with respect to the first closing, which we now expect to occur on or about June 15, 1999. In addition, we have entered into a definitive agreement, subject to a financing condition, with Burnham Pacific, pursuant to which, if fully consummated, Burnham Pacific will acquire up to six additional retail centers, totaling 1.5 million square feet, for \$284.4 million. Assuming satisfaction or waiver of this condition,

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we currently expect this transaction to close by December 31, 1999. As of March 31, 1999, the net carrying value of the properties held for divestiture was \$823.5 million. Certain of the properties included in these transactions are subject to indebtedness totaling \$178.3 million as of March 31, 1999. We intend to use the proceeds of \$947.8 million from these transactions to pay expenses incurred in connection with the divestitures, to repay the secured debt related to the properties divested, to partially pay down the unsecured credit facility, for potential acquisitions and for general corporate purposes.

On February 26, 1999, we divested one retail center located in Miami, Florida, aggregating 83.1 million square feet. The center was sold at a gross sales price of \$9.8 million and the related secured debt of \$5.7 million was paid down at the time of the transaction. We used the net proceeds of \$3.5 million to partially fund a property acquisition during the first quarter of 1999.

Credit facility. We have a \$500 million unsecured revolving credit agreement with Morgan Guaranty Trust Company of New York, as agent, and a syndicate of twelve other banks. The credit facility has a term of three years and is subject to a fee that accrues on the daily average undrawn funds, which varies between 15 and 25 basis points (currently 15 basis points) of the undrawn funds based on our credit rating. We use the credit facility principally for acquisitions and for general working capital requirements. Borrowings under the credit facility bear interest at LIBOR plus 90 to 120 basis points (currently LIBOR plus 90 basis points), depending on our debt rating at the time of the borrowings. As of March 31, 1999, the outstanding balance on the credit facility was \$316.0 million and it bore interest at 5.84%. Monthly debt service payments on the credit facility are interest only. The credit facility matures in November 2000. The total amount available under the credit facility fluctuates based upon the borrowing base, as defined in the agreement governing the credit facility. At March 31, 1999, the remaining amount available under the credit facility was approximately \$184.0 million.

Debt and equity financing. In June 1998, the operating partnership issued \$400.0 million aggregate principal amount of senior, unsecured debt securities in an underwritten public offering. The operating partnership used the net proceeds to repay amounts outstanding under the credit facility. The senior debt securities mature in June 2008, June 2015 and June 2018 and bear interest at a weighted average rate of 7.175%, which is payable in June and December of each year, commencing in December 1998. The 2015 notes are puttable and callable in June 2005. We received credit ratings for our unsecured debt of Baal from Moody's Investors Service, BBB from Standard & Poor's Corporation and BBB+ from Duff & Phelps Credit Rating Co. As a result of the receipt of the investment-grade credit ratings, the interest rate on the credit facility was reduced by 20 basis points to the current rate of LIBOR plus 90 basis points.

In July 1998, AMB sold 4,000,000 shares of 8.5% Series A Cumulative Redeemable Preferred Stock at a price of \$25.00 per share in an underwritten

public offering. AMB contributed the net proceeds of \$96.1 million to the operating partnership in exchange for 4,000,000 Series A Preferred Units with terms identical to the Series A Preferred Stock. The operating partnership used these proceeds to repay borrowings under the credit facility incurred in connection with property acquisitions and for general corporate purposes.

In November 1998, the operating partnership issued and sold 1,300,000 8.625% Series B Cumulative Redeemable Preferred Units at a price of \$50.00 per unit in a private placement. Distributions are cumulative from the date of original issuance and are payable quarterly in arrears at a rate per unit equal to \$4.3125 per annum. The Series B Preferred Units are redeemable by the operating partnership on or after November 12, 2003, subject to certain conditions, for cash at a redemption price equal to \$50.00 per unit, plus accumulated and unpaid distributions thereon, if any, to the redemption date. The Series B Preferred Units are exchangeable, at specified times and subject to certain conditions, on a one-for-one basis, for shares of AMB's Series B Preferred Stock. The operating partnership used the net proceeds of approximately \$63.3 million to repay borrowings under the credit facility, for property acquisitions and for general purposes.

In November 1998, AMB Property II, L.P., one of our subsidiaries, issued and sold 2,200,000 8.75% Series C Cumulative Redeemable Preferred Limited Partnership Units at a price of \$50.00 per unit in a private placement. Distributions are cumulative from the date of issuance and payable quarterly in arrears at a rate per unit equal to \$4.375 per annum. The Series C Preferred Units are redeemable by AMB Property II, L.P. on or after November 24, 2003, subject to certain conditions, for cash at a redemption price

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equal to \$50.00 per unit, plus accumulated and unpaid distributions thereon, if any, to the redemption date. The Series C Preferred Units are exchangeable, at specified times and subject to certain conditions, on a one-for-one basis, for shares of AMB's Series C Preferred Stock. AMB Property II, L.P. used the net proceeds of approximately \$107.2 million to make a loan to the operating partnership, which used the funds to repay borrowings under the credit facility. The loan bears interest at a rate of 7.0% per annum and is payable upon demand.

On May 5, 1999, AMB Property II, L.P. issued and sold 1,595,337 7.75% Series D Cumulative Redeemable Preferred Limited Partnership Units at a price of \$50.00 per unit in a private placement. Distributions are cumulative from the date of original issuance and are payable quarterly in arrears at a rate per unit equal to \$3.875 per annum. The Series D Preferred Units are redeemable by AMB Property II, L.P. on or after May 5, 2004, subject to certain conditions, for cash at a redemption price equal to \$50.00 per unit, plus accumulated and unpaid distributions thereon, if any, to the redemption date. The Series D Preferred Units are exchangeable, at specified times and subject to certain conditions, on a one-for-one basis, for shares of AMB's Series D Preferred Stock. AMB Property II, L.P. used the net proceeds of approximately \$77.8 million to make a loan to the operating partnership in the amount of approximately \$20.1 million and to purchase an unconsolidated joint venture interest for a price of approximately \$57.7 million from the operating partnership. The loan bears interest at a rate of 7.0% per annum and is payable upon demand. The operating partnership used the funds to repay borrowings under the credit facility and for general corporate purposes.

Market capitalization. In connection with our formation transactions and property acquisitions consummated after our formation transactions, we have assumed various mortgages and other secured debt. As of March 31, 1999, the aggregate principal amount of this secured debt was \$754.7 million, excluding unamortized debt premiums of \$15.7 million. The secured debt bears interest at rates varying from 4.0% to 10.4% per annum (with a weighted average of 7.9%) and final maturity dates ranging from April 1999 to April 2014. We believe the carrying value of the debt approximates its fair value on March 31, 1999.

As of March 31, 1999, our total outstanding debt was approximately \$1.5 billion, including unamortized debt premiums of approximately \$15.7 million. See Note 5 to our Consolidated Financial Statements. The total amount of debt that we must repay during the remainder of 1999 is approximately \$13.2 million, including scheduled principal amortization of approximately \$9.6 million.

In order to maintain financial flexibility and facilitate the rapid deployment of capital through market cycles, we presently intend to operate with a debt-to-total market capitalization ratio of approximately 45% or less. Additionally, we presently intend to continue to structure our balance sheet in order to maintain an investment grade rating on our senior unsecured debt.

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The tables below summarize our debt maturities and capitalization as of March 31, 1999 (in thousands, except share amounts and percentages).

DEBT

<TABLE>

<CAPTION>

	INDUSTRIAL SECURED DEBT	RETAIL SECURED DEBT	UNSECURED SENIOR DEBT SECURITIES	UNSECURED CREDIT FACILITY	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
1999 (nine months).....	\$ 9,947	\$ 3,237	\$ --	\$ --	\$ 13,184
2000.....	25,576	7,951	--	316,000	349,527
2001.....	12,563	30,921	--	--	43,484
2002.....	27,512	38,863	--	--	66,375
2003.....	57,001	76,294	--	--	133,295
2004.....	91,283	722	--	--	92,005
2005.....	68,810	779	100,000	--	169,589
2006.....	116,396	11,581	--	--	127,977
2007.....	38,053	458	--	--	38,511
2008.....	120,277	7,465	175,000	--	302,742
Thereafter.....	9,057	--	125,000	--	134,057
Subtotal.....	576,475	178,271	400,000	316,000	1,470,746
Unamortized premiums.....	10,620	5,063	--	--	15,683
Total consolidated debt.....	587,095	183,334	400,000	316,000	1,486,429
Our share of unconsolidated JV debt.....	19,831	--	--	--	19,831
Total debt.....	\$606,926	\$183,334	\$400,000	\$316,000	\$1,506,260
JV partners' share of consolidated JV debt.....					(39,818)
Our share of total debt.....					\$1,466,442

</TABLE>

MARKET EQUITY

<TABLE>
<CAPTION>

SECURITY	SHARES OUTSTANDING	MARKET PRICE	MARKET VALUE
<S>	<C>	<C>	<C>
Common stock.....	86,026,271	\$20.75	\$1,785,045
Limited partnership units.....	4,448,873	20.75	92,314
Total.....	90,475,144		\$1,877,359

</TABLE>

PREFERRED STOCK AND UNITS

<TABLE>
<CAPTION>

SECURITY	DIVIDEND RATE	LIQUIDATION PREFERENCE	REDEMPTION PROVISIONS
<S>	<C>	<C>	<C>
Series A preferred stock.....	8.50%	\$100,000	July 2003
Series B preferred units.....	8.63%	65,000	November 2003
Series C preferred units.....	8.75%	110,000	November 2003
Weighted Average/Total.....	8.66%	\$275,000	

</TABLE>

CAPITALIZATION RATIOS

<S>	<C>
Total debt-to-total market capitalization.....	41.2%
Our share of total debt-to-total market capitalization.....	40.1%
Total debt plus preferred-to-total market capitalization....	48.7%
Our share of total debt plus preferred-to-total market capitalization.....	48.1%

</TABLE>

As of March 31, 1999, we had approximately \$29.2 million in cash and cash equivalents and \$184.0 million of additional available borrowings under the credit facility. We intend to use cash from operations, borrowings under the credit facility, other forms of secured and unsecured financing, proceeds from any future debt or equity offerings by AMB or the operating partnership (including issuances of limited partnership units in the operating partnership or its subsidiaries), and proceeds from divestitures of properties to fund acquisitions, development activities and capital expenditures and to provide for general working capital requirements.

On March 5, 1999, we declared a quarterly cash distribution of \$0.35 per share of common stock and the operating partnership declared a quarterly cash distribution of \$0.35 per operating partnership unit, for the quarter ending March 31, 1999, payable on April 15, 1999, to stockholders and unitholders of record as of March 31, 1999. On March 5, 1999, we declared a cash dividend of \$0.53125 per share on our Series A Preferred Stock, and the operating partnership declared a cash distribution of \$0.53125 per unit on its Series A Preferred Units, for the three month period ending April 14, 1999, payable on April 15, 1999, to stockholders and unitholders of record as of March 31, 1999.

The anticipated size of our distributions, using only cash from operations, will not allow us to retire all of our debt as it comes due. Therefore, we intend to also repay maturing debt with net proceeds from future debt and/or equity financings. However, we may not be able to obtain future financings on favorable terms or at all.

CAPITAL COMMITMENTS

In addition to recurring capital expenditures and costs to renew or re-tenant space, as of March 31, 1999, our development pipeline included 18 projects representing a total estimated investment of \$264.2 million upon completion. Of this total, approximately \$135.1 million had been funded as of March 31, 1999 and approximately \$129.1 million is estimated to be required to complete projects currently under construction or for which we have committed to complete. We presently expect to fund these expenditures with cash from operations, borrowings under the credit facility, debt or equity issuances and net proceeds from property divestitures. Other than these capital items, we have no material capital commitments.

During the period from January 1, 1999 to March 31, 1999, we invested:

- \$109.1 million in 36 industrial buildings, aggregating 1.7 million rentable square feet, and
- \$14.6 million in two new development projects aggregating approximately 0.2 million square feet.

We funded these acquisitions and initiated development projects through borrowings under the credit facility, cash, debt assumption, and the issuance of limited partnership units in the operating partnership.

YEAR 2000 COMPLIANCE

Our state of readiness. We utilize a number of computer software programs and operating systems across our entire organization, including applications used in financial business systems and various administrative functions. To the extent that our software applications contain source code that is unable to appropriately interpret the upcoming calendar year "2000" and beyond, some level of modification or replacement of such applications will be necessary.

We are currently conducting a company-wide test of our financial and non-financial systems to ensure that our systems will adequately handle the year 2000 issue. Our current financial system generally provides for a four-digit year; however, the current system is not fully year 2000 compliant. We expect that our financial system will be fully year 2000 compliant once we complete a software upgrade in 1999. We are also currently surveying our property managers to determine if our non-financial systems (HVAC, security, lighting, and other building systems) at our properties are year 2000 compliant and to determine the state of readiness of our tenants regarding their year 2000 compliance. In addition, we are currently surveying our other third party vendors to determine if their systems are year 2000 compliant and to determine the state of readiness regarding their year 2000 compliance.

Costs of addressing our year 2000 issues. Given the information known at this time about our systems, coupled with our ongoing, normal course-of-business efforts to upgrade or replace critical systems, as necessary, we do not expect year 2000 compliance costs to have any material adverse impact on our liquidity or ongoing results of operations. The costs of such assessment will be included in our general and administrative expenses. Although we can make no assurance, we currently do not expect that the year 2000 issue will materially affect our operations due to problems encountered by our suppliers, customers and lenders.

Risks of our year 2000 issues. In light of our assessment and remediation efforts to date, we believe that any residual year 2000 risk is limited to non-critical business applications and support hardware. No assurance can be given, however, that all of our systems will be year 2000 compliant or that compliance will not have a material adverse effect on our future liquidity, results of operations or ability to service debt.

Our contingency plans. We are currently developing our contingency plan for all operations to address the most reasonably likely worst case scenarios regarding year 2000 compliance. We expect such contingency plans to be completed before the end of the year.

FUNDS FROM OPERATIONS

We believe 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. Further, FFO as disclosed by other REITs may not be comparable.

The following table reflects the calculation of our FFO for three months ended March 31, 1998 and 1999 (dollars in thousands).

<TABLE>
<CAPTION>

	FOR THE THREE MONTHS ENDED MARCH 31,	
	1998	1999
	-----	-----
<S>	<C>	<C>
Income from operations before minority interests.....	\$ 29,188	\$ 34,575
Real estate related depreciation and amortization:		
Total depreciation and amortization.....	11,786	18,424
Furniture, fixtures, and equipment depreciation.....	(104)	(114)
FFO attributable to minority interests(1) (2):		
Institutional Alliance Partners.....	--	(1,474)
Other joint venture partners.....	(575)	(551)
Adjustments to derive FFO in unconsolidated joint venture(3):		
Our share of net income.....	--	(1,151)
Our share of FFO.....	--	1,645
Series A preferred stock dividends.....	--	(2,125)
Series B & C preferred unit distributions.....	--	(3,808)
	-----	-----
FFO(1).....	\$ 40,295	\$ 45,421
	-----	-----
FFO per common share and unit:		
Basic.....	\$ 0.46	\$ 0.50
	=====	=====
Diluted.....	\$ 0.45	\$ 0.50
	=====	=====
Weighted average common shares and units:		
Basic.....	88,428,969	90,449,529
	=====	=====
Diluted(4).....	88,839,192	90,469,105
	=====	=====

</TABLE>

-
- (1) Funds from Operations ("FFO") is defined as income from operations before minority interest, gains or losses from sale of real estate and extraordinary losses plus real estate depreciation and adjustment to derive our pro rata share of the FFO of unconsolidated joint ventures, less minority interests' pro rata share of the FFO of consolidated joint ventures and perpetual preferred stock dividends. In accordance with NAREIT White Paper on FFO, we include the effects of straight-line rents in FFO. Further, we do not adjust FFO to eliminate the effects of non-recurring changes.
 - (2) Represents FFO attributable to minority interest in consolidated joint ventures for the period presented, which has been computed as minority interests' share of net income plus minority interests' share of real estate-related depreciation and amortization of the consolidated joint ventures for such period. These minority interests are not convertible into shares of common stock.
 - (3) Represents our pro rata share of FFO in unconsolidated joint ventures for the period presented, which has been computed as our share of net income plus our share of real estate-related depreciation and amortization of the unconsolidated joint venture for such period.

(4) Includes the dilutive effect of stock options.

OPERATING AND LEASING STATISTICS SUMMARY

The following summarizes key operating and leasing statistics for the all of our industrial properties and retail properties as of and for the period ended March 31, 1999.

<TABLE>

<CAPTION>

	INDUSTRIAL	RETAIL	TOTAL
	-----	-----	-----
<S>	<C>	<C>	<C>
Square feet owned(1).....	58,890,144	7,073,795	65,963,939
Occupancy percentage.....	95.4%	95.0%	95.4%
Lease expirations as percentage of total square feet (next 12 months).....	14.6%	7.0%	13.8%
Weighted average lease term.....	7 years	16 years	8 years
Tenant retention:			
Quarter.....	73.5%	75.9%	73.6%
Trailing average (1/01/96 to 3/31/99).....	74.0%	85.4%	74.6%
Rent increases on renewals and rollovers:			
Quarter.....	12.6%	8.3%	12.1%
Trailing 12 months.....	11.8%	9.1%	11.5%
Same store cash basis NOI growth(2):			
Quarter.....	6.7%	2.8%	5.4%
Second generation tenant improvements and leasing commissions per sq. ft.:			
Quarter:			
Renewals.....	\$ 1.58	\$ 1.46	\$ 1.57
Re-tenanted.....	1.80	5.59	2.15
Weighted average.....	\$ 1.58	\$ 1.62	\$ 1.59
Trailing average (1/01/96 to 3/31/99).....	\$ 1.27	\$ 4.16	\$ 1.43

</TABLE>

(1) In addition to owned square feet as of March 31, 1999, we managed, through our subsidiary, AMB Investment Management, 4.0 million, 0.4 million, and 0.1 million additional square feet of industrial, retail, and other properties, respectively. We also have an investment in 4.0 million square feet of industrial properties through our investment in an unconsolidated joint venture.

(2) Consists of industrial buildings and retail centers aggregating 36.3 million and 5.8 million square feet, respectively, that have been owned by us prior to January 1, 1998, and excludes development properties prior to stabilization.

The following summarizes key same store properties' operating statistics for our industrial properties and retail properties as of and for the period ending March 31, 1999.

<TABLE>

<CAPTION>

	INDUSTRIAL	RETAIL	TOTAL
	-----	-----	-----
<S>	<C>	<C>	<C>
Square feet in same store pool(1).....	36,282,521	5,832,434	42,114,955
Occupancy percentage.....	96.3%	96.8%	96.4%
Tenant retention:			
Quarter.....	71.0%	78.6%	71.3%
Trailing 12 months.....	73.1%	81.2%	73.5%
Rent increases on renewals and rollovers:			
Quarter.....	14.5%	8.4%	13.5%
Trailing 12 months.....	11.0%	9.2%	10.7%
Cash basis NOI growth % increase:			
Quarter:			
Revenues.....	6.1%	3.3%	5.2%
Expenses.....	4.5%	4.6%	4.6%
NOI.....	6.7%	2.8%	5.4%

</TABLE>

(1) Same store properties include all properties that were owned during both the current and prior year reporting periods and excludes development properties prior to being stabilized for both the current and prior reporting period.

Our exposure to market risk includes the rising interest rates in connection with our unsecured credit facility and other variable rate borrowings, and our ability to incur more debt without stockholder approval, thereby increasing our debt service obligations, which could adversely affect our cash flows. See "Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources -- Capital Resources -- Market Capitalization."

PART II

ITEM 1. LEGAL PROCEEDINGS

As of March 31, 1999, there were no pending legal proceedings to which we are a party or of which any of our properties is the subject, the adverse determination of which we anticipate would have a material adverse effect upon our financial condition and results of operations.

ITEM 2. CHANGES IN SECURITIES

On February 9, 1999, the operating partnership issued an aggregate of 1,034 limited partnership units with an aggregate value of approximately \$24,800 to two corporations and twelve individuals in partial consideration for the acquisition of properties. In addition, on April 30, 1999, the operating partnership issued an aggregate of 390,633 limited partnership units with an aggregate value of approximately \$9.4 million to two corporations and twelve individuals in partial consideration for the acquisition of properties. Holders of the limited partnership units may redeem part or all of their limited partnership units for cash, or at the election of AMB, exchange their limited partnership units for shares of AMB's common stock on a one-for-one basis.

The issuance of limited partnership units in connection with the acquisitions discussed above constituted private placements of securities which were exempt from the registration requirement of the Securities Act of 1933 pursuant to Section 4(2) of the Securities Act and Rule 506 of Regulation D.

On March 9, 1999, AMB granted CalPERS an option to purchase up to 2,000,000 shares of common stock for an exercise price of \$25 per share that CalPERS may exercise on or before March 31, 2000. The issuance of the option constituted a private placement of securities that was exempt from the registration requirements of the Securities Act pursuant to Section 4(2) of the Securities Act and Rule 506 of Regulation D. AMB has agreed to register the resale of the shares issuable upon exercise of the option.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

On May 5, 1999, AMB Property II, L.P. issued and sold 1,595,337 7.75% Series D Cumulative Redeemable Preferred Limited Partnership Units at a price of \$50.00 per unit in a private placement. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

Series D Preferred Units

General. Each Series D Preferred Unit will be entitled to receive cumulative preferential distributions from May 5, 1999 payable on or before the 25th of March, June, September and December of each year, commencing June 25, 1999, at a rate of 7.75% per annum in preference to any payment made on any other

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class or series of partnership interest of AMB Property II, L.P., other than any class or series of partnership interest expressly designated as ranking on parity with or senior to the Series D Preferred Units.

Ranking. The Series D Preferred Units will rank on parity with all classes or series of preferred partnership units designated as ranking on a parity with the Series D Preferred Units with respect to distributions and rights upon liquidation, dissolution and winding-up, senior to all classes or series of preferred partnership units designated as ranking junior to the Series D Preferred Units and junior to all other classes or series of preferred partnership units designated as ranking senior to the Series D Preferred Units.

Limited Consent Rights. For so long as any Series D Preferred Units remain outstanding, AMB Property II, L.P. shall not, without the affirmative vote of the holders of at least two-thirds of the Series D Preferred Units:

- authorize, create or increase the authorized or issued amount of any class or series of partnership interests ranking prior to the Series D Preferred Units with respect to payment of distributions or rights upon liquidation, dissolution or winding-up or reclassify any partnership interests of AMB Property II, L.P. into any such partnership interest, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such partnership interests,
- authorize or create, or increase the authorized or issued amount of any preferred units ranking on a parity with the Series D Preferred Units or reclassify any partnership interest of AMB Property II, L.P. into any such partnership interest or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such partnership interests but only to the extent such Parity Preferred Units are issued to an affiliate of AMB Property II, L.P., other than its general partner or the operating partnership to the extent the issuance of such interests was to allow its general partner or the operating partnership to issue corresponding preferred stock or preferred interests to persons who are not affiliates of AMB Property II, L.P., or
- either (1) consolidate, merge into or with, or convey, transfer or lease its assets substantially as an entirety to, any corporation or other entity or (2) amend, alter or repeal the provisions of AMB Property II, L.P.'s partnership agreement, whether by merger, consolidation or otherwise, in each case in a manner that would materially and adversely affect the powers, special rights, preferences, privileges or voting power of the Series D Preferred Units or the holders of Series D Preferred Units.

With respect to the occurrence of any of the events set forth in the third bullet point above, so long as AMB Property II, L.P. is either the surviving entity and the Series D Preferred Units remain outstanding with the terms materially unchanged or the resulting, surviving or transferee entity is a partnership, limited liability company or like entity organized under the laws of any state and substitutes for the Series D Preferred Units other partnership interests having substantially the same terms and rights as the Series D Preferred Units, the occurrence of any such event will not be considered to materially and adversely affect rights, preferences, privileges or voting powers of holders of Series D Preferred Units. Any increase in the amount of partnership interests or the creation or issuance of any other class or series of partnership interests, in each case ranking on a parity with or junior to the Series D Preferred Units will not be considered to materially and adversely affect such rights, preferences, privileges or voting powers.

Limited Management Rights. If distributions on any Series D Preferred Units remain unpaid for six or more quarterly periods (whether or not consecutive), subject to the rights of any holders of future preferred units ranking on a parity with the Series D Preferred Units, the holders of Series D Preferred Units may assume certain rights to manage AMB Property II, L.P. for the sole purpose of enforcing AMB Property II, L.P.'s rights and remedies against obligees of AMB Property II, L.P. or others from whom AMB Property II, L.P. may be entitled to receive cash or other assets, until all distributions accumulated on Series D Preferred Units for all past quarterly period and distributions for then-current quarterly period have been fully paid or declared and a sum sufficient for the payment of such dividends irrevocably set aside in trust for payment in full.

Redemption and Exchange. Beginning May 5, 2004, the Series D Preferred Units may be redeemed by AMB Property II, L.P. out of proceeds from issuances of AMB's capital stock at a redemption price equal to

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\$50.00 per unit, plus accrued and unpaid distributions to the date of redemption. Beginning May 5, 2009, the Series D Preferred Units may be exchanged, in whole but not in part, into shares of AMB's 7.75% Series D Cumulative Redeemable Preferred Stock at the option of 51% of the holders. In addition, the Series D Preferred Units may be exchanged, in whole but not in part, into shares of Series D Preferred Stock at any time at the option of 51% of the holders if:

- distributions on the Series D Preferred Units have not been made for six prior quarterly distribution periods, whether or not consecutive or
- AMB Property Holding Corporation, the general partner of AMB Property II, L.P., or one of its subsidiaries, takes the position, and a holder or holders of Series D Preferred Units receive an opinion of independent counsel that AMB Property II, L.P. is, or upon the happening of a certain event likely will be, a "publicly traded partnership" within the meaning of the Internal Revenue Code.

In addition, the Series D Preferred Units may be exchanged, in whole but not in part, on or after May 5, 2002 and prior to May 5, 2009 if the Series D Preferred Units would not be considered "stock and securities" for federal

income tax purposes. AMB may, in lieu of exchanging the Series D Preferred Units for shares of Series D Preferred Stock, elect to redeem all or a portion of the Series D Preferred Units for cash in an amount equal to \$50 per unit plus accrued and unpaid distributions. The right of the holders of Series D Preferred Units to exchange the Series D Preferred Units for shares of Series D Preferred Stock shall in each case be subject to the ownership limitations set forth in AMB's charter in order for AMB to maintain its qualification as a REIT for federal income tax purposes.

Series D Preferred Stock

General. Each share of Series D Preferred Stock into which the Series D Preferred Units may be exchanged will be entitled to receive cumulative preferential cash dividends from the date of issue (including any accrued but unpaid distributions in respect of Series D Preferred Units at the time that such units are exchanged for shares of Series D Preferred Stock) payable on or before the 15th of January, April, July and October of each year, in cash, at the rate of 7.75% per annum in preference to any payment made on any other classes or series of capital stock or other equity securities of AMB, other than any class or series of equity securities of AMB expressly designated as ranking on a parity with or senior to the Series D Preferred Stock.

Ranking. The Series D Preferred Stock will rank on parity with AMB's 8.50% Series A Cumulative Redeemable Preferred Stock, its 8.65% Series B Cumulative Redeemable Preferred Stock and its 8.75% Series C Cumulative Redeemable Preferred Stock, if and when issued, and all other classes or series of preferred stock designated as ranking on a parity with the Series D Preferred Stock with respect to distributions and rights upon liquidation, dissolution, or winding-up, senior to all classes or series of preferred stock designated as ranking junior to the Series D Preferred Stock and junior to all other classes or series of preferred partnership units designated as ranking senior to Series D Preferred Stock.

Redemption. The Series D Preferred Stock may be redeemed, at AMB's option, on and after May 5, 2004, in whole or in part from time to time, at a redemption price payable in cash equal to \$50.00 per share, plus any accrued but unpaid dividends to the date of redemption. AMB may redeem the Series D Preferred Stock prior to May 5, 2004 to the extent necessary to maintain its qualification as a REIT. The redemption price of the Series D Preferred Stock (other than the portion of the redemption price consisting of accumulated but unpaid dividends) will be payable solely out of proceeds from issuances of AMB's capital stock.

Limited Voting Rights. If dividends on any of the shares of Series D Preferred Stock remain unpaid for six or more quarterly periods (whether or not consecutive), the holders of such shares of Series D Preferred Stock (voting as a single class with all other shares of preferred stock ranking on a parity with the Series D Preferred Stock upon which like voting rights have been conferred and are exercisable) will be entitled to vote for the election of two additional directors of AMB who will be elected by a plurality of the votes cast in such election for a one-year term and until their successors are duly elected and shall qualify (or until such director's right to hold such office terminates, whichever occurs earlier, subject to such director's earlier death,

disqualification, resignation or removal), at a special meeting called by the holders of at least 20% of the outstanding shares of Series D Preferred Stock or the holders of shares of any other class or series of preferred stock ranking on a parity with the Series D Preferred Stock with respect to which dividends are also accrued and unpaid (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of stockholders) or, if the request for a special meeting is received by AMB less than 90 days before the date fixed for the next annual or special meeting of stockholders, at the next annual or special meeting of stockholders, and at each subsequent annual meeting until all dividends accumulated on the shares of Series D Preferred Stock for all past dividend periods and the dividend for the then current dividend period have been fully paid or declared and a sum sufficient for the payment of such dividends irrevocably set aside in trust for payment in full. Upon the payment in full of all such dividends, the holders of Series D Preferred Stock will be divested of their voting rights and the term of any member of the board of directors elected by the holders of Series D Preferred Stock and holders of any other shares of preferred stock ranking on a parity with the Series D Preferred Stock will terminate.

In addition, for so long as any shares of Series D Preferred Stock are outstanding, without the consent of two-thirds of the holders of the Series D Preferred Stock then outstanding, AMB shall not:

- authorize or create or increase the authorized or issued amount of any shares ranking senior to the Series D Preferred Stock or reclassify any authorized shares of AMB into any such shares,
- designate or create, or increase the authorized or issued amount of, or reclassify any authorized shares of AMB into any preferred stock ranking on a parity with the Series D Preferred Stock, or create, authorize or

issue any obligations or security convertible into or evidencing the right to purchase any such shares, but only to the extent such preferred stock ranking on a parity with the Series D Preferred Stock is issued to an affiliate of AMB, or

- either (1) consolidate, merge into or with, or convey, transfer or lease its assets substantially as an entirety, to any corporation or other entity, or (2) amend, alter or repeal the provisions of AMB's Articles of Incorporation, whether by merger, consolidation or otherwise, in each case that would materially and adversely affect the powers, special rights, preferences, privileges or voting power of the Series D Preferred Stock or the holders of Series D Preferred Stock. The Series D Preferred Stock will have no voting rights other than as discussed above and as otherwise provided by applicable law.

With respect to the occurrence of any of the events set forth in the third bullet point above, so long as AMB is either the surviving entity and shares of Series D Preferred Stock remain outstanding with the terms materially unchanged or the resulting, surviving or transferee entity is a corporation, business trust or like entity organized under the laws of any state and substitutes for the Series D Preferred Stock other preferred stock or preferred shares having substantially the same terms and rights as the Series D Preferred Stock, the occurrence of any such event will not be considered to materially and adversely affect rights, preferences, privileges or voting powers of holders of Series D Preferred Stock. Any increase in the amount of authorized preferred stock, the creation or issuance of any other class or series of preferred stock or any increase in an amount of authorized shares of each class or series, in each case ranking on a parity with or junior to the Series D Preferred Stock will not be considered to materially and adversely affect such rights, preferences, privileges or voting powers.

Liquidation Preference. Each share of Series D Preferred Stock is entitled to a liquidation preference of \$50.00 per share, plus any accrued but unpaid dividends, in preference to any other class or series of capital stock of AMB, other than any class or series of equity securities of AMB expressly designated as ranking on a parity with or senior to the Series D Preferred Stock.

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

<TABLE>
<CAPTION>

EXHIBIT NUMBER -----	DESCRIPTION -----
<C>	<S>
3.1	Articles Supplementary establishing and fixing the rights and preferences of the 7.75% Series D Cumulative Redeemable Preferred Stock.
10.1	Fourth Amended and Restated Agreement of Limited Partnership of AMB Property II, L.P., dated as of May 5, 1999.
27.1	Financial Data Schedule -- AMB Property Corporation

</TABLE>

(b) Reports on Form 8-K:

- Current Report on Form 8-K was filed on January 7, 1999, in connection with the filing by the Company of the Articles Supplementary establishing and fixing the rights and preferences of the 8.625% Series B Cumulative Redeemable Preferred Stock and the Articles Supplementary establishing and fixing the rights and preferences of the 8.75% Series C Cumulative Redeemable Preferred Stock.
- Current Report on Form 8-K was filed on April 8, 1999, in connection with reporting the acquisition by BPP Retail, LLC of 28 retail shopping centers of the Operating Partnership, totaling 5.1 million square feet, for an aggregate price of \$663.4 million and filing financial statements in connection therewith.

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SIGNATURES

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

AMB PROPERTY CORPORATION
Registrant

Date: May 13, 1999

By: /s/ MICHAEL A. COKE

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

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EXHIBIT INDEX

Exhibit No. -----	Description -----
3.1	Articles Supplementary establishing and fixing the rights and preferences of the 7.75% Series D Cumulative Redeemable Preferred Stock.
10.1	Fourth Amdended and Restated Agreement of Limited Partnership of AMB Property II, L.P. dated May 5, 1999.
27.1	Financial Data Schedule -- AMB Property Corporation

AMB PROPERTY CORPORATION

ARTICLES SUPPLEMENTARY

ESTABLISHING AND FIXING THE RIGHTS AND
PREFERENCES OF 7.75% SERIES D CUMULATIVE
REDEEMABLE PREFERRED STOCK

AMB Property Corporation, a corporation organized and existing under the laws of the State of Maryland (the "Corporation"), certifies to the State Department of Assessments and Taxation of Maryland (the "Department") that:

FIRST: Pursuant to the authority expressly vested in the Board of Directors of the Corporation (sometimes referred to herein as the "Board") by Article IV of the Articles of Incorporation of the Corporation filed with the Department on November 24, 1997, which comprises, together with the Articles Supplementary filed by the Corporation on July 23, 1998 establishing a class of Preferred Stock of the Corporation, par value \$0.01 per share (the "Preferred Stock"), designated as the "8 1/2% Series A Cumulative Redeemable Preferred Stock" (the "Series A Preferred Stock"), the Articles Supplementary filed by the Corporation on November 12, 1998 establishing a class of Preferred Stock designated as the "8 5/8% Series B Cumulative Redeemable Preferred Stock" (the "Series B Preferred Stock"), the Articles Supplementary filed by the Corporation on November 25, 1998 establishing a class of Preferred Stock designated as the "8.75% Series C Cumulative Redeemable Preferred Stock" (the "Series C Preferred Stock"), the Certificate of Correction filed by the Corporation on March 18, 1999, and these Articles Supplementary, the charter (the "Charter") of the Corporation, and Section 2-105 of the Maryland General Corporation Law (the "MGCL"), the Board of Directors of the Corporation, on March 5, 1999, adopted resolutions authorizing the Corporation, among other things, to issue up to a stated maximum number of shares of Preferred Stock of the Corporation, having a stated maximum aggregate liquidation preference and dividend rate and certain other stated terms applicable to the issuance thereof, and appointing, pursuant to the MGCL and the powers contained in the Bylaws of the Corporation, a committee (the "Committee") of the Board of Directors comprised of Hamid R. Moghadam and delegating to the Committee, to the fullest extent permitted by Maryland law and the Charter and Bylaws of the Corporation, all powers of the Board of Directors with respect to classifying, authorizing, approving, ratifying and/or confirming the terms of the Preferred Stock to be issued, including, without limitation, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption, and determining the consideration per share to be received in respect of the issuance and sale of each share of Preferred Stock to be issued and sold, and the number of shares of Preferred Stock to be so classified or reclassified and issued by the Corporation, subject to the limitations set forth in the resolutions of the Board of Directors adopted on March 5, 1999.

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SECOND: Pursuant to the authority conferred upon the Committee as aforesaid, the Committee has, on May 5, 1999, adopted resolutions classifying and designating a separate class of Preferred Stock as the 7.75% Series D Cumulative Redeemable Preferred Stock, with the preferences, conversions and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption and other terms and conditions of such 7.75% Series D Cumulative Redeemable Preferred Stock (within the limitations set by the Board of Directors in the resolutions adopted on March 5, 1999 and referred to in Article First of these Articles Supplementary) and establishing 1,595,337 as the number of shares to be so classified and designated, and authorizing the issuance of up to 1,595,337 shares of 7.75% Series D Cumulative Redeemable Preferred Stock.

THIRD: The separate class of Preferred Stock of the Corporation created by the resolutions duly adopted by the Board of Directors of the Corporation and by the Committee and referred to in Articles First and Second of these Articles Supplementary shall have the designation, number of shares, preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, terms and conditions of redemption and other terms and conditions as follows (and which, upon any restatement of the Charter, may be made a part of Article IV thereof, with any necessary or appropriate changes to the numeration or lettering of the sections or subsections hereof):

(1) DESIGNATION AND NUMBER. A class of Preferred Stock, designated the "7.75% Series D Cumulative Redeemable Preferred Stock" (the "Series D Preferred Stock"), is hereby established. The number of shares of Series D Preferred Stock shall be 1,595,337 (the "Series D Preferred Shares").

(2) RANK. The Series D Preferred Shares will rank, with respect to

dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation, (a) senior to all classes or series of Common Stock (as defined in the Charter) and to all equity securities of the Corporation the terms of which provide that such equity securities shall rank junior to such Series D Preferred Shares; (b) on a parity with the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock and all equity securities issued by the Corporation other than those referred to in clauses (a) and (c) (it being the intent of the Corporation that the Series D Preferred Stock be on a parity with the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock with respect to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation, notwithstanding any provision contained in these Articles Supplementary, which, if given effect, would make the Series D Preferred Stock not in parity with the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock; and any such provision contained in these Articles Supplementary shall be of no force or effect); and (c) junior to all equity securities issued by the Corporation which rank senior to the Series D Preferred Shares in accordance with Section 6(d) of this Article Third. The term "equity securities" does not include convertible debt securities, until the same are converted into equity securities.

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(3) DIVIDENDS.

(a) Holders of Series D Preferred Shares shall be entitled to receive, if, when and as authorized by the Board, out of funds legally available for the payment of dividends, cumulative preferential cash dividends at the rate of 7.75% of the \$50.00 liquidation preference per annum (equivalent to \$3.875 per annum per share). Such dividends shall accumulate on a daily basis computed on the basis of a 360-day year consisting of twelve 30-day months and be cumulative, shall accrue from the original date of issuance and shall be payable quarterly (such quarterly periods for purposes of payment and accrual will be the quarterly periods ending on the dates specified in this sentence and not calendar year quarters) in equal amounts in arrears on the 15th day of each January, April, July and October, or, if not a business day, the next succeeding business day (each a "Dividend Payment Date"). Dividends shall be payable to holders of record as they appear in the share records of the Corporation at the close of business on the applicable record date (each, a "Dividend Record Date"), which shall be the date designated by the Board for the payment of dividends that is not more than 30 nor less than 10 days prior to the applicable payment date therefor. Any dividend payable on the Series D Preferred Shares for any partial dividend period shall be prorated and computed on the basis of a 360-day year consisting of twelve 30-day months. If any date on which distributions are to be made on the Series D Preferred Stock is not a Business Day (as defined herein), then payment of the distribution to be made on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. Notwithstanding any provision to the contrary contained herein, each outstanding share of Series D Preferred Stock shall be entitled to receive, and shall receive, a dividend with respect to any Dividend Record Date equal to the dividend paid with respect to each other share of Series D Preferred Stock which is outstanding on such date which shall be equal to the greatest dividend per share payable on any such share on such date. In addition, notwithstanding anything to the contrary set forth herein, each share of Series D Preferred Stock shall also continue to accrue all accrued and unpaid distributions up to the exchange date on any Series D Preferred Unit (as defined in the Fourth Amended and Restated Agreement of Limited Partnership of AMB Property II, L.P., dated as of May 5, 1999, as amended and supplemented from time to time (the "Subsidiary Partnership Agreement")) validly exchanged into such share of Series D Preferred Stock in accordance with the provisions of the Subsidiary Partnership Agreement.

(b) No dividend on the Series D Preferred Shares shall be authorized by the Board or be paid or set apart for payment by the Corporation at such time as the terms and provisions of any agreement of the Corporation, including any agreement relating to its indebtedness, prohibits such authorization, payment or setting apart for payment or provides that such authorization, payment or setting apart for payment would constitute a breach thereof, or a default thereunder, or if such authorization or payment shall be restricted or prohibited by law.

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(c) Notwithstanding anything to the contrary contained herein, dividends on the Series D Preferred Shares shall accumulate whether or not restrictions exist in respect thereof, whether or not there are funds legally available for the payment thereof and whether or not such dividends are declared or authorized. Accrued but unpaid dividends on the Series D Preferred Shares will

accumulate as of the Dividend Payment Date on which they first become payable or on the date of redemption, as the case may be.

(d) If any Series D Preferred Shares are outstanding, no full dividends will be declared or paid or set apart for payment on any other equity securities of the Corporation of any other class or series ranking, as to distributions or upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation, junior to or on a parity with the Series D Preferred Shares (including the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock) unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof irrevocably set apart in trust for such payment on the Series D Preferred Shares for all dividend periods. When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series D Preferred Shares and any other equity securities ranking as to distributions on a parity with the Series D Preferred Shares (including the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock), all dividends declared upon the Series D Preferred Shares and any other equity securities of the Corporation ranking on a parity with the Series D Preferred Stock as to distributions and upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation (including the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock) shall be declared pro rata so that the amount of dividends declared per Series D Preferred Share and each such other equity securities shall in all cases bear to each other the same ratio that accumulated dividends per Series D Preferred Share and such other equity securities (which shall not include any accumulation in respect of unpaid dividends for prior dividend periods if such other equity securities do not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on Series D Preferred Shares which may be in arrears.

(e) Except as provided in the immediately preceding paragraph, unless full cumulative dividends on the Series D Preferred Shares have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is irrevocably set apart in trust for payment for all dividend periods, no dividends (other than in Common Stock or other equity securities of the Corporation ranking junior to the Series D Preferred Shares as to distributions and upon voluntary or involuntary liquidation, dissolution and winding up of the Corporation) shall be declared or paid or set aside for payment nor shall any other dividend be declared or made upon the Common Stock or any other equity securities of the Corporation ranking as to distributions or upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation junior to or on a parity with the Series D Preferred Stock (including the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock), nor shall any Common Stock or any other equity securities of the Corporation ranking junior to or on a parity with the Series D Preferred Stock as to distributions or upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation (including the Series A Preferred Stock,

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the Series B Preferred Stock and the Series C Preferred Stock) be redeemed, purchased or otherwise acquired for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any such securities) by the Corporation (except by conversion into or exchange for other equity securities of the Corporation ranking junior to the Series D Preferred Stock as to distributions and upon voluntary and involuntary liquidation, dissolution and winding up of the Corporation, and except pursuant to Section 7 of this Article Third to ensure the Corporation's continued status as a real estate investment trust (a "REIT") for Federal income tax purposes or comparable Charter provisions with respect to other classes or series of the Corporation's stock).

(f) Accumulated but unpaid dividends on the Series D Preferred Shares will not bear interest and holders of Series D Preferred Shares shall not be entitled to any dividend in excess of full cumulative dividends as described above. Any dividend payment made on the Series D Preferred Shares shall first be credited against the earliest accumulated but unpaid dividend due with respect to such shares which remains payable.

(g) If, for any taxable year, the Corporation elects to designate as a "capital gain dividend" (as defined in Section 857 of the Internal Revenue Code of 1986, as amended (the "Code")), any portion (the "Capital Gains Amount") of the dividends paid or made available for the year to holders of every class or series of stock of the Corporation, the portion of the Capital Gains Amount that shall be allocable to holders of the Series D Preferred Stock shall be the amount that the total dividends (as determined for Federal income tax purposes) paid or made available to the holders of the Series D Preferred Stock for the year bears to the aggregate amount of dividends (as determined for Federal income tax purposes) paid or made available to the holders of all classes or series of stock of the Corporation for such year.

(a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of Series D Preferred Shares then outstanding shall be entitled to receive out of the assets of the Corporation legally available for distribution to its stockholders remaining after payment or provision for payment of all debts and liabilities of the Corporation, a liquidation preference in cash of \$50.00 per share, plus an amount equal to any accumulated or accrued and unpaid dividends to the date of such payment, before any distribution of assets is made to holders of Common Stock or any other equity securities of the Corporation that rank junior to the Series D Preferred Shares as to liquidation rights.

(b) If, upon any such voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the assets of the Corporation are insufficient to make full payment to holders of Series D Preferred Shares and the corresponding amounts payable on all shares of other classes or series of equity securities of the Corporation ranking on a parity with the Series D Preferred Shares as to liquidation rights (including the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock), then the holders of the Series D Preferred Shares and all other such classes or series of equity securities shall share ratably in any such

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distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

(c) Written notice of any such liquidation, dissolution or winding up of the Corporation, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by first class mail, postage pre-paid, not less than 30 nor more than 60 days prior to the payment date stated therein, to each record holder of the Series D Preferred Shares at the respective addresses of such holders as the same shall appear on the stock transfer records of the Corporation.

(d) After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series D Preferred Shares will have no right or claim to any of the remaining assets of the Corporation.

(e) The consolidation or merger of the Corporation with or into any other entity, a merger of another entity with or into the Corporation, a statutory share exchange by the Corporation or a sale, lease, transfer or conveyance of all or substantially all of the property or business of the Corporation shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation.

(f) In determining whether a distribution (other than upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation) by dividend, redemption or other acquisition of shares of stock of the Corporation or otherwise is permitted under the MGCL, no effect shall be given to amounts that would be needed, if the Corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of the Series D Preferred Shares whose preferential rights upon dissolution are superior to those receiving the distribution.

(5) OPTIONAL REDEMPTION.

(a) The Series D Preferred Shares are not redeemable prior to May 5, 2004. To ensure that the Corporation remains a qualified REIT for Federal income tax purposes, however, the Series D Preferred Shares shall be subject to the provisions of Section 7 of this Article Third pursuant to which Series D Preferred Shares owned by a stockholder in excess of the Ownership Limit (as defined in Section 7 of this Article Third) or certain other limitations shall automatically be transferred to a Trust for the benefit of a Charitable Beneficiary (as defined in Section 7 of this Article Third) and the Corporation shall have the right to purchase such shares, as provided in Section 7 of this Article Third. On and after May 5, 2004, the Corporation, at its option, upon giving notice as provided below, may redeem the Series D Preferred Shares, in whole or from time to time in part, for cash, at a redemption price of \$50.00 per share, plus all accumulated and unpaid dividends on such Series D Preferred Shares to the date fixed for redemption.

(b) The redemption price of the Series D Preferred Shares (other than any portion thereof consisting of accumulated and unpaid dividends) is payable solely from the sale proceeds

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of other equity securities of the Corporation, and not from any other source. For purposes of the preceding sentence, "equity securities" means any equity securities (including Common Stock and Preferred Stock (as defined in the

Charter), depositary shares in respect of any of the foregoing, interests, participations or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities) or options to purchase any of the foregoing.

(c) If fewer than all of the outstanding Series D Preferred Shares are to be redeemed, the shares to be redeemed shall be selected pro rata (as nearly as practicable without creating fractional shares).

(d) Notwithstanding anything to the contrary contained herein, unless full cumulative dividends on all Series D Preferred Shares shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the then current dividend period, no Series D Preferred Shares shall be redeemed unless all outstanding Series D Preferred Shares are simultaneously redeemed; provided, however, that the foregoing shall not prevent the purchase by the Corporation of Series D Preferred Shares pursuant to Section 7 of this Article Third or otherwise in order to ensure that the Corporation remains qualified as a REIT for Federal or state income tax purposes or the purchase or acquisition of Series D Preferred Shares pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series D Preferred Shares. In addition, unless full cumulative dividends on all outstanding Series D Preferred Shares have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof irrevocably set apart in trust for payment for all dividend periods, the Corporation shall not purchase or otherwise acquire directly or indirectly any Series D Preferred Shares or any equity securities of the Corporation ranking junior to or on a parity with the Series D Preferred Shares as to dividends or upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation (including the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock) (except by conversion into or exchange for equity securities of the Corporation ranking junior to the Series D Preferred Shares as to dividends and upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation and except pursuant to Section 7 of this Article Third or comparable Charter provisions with respect to other classes or series of the Corporation's stock).

(e) The holders of shares of Series D Preferred Stock at the close of business on a Dividend Record Date will be entitled to receive the dividend payable with respect to the shares of Series D Preferred Stock held on the corresponding Dividend Payment Date notwithstanding the redemption thereof between such Dividend Record Date and the corresponding Dividend Payment Date or the Corporation's default in the payment of the dividend due. Except as provided herein, the Corporation will make no payment or allowance for unpaid dividends, whether or not in arrears, on Series D Preferred Shares to be redeemed.

(f) The following provisions set forth the procedures for Redemption:

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(i) Notice of redemption will be given by publication in a newspaper of general circulation in the City of New York, such publication to be made once a week for two successive weeks commencing not less than 30 nor more than 60 days prior to the redemption date. A similar notice will be (i) faxed and (ii) mailed by the Corporation, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series D Preferred Shares to be redeemed at their respective addresses as they appear on the share records of the Corporation. No failure to give such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any Series D Preferred Shares except as to the holder to whom notice was defective or not given.

(ii) In addition to any information required by law or by the applicable rules of any exchange upon which the Series D Preferred Shares may be listed or admitted to trading, such notice shall state: (A) the redemption date; (B) the redemption price; (C) the number of Series D Preferred Shares to be redeemed; (D) the place or places where the certificates evidencing shares of Series D Preferred Shares are to be surrendered for payment of the redemption price; and (E) that dividends on the Series D Preferred Shares to be redeemed will cease to accumulate on such redemption date. If fewer than all of the Series D Preferred Shares held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of Series D Preferred Shares to be redeemed from such holder.

(iii) On or after the redemption date, each holder of Series D Preferred Shares to be redeemed shall present and surrender the certificates representing such holder's Series D Preferred Shares to the Corporation at the place designated in the notice of redemption and shall be entitled to the redemption price and any accrued or accumulated and unpaid dividends payable upon such redemption upon such surrender and thereupon the redemption price of such shares (including all accumulated and unpaid dividends up to the redemption date) shall be paid to or on the order of the person whose name appears on such certificate representing Series D Preferred Shares as the owner thereof and each surrendered certificate shall be canceled. If fewer than all the shares

represented by any such certificate representing Series D Preferred Shares are to be redeemed, a new certificate shall be issued representing the unredeemed shares.

(iv) If notice of redemption of any Series D Preferred Shares has been given and if the funds necessary for such redemption have been irrevocably set aside by the Corporation in trust for the benefit of the holders thereof, then from and after the redemption date all dividends on such Series D Preferred Shares shall cease to accumulate and any such Series D Preferred Shares will no longer be deemed outstanding and all rights of the holders thereof will terminate, except the right to receive the redemption price (including all accrued or accumulated and unpaid dividends up to the redemption date) and such shares shall not thereafter be transferred (except with the consent of the Corporation) on the Corporation's stock transfer records. At its election, the Corporation, prior to a redemption date, may irrevocably deposit the redemption price (including accumulated and unpaid dividends to the redemption date) of the Series D Preferred Shares so called for redemption in trust for the holders thereof with a bank or trust

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company, in which case the redemption notice to holders of the Series D Preferred Shares to be redeemed shall (A) state the date of such deposit, (B) specify the office of such bank or trust company as the place of payment of the redemption price and (C) require such holders to surrender the certificates representing such shares at such place on or about the date fixed in such redemption notice (which may not be later than the redemption date) against payment of the redemption price (including all accrued or accumulated and unpaid dividends to the redemption date). Any monies so deposited which remain unclaimed by the holders of the Series D Preferred Shares at the end of two years after the redemption date shall be returned by such bank or trust company to the Corporation.

(g) Any Series D Preferred Shares that shall at any time have been redeemed shall, after such redemption, have the status of authorized but unissued Preferred Stock, without further designation as to series or class until such shares are once more designated as part of a particular series or class by the Board.

(6) VOTING RIGHTS.

(a) Holders of the Series D Preferred Shares will not have any voting rights, except as set forth below.

(b) (i) Whenever dividends on any Series D Preferred Shares shall remain unpaid for six or more quarterly periods (whether or not consecutive) (a "Preferred Dividend Default"), the holders of such Series D Preferred Shares (voting as a single class with all other equity securities of the Corporation ranking on a parity with the Series D Preferred Shares as to dividends and upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation upon which like voting rights have been conferred and are exercisable, including the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock ("Parity Preferred Stock")) will be entitled to vote for the election of two additional directors of the Corporation (the "Preferred Stock Directors"), who will be elected by a plurality of the votes cast in such election for a one-year term and until their successors are duly elected and shall qualify (or until such director's right to hold such office terminates as provided herein, whichever occurs earlier, subject to such director's earlier death, disqualification, resignation or removal), at a special meeting called by the holders of at least 20% of the outstanding Series D Preferred Shares or the holders of shares of any other class or series of Parity Preferred Stock with respect to which dividends are so unpaid (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of stockholders) or, if the request for a special meeting is received by the Corporation less than 90 days before the date fixed for the next annual or special meeting of stockholders, at the next annual or special meeting of stockholders, and at each subsequent annual meeting until all dividends accumulated on the Series D Preferred Shares for all past dividend periods and the dividend for the then current dividend period shall have been fully paid or declared and a sum sufficient for the payment thereof irrevocably set aside in trust for payment in full.

(ii) At any time when the voting rights described in Section 6(b) (i) above shall have vested, a proper officer of the Corporation shall call or cause to be called, a special meeting of the holders of Series D Preferred Stock and all the series of Parity Preferred Stock upon which

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like voting rights have been conferred and are exercisable (collectively, the "Parity Securities") by mailing or causing to be mailed to such holders a notice

of such special meeting to be held not less than ten and not more than 45 days after the date such notice is given. The record date for determining holders of the Parity Securities entitled to notice of and to vote at such special meeting will be the close of business on the third business day preceding the day on which such notice is mailed. At any such special meeting, all of the holders of the Parity Securities, by plurality vote, voting together as a single class without regard to series will be entitled to elect two directors on the basis of one vote per \$25.00 of liquidation preference to which such Parity Securities are entitled by their terms (excluding amounts in respect of accumulated and unpaid dividends) and not cumulatively. Notice of all meetings at which holders of the Series D Preferred Shares shall be entitled to vote will be given to such holders at their addresses as they appear in the transfer records. If a Preferred Dividend Default shall terminate after the notice of a special meeting has been given but before such special meeting has been held, the Corporation shall, as soon as practicable after such termination, mail or cause to be mailed notice of such termination to holders of the Series D Preferred Shares that would have been entitled to vote at such special meeting.

(c) If and when all accumulated dividends and the dividend for the then current dividend period on the Series D Preferred Shares shall have been paid in full or declared by the Corporation and irrevocably set aside in trust for payment in full, the holders of Series D Preferred Shares shall be divested of the voting rights set forth in Section 6(b) of this Article Third (subject to revesting in the event of each and every Preferred Dividend Default) and, if all accumulated dividends have been paid in full or declared by the Corporation and irrevocably set aside in trust for payment in full on all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable, the term of office of each Preferred Stock Director so elected shall forthwith terminate. Any Preferred Stock Director elected by the holders of Series D Preferred Shares and any other such Parity Preferred Shares may be removed at any time with or without cause by the vote of, and shall not be removed otherwise than by the vote of, the holders of a majority of the outstanding Series D Preferred Shares when they only have the voting rights set forth, or like those set forth, in Section 6(b) of this Article Third, and by the majority vote of the Series D Preferred Shares and all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable (voting as a single class) when the Series D Preferred Shares and such Parity Preferred Stock is entitled to vote thereon. So long as a Preferred Dividend Default shall continue, any vacancy in the office of a Preferred Stock Director so elected may be filled by written consent of the Preferred Stock Director so elected remaining in office or, if none remains in office, by a vote of the holders of a majority of the outstanding Series D Preferred Shares when they only have the voting rights set forth, or like those set forth, in Section 6(b) of this Article Third, and by the majority vote of the Series D Preferred Shares and other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable (voting as a single class) when the Series D Preferred Shares and such Parity Preferred Stock is entitled to vote thereon.

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(d) So long as any Series D Preferred Stock remains outstanding, the Corporation shall not, without the affirmative vote of the holders of at least two-thirds of the Series D Preferred Stock outstanding at the time (i) authorize or create, or increase the authorized or issued amount of, any class or series of shares ranking senior to the Series D Preferred Stock with respect to payment of distributions or rights upon liquidation, dissolution or winding-up or reclassify any authorized shares of the Corporation into any such shares, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such shares, (ii) designate or create, or increase the authorized or issued amount of, any Parity Preferred Stock or reclassify any authorized shares of the Corporation into any such shares, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such shares, but only to the extent such Parity Preferred Stock is issued to an affiliate of the Corporation, or (iii) either (A) consolidate, merge into or with, or convey, transfer or lease its assets substantially as an entirety, to any corporation or other entity, or (B) amend, alter or repeal the provisions of the Corporation's Charter (including these Articles Supplementary) or Bylaws, whether by merger, consolidation or otherwise, in each case that would materially and adversely affect the powers, special rights, preferences, privileges or voting power of the Series D Preferred Stock or the holders thereof; provided, however, that with respect to the occurrence of any event set forth in (iii) above, so long as (a) the Corporation is the surviving entity and the Series D Preferred Stock remains outstanding with the terms thereof unchanged, or (b) the resulting, surviving or transferee entity is a corporation, a business trust or like entity organized under the laws of any state and substitutes for the Series D Preferred Stock other preferred stock or preferred shares having substantially the same terms and same rights as the Series D Preferred Stock, including with respect to distributions, voting rights and rights upon liquidation, dissolution or winding-up, then the occurrence of any such event shall not be deemed to materially and adversely affect such rights, privileges or voting powers of the holders of the Series D Preferred Stock and provided further that any increase

in the amount of authorized Preferred Stock or the creation or issuance of any other class or series of Preferred Stock, or any increase in an amount of authorized shares of each class or series, in each case ranking either (a) junior to the Series D Preferred Stock with respect to payment of distributions and the distribution of assets upon liquidation, dissolution or winding-up, or (b) on a parity with the Series D Preferred Stock with respect to payment of distributions and the distribution of assets upon liquidation, dissolution or winding-up to the extent such Preferred Stock is not issued to an affiliate of the Corporation, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(e) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding Series D Preferred Shares shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

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(7) RESTRICTIONS ON OWNERSHIP AND TRANSFER TO PRESERVE TAX BENEFIT.

(a) Definitions. for the purposes of Section 7 of Article Third of these Articles Supplementary, the following terms shall have the following meanings:

"Beneficial Ownership" shall mean ownership of Series D Preferred Stock by a Person who is or would be treated as an owner of such Series D Preferred 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 Owns" and "Beneficially Owned" shall have the correlative meanings.

"Charitable Beneficiary" shall mean one or more beneficiaries of a Trust, as determined pursuant to Section 7(c)(vi) of these Articles Supplementary, each of which shall be an organization described in Sections 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended. All section references to the Code shall include any successor provisions thereof as may be adopted from time to time.

"Constructive Ownership" shall mean ownership of Series D Preferred Stock by a Person who is or would be treated as an owner of such Series D Preferred 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 Owns" and "Constructively Owned" shall have the correlative meanings.

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

"MGCL" shall mean the Maryland General Corporation Law, as amended from time to time, and any successor statute hereafter enacted.

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

"Ownership Limit" shall mean 9.8% (by value) of the outstanding shares of capital stock of the Corporation.

"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 Series D Preferred Stock provided that the ownership of such shares of Series D Preferred 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 Section 7(b)(ii) of these Articles Supplementary, the Purported Record Transferee, unless the Purported Record Transferee would have acquired or owned shares of Series D Preferred 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 Section 7(b)(ii) of these Articles Supplementary, the record holder of the Series D Preferred Stock if such Transfer had been valid under Section 7(b)(i) of these Articles Supplementary.

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

"Subsidiary Partnership Agreement" shall mean the Fourth Amended and Restated Agreement of Limited Partnership of AMB Property II, L.P., dated as of May 5, 1999, as such agreement may be amended from time to time.

"REIT" shall mean a real estate investment trust under Sections 856 through 860 of the Code and, for purposes of taxation of the Corporation under applicable state law, comparable provisions of the law of such state.

"Restriction Termination Date" shall mean the first day after the date hereof on which the Board of Directors of the Corporation determines that it is no

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longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT.

"Transfer" shall mean any sale, transfer, gift, assignment, devise or other disposition of Series D Preferred Stock, including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Series D Preferred Stock or (ii) the sale, transfer, assignment or other disposition of any securities (or rights convertible into or exchangeable for Series D Preferred 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 Series D Preferred Stock), and whether such transfer has occurred by operation of law or otherwise.

"Trust" shall mean each of the trusts provided for in Section 7(c) of these Articles Supplementary.

"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.

(b) Restriction on Ownership and Transfers.

(i) Prior to the Restriction Termination Date:

(A) except as provided in Section 7(i) of these Articles Supplementary, no Person shall Beneficially Own Series D Preferred Stock which, taking into account any other capital stock of the Corporation Beneficially Owned by such Person, would cause such ownership to exceed the Ownership Limit;

(B) except as provided in Section 7(i) of these Articles

Supplementary, no Person shall Constructively Own Series D Preferred Stock which, taking into account any other capital stock of the Corporation Constructively Owned by such Person, would cause such ownership to exceed the Ownership Limit;

(C) no Person shall Beneficially or Constructively Own Series D Preferred Stock which, taking into account any other capital stock of the Corporation Beneficially or Constructively Owned by such Person, 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 Beneficial or Constructive 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 or limited liability companies) from such tenant would cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code or comparable provisions of state law).

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(ii) If, prior to the Restriction Termination Date, any Transfer or other event occurs that, if effective, would result in any Person Beneficially or Constructively Owning Series D Preferred Stock in violation of Section 7(b)(i) of these Articles Supplementary, (1) then that number of shares of Series D Preferred Stock that otherwise would cause such Person to violate Section 7(b)(i) of these Articles Supplementary (rounded up to the nearest whole share) shall be automatically transferred to a Trust for the benefit of a Charitable Beneficiary, as described in Section 7(c), effective as of the close of business on the business day prior to the date of such Transfer or other event, and such Purported Beneficial Transferee shall thereafter have no rights in such shares or (2) if, for any reason, the transfer to the Trust described in clause (1) of this sentence is not automatically effective as provided therein to prevent any Person from Beneficially or Constructively Owning Series D Preferred Stock in violation of Section 7(b)(i) of these Articles Supplementary, then the Transfer of that number of shares of Series D Preferred Stock that otherwise would cause any Person to violate Section 7(b)(i) shall be void ab initio, and the Purported Beneficial Transferee shall have no rights in such shares.

(iii) Subject to Section 7(n) of this Article Third and notwithstanding any other provisions contained herein, prior to the Restriction Termination Date, any Transfer of Series D Preferred Stock 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 Series D Preferred Stock.

It is expressly intended that the restrictions on ownership and Transfer described in this Section 7(b) shall apply to the exchange rights provided in Section 17.8 of the Subsidiary Partnership Agreement. Notwithstanding any of the provisions of the Subsidiary Partnership Agreement to the contrary, a partner of the Subsidiary Operating Partnership shall not be entitled to effect an exchange of an interest in the Subsidiary Operating Partnership for Series D Preferred Stock if the actual or beneficial or Beneficial or Constructive Ownership of Series D Preferred Stock would be prohibited under the provisions of this Section 7.

(c) Transfers of Series D Preferred Stock in Trust.

(i) Upon any purported Transfer or other event described in Section 7(b)(ii) of these Articles Supplementary, such Series D Preferred 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 Section 7(b)(ii). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation, any Purported Beneficial Transferee, or any Purported Record Transferee. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 7(c)(vi) of these Articles Supplementary.

(ii) Series D Preferred Stock held by the Trustee shall be issued and outstanding Series D Preferred Stock of the Corporation. The Purported Beneficial Transferee

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or Purported Record Transferee shall have no rights in the shares of Series D Preferred 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 Series D Preferred Stock held in the Trust.

(iii) The Trustee shall have all voting rights and rights to dividends with respect to Series D Preferred 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 Series D Preferred 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 Series D Preferred Stock. Any dividends or distributions so paid over to the Trustee shall be held in trust for the Charitable Beneficiary.

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The Purported Record Transferee and Purported Beneficial Transferee shall have no voting rights with respect to the Series D Preferred Stock held in the Trust and, subject to Maryland law, effective as of the date the Series D Preferred 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 Series D Preferred Stock prior to the discovery by the Corporation that the Series D Preferred 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 any other provision of these Articles Supplementary to the contrary, until the Corporation has received notification that the Series D Preferred 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.

(iv) Within 20 days of receiving notice from the Corporation that shares of Series D Preferred Stock have been transferred to the Trust, the Trustee of the Trust shall sell the shares of Series D Preferred Stock held in the Trust to a Person, designated by the Trustee, whose ownership of the shares of Series D Preferred Stock will not violate the ownership limitations set forth in Section 7(b)(i). Upon such sale, the interest of the Charitable Beneficiary in the shares of Series D Preferred 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 Section 7(c)(iv). The Purported Record Transferee shall receive the lesser of (1) the price paid by the Purported Record Transferee for the shares of Series D Preferred 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 Series D Preferred Stock at Market Price, the Market Price of such shares of Series D Preferred Stock on the day of the event which resulted in the transfer of such shares of Series D Preferred Stock to the Trust) and (2) 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 Series D Preferred 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 Series D Preferred Stock have been transferred to the Trustee, such shares of Series D Preferred Stock are sold by a Purported Record Transferee then (i) such shares of Series D Preferred Stock shall be deemed to have been sold on behalf of the Trust and (ii) to the extent that the Purported Record Transferee received an amount for such shares of Series D Preferred Stock that exceeds the amount that such Purported Record Transferee was entitled to receive pursuant to this Section 7(c)(iv), such excess shall be paid to the Trustee upon demand.

(v) Series D Preferred 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 Series D

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Preferred 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 Series D Preferred Stock at Market Price, the Market Price of such shares of Series D Preferred Stock on the day of the event which resulted in the transfer of such shares of Series D Preferred 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 Series D Preferred Stock held in the Trust pursuant to Section 7(c)(iv). Upon such a sale to the Corporation, the

interest of the Charitable Beneficiary in the shares of Series D Preferred 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 Series D Preferred Stock shall thereupon be paid to the Charitable Beneficiary.

(vi) 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 the Series D Preferred Stock held in the Trust would not violate the restrictions set forth in Section 7(b)(i) in the hands of such Charitable Beneficiary.

(d) 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 Section 7(b) of these Articles Supplementary 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 Series D Preferred Stock of the Corporation in violation of Section 7(b) of these Articles Supplementary, 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 Series D Preferred 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 Section 7(b)(i) of these Articles Supplementary, shall automatically result in the transfer to a Trust as described in Section 7(b)(ii) and any Transfer in violation of Section 7(b)(iii) shall automatically be void ab initio irrespective of any action (or non-action) by the Board of Directors.

(e) Notice of Restricted Transfer. Any Person who acquires or attempts to acquire shares of Series D Preferred Stock in violation of Section 7(b) of these Articles Supplementary, or any Person who is a Purported Beneficial Transferee such that an automatic transfer to a Trust results under Section 7(b)(ii) of these Articles Supplementary, 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.

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(f) Owners Required To Provide Information. Prior to the Restriction Termination Date each Person who is a beneficial owner or Beneficial Owner or Constructive Owner of Series D Preferred Stock and each Person (including the shareholder of record) who is holding Series D Preferred Stock for a beneficial owner or Beneficial Owner or Constructive Owner shall provide to the Corporation such information that the Corporation may request, in good faith, in order to determine the Corporation's status as a REIT.

(g) Remedies Not Limited. Nothing contained in these Articles Supplementary (but subject to Section 7(n) of these Articles Supplementary) 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 shareholders by preservation of the Corporation's status as a REIT.

(h) Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Section 7 of these Articles Supplementary, including any definition contained in Section 7(a), the Board of Directors shall have the power to determine the application of the provisions of this Section 7 with respect to any situation based on the facts known to it (subject, however, to the provisions of Section 7(n) of these Articles Supplementary). In the event Section 7 requires an action by the Board of Directors and these Articles Supplementary 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 Section 7. 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 Section 7(b)) acquired Beneficial or Constructive Ownership of Series D Preferred Stock in violation of Section 7(b)(i), such remedies (as applicable) shall apply first to the shares of Series D Preferred Stock which, but for such remedies, would have been actually owned by such Person, and second to shares of Series D Preferred 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 Series D Preferred Stock based upon the relative number of the shares of Series D Preferred Stock held by each such Person.

(i) Exceptions.

(i) Subject to Section 7(b)(i)(C), the Board of Directors, in its sole discretion, may exempt a Person from the limitation on a Person Beneficially Owning shares of Series D Preferred Stock in violation of Section 7(b)(i)(A) if the Board of Directors obtains any representations and undertakings from such Person as are reasonably necessary in the opinion of the Board of Directors to ascertain that no individual's Beneficial Ownership of such shares of Series D Preferred Stock will violate Section 7(b)(i)(A) or that any such violation will not cause the Corporation to fail to qualify as a REIT under the Code, and that any violation of such representations or undertakings (or other action which is contrary to the restrictions contained in Section 7(b) of these Articles Supplementary) or attempted violation will result in such Series D Preferred Stock being transferred to a Trust in accordance with Section 7(b)(ii) of these Articles Supplementary.

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(ii) Subject to Section 7(b)(i)(C), the Board of Directors, in its sole discretion, may exempt a Person from the limitation on a Person Constructively Owning Series D Preferred Stock in violation of Section 7(b)(i)(B), if the Corporation obtains such representations and undertakings from such Person as are reasonably necessary in the opinion of the Board of Directors to ascertain that such Person does not and 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 that any violation or attempted violation will result in such Series D Preferred Stock being transferred to a Trust in accordance with Section 7(b)(ii) of these Articles Supplementary. Notwithstanding the foregoing, the inability of a Person to make the certification described in this Section 7(i)(ii) shall not prevent the Board of Directors, in its sole discretion, from exempting such Person from the limitation on a Person Constructively Owning Series D Preferred Stock in violation of Section 7(b)(i)(B) if the Board of Directors determines that the resulting application of Section 856(d)(2)(B) of the Code would affect the characterization of less than 0.5% of the gross income (as such term is used in Section 856(c)(2) of the Code) of the Corporation in any taxable year, after taking into account the effect of this sentence with respect to all other capital stock of the Corporation to which this sentence applies.

(iii) Prior to granting any exception pursuant to Section 7(i)(i) or (ii) of these Articles Supplementary, the Board of Directors may require a ruling from the Internal Revenue Service, 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.

(j) Legends. Each certificate for Series D Preferred Stock shall bear substantially the following legends in addition to any legends required to comply with federal and state securities laws:

CLASSES 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 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

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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 IN 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 SERIES D PREFERRED 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 ARTICLES SUPPLEMENTARY FOR THE SERIES D PREFERRED STOCK, (i) NO PERSON MAY BENEFICIALLY OWN SHARES OF THE CORPORATION'S SERIES D PREFERRED STOCK WHICH, TAKING INTO ACCOUNT ANY OTHER CAPITAL STOCK OF THE CORPORATION BENEFICIALLY OWNED BY SUCH PERSON, WOULD CAUSE SUCH OWNERSHIP TO EXCEED THE OWNERSHIP LIMIT OF 9.8%; (ii) NO PERSON MAY CONSTRUCTIVELY OWN SHARES OF THE CORPORATION'S SERIES D PREFERRED STOCK WHICH, TAKING INTO ACCOUNT ANY OTHER CAPITAL STOCK OF THE CORPORATION CONSTRUCTIVELY OWNED BY SUCH PERSON, WOULD CAUSE SUCH OWNERSHIP TO EXCEED THE OWNERSHIP LIMIT OF 9.8%; (iii) NO PERSON MAY BENEFICIALLY OR CONSTRUCTIVELY OWN SHARES OF THE CORPORATION'S SERIES D PREFERRED STOCK THAT, TAKING INTO ACCOUNT ANY OTHER CAPITAL STOCK OF THE CORPORATION BENEFICIALLY OR CONSTRUCTIVELY OWNED BY SUCH PERSON, 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 SERIES D PREFERRED 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 SERIES D PREFERRED STOCK WHICH CAUSES OR WILL CAUSE A PERSON TO

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BENEFICIALLY OR CONSTRUCTIVELY OWN SERIES D PREFERRED STOCK IN EXCESS OF THE ABOVE LIMITATIONS MUST IMMEDIATELY NOTIFY THE CORPORATION. IF ANY OF THE RESTRICTIONS ON TRANSFER OR OWNERSHIP ARE VIOLATED, THE SERIES D PREFERRED 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 WHICH ARE DEFINED IN THE ARTICLES SUPPLEMENTARY FOR THE SERIES D PREFERRED STOCK SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN SUCH ARTICLES SUPPLEMENTARY, 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 SERIES D PREFERRED STOCK ON REQUEST AND WITHOUT CHARGE. REQUESTS FOR SUCH A COPY MAY BE DIRECTED TO THE SECRETARY OF THE CORPORATION AT ITS PRINCIPAL OFFICE."

(k) Exchange of Series D Preferred Units. The Corporation is hereby expressly vested with authority (subject to the restrictions on ownership, transfer and redemption of Series D Preferred Stock set forth in this Section 7) to issue, and so long as AMB Property Holding Corporation, a Maryland corporation, remains the general partner of the Subsidiary Operating Partnership, and the Operating Partnership remains a limited partner of the Subsidiary Operating Partnership, the Corporation shall issue to the extent provided in the Subsidiary Partnership Agreement, Series D Preferred Stock in exchange for Series D Preferred Units (as defined in the Subsidiary Partnership Agreement) (the "Series D Preferred Units").

(l) Reservation of Shares. Pursuant to the obligations of the Corporation under the Subsidiary Partnership Agreement to issue Series D Preferred Stock in exchange for Series D Preferred Units, the Board of Directors is hereby required to reserve and authorize for issuance a number of authorized but unissued shares of Series D Preferred Stock not less than the number of Series D Preferred Units issued to permit the Corporation to issue Series D Preferred Stock in exchange for Series D Preferred Units that may be exchanged for or converted into Series D Preferred Stock as provided in the Subsidiary Partnership Agreement.

(m) Severability. If any provision of this Section 7 or any application of any such provision is determined to be invalid by any Federal or state court having jurisdiction over the

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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.

(n) New York Stock Exchange. Nothing in this Section 7 shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange. The shares of Series D Preferred Stock that are the subject of such transaction shall continue to be subject to the provisions of this Section 7 after such settlement.

(o) Applicability of Section 7. The provisions set forth in this Section 7 shall apply to the Series D Preferred Stock notwithstanding any contrary provisions of the Series D Preferred Stock provided for elsewhere in these Articles Supplementary.

(8) CONVERSION. The Series D Preferred Stock is not convertible into or exchangeable for any other property or securities of the Corporation.

(9) NO SINKING FUND. No sinking fund shall be established for the retirement or redemption of Series D Preferred Stock.

(10) NO PREEMPTIVE RIGHTS. No holder of the Series D Preferred Stock of the Corporation shall, as such holder, have any preemptive rights to purchase or subscribe for additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell.

FOURTH: The Series D Preferred Stock has been classified and designated by the Board under the authority contained in the Charter.

FIFTH: These Articles Supplementary have been approved by the Board in the manner and by the vote required by law.

SIXTH: These Articles Supplementary shall be effective at the time the State Department of Assessments and Taxation of Maryland accepts these Articles Supplementary for record

SEVENTH: The undersigned Senior Vice President of the Corporation acknowledges these Articles Supplementary to be the act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned Senior Vice President acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[Signature Page Follows]

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IN WITNESS WHEREOF, the Corporation has caused these Articles Supplementary to be executed under seal in its name and on its behalf by its President and attested to by its Secretary on this 5th day of May, 1999.

AMB PROPERTY CORPORATION

BY: /s/ John T. Roberts, Jr.

John T. Roberts, Jr.
Senior Vice President and
Director of Capital Markets

[SEAL]

ATTEST:

/s/ David S. Fries

David S. Fries
Secretary

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FOURTH AMENDED AND RESTATED
 AGREEMENT OF LIMITED PARTNERSHIP
 OF
 AMB PROPERTY II, L.P.

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FOURTH AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
AMB PROPERTY II, L.P.

THIS FOURTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP, dated as of May 5, 1999, is entered into by and among AMB Property Holding Corporation, a Maryland corporation (the "Company"), as the General Partner, and the Persons whose names are set forth on Exhibit A attached hereto, as the Limited Partners (the "Existing Limited Partners"), together with any other Persons who become Partners in the Partnership as provided herein.

WHEREAS, the General Partner and the Existing Limited Partners are parties to that certain Third Amended and Restated Agreement of Limited Partnership, dated November 24, 1998, as amended;

WHEREAS, on November 24, 1998, Belcrest Realty Corporation, a Delaware corporation and Belair Real Estate Corporation, a Delaware corporation (each a "Contributor" and, together the "Contributors") made an aggregate Capital Contribution of \$110,000,000, in cash, to the Partnership in exchange for which Contributors received 2,200,000 Series C Preferred Units in the Partnership;

WHEREAS, pursuant to Section 4.3.B of the Partnership Agreement, the General Partner may, in its sole and absolute discretion subject to Delaware law, in connection with any Capital Contribution, issue additional Partnership Interests in one or more classes, or one or more series of any 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;

WHEREAS, on the date hereof, J.P. Morgan Mosaic Fund, LLC, a Delaware limited liability company (the "Series D Contributor") has made a Capital Contribution of \$79,766,850, in cash, to the Partnership in exchange for which the Series D Contributor is entitled to receive an aggregate of 1,595,337 the Series D Preferred Units in the Partnership with rights, preferences, exchange and other rights, voting powers and restrictions, limitations as to distributions, qualifications and terms and conditions as set forth herein;

WHEREAS, pursuant to the authority granted to the General Partner under the Partnership Agreement, the General Partner desires to amend and restate the Partnership Agreement to reflect (i) the issuance of the Series D Preferred

Units, (ii) the admission of the Series D Contributor as an Additional Limited Partner and a holder of a certain number of Series D Preferred Units and (iii) certain other matters described herein;

WHEREAS, the Series D Contributor desires to become a party to the Partnership Agreement as a Limited Partner and to be bound by all terms, conditions and other provisions of the Partnership Agreement; and

WHEREAS, by virtue of the execution of this Agreement by the Company in its capacity as General Partner of the Partnership, the General Partner hereby consents to the amendment and restatement of the Third Amended and Restated Agreement of Limited Partnership.

NOW, THEREFORE, for good and adequate consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1.
DEFINED TERMS AND RULES OF CONSTRUCTION

Section 1.1. Definitions

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

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

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

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

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

- (i) decrease such deficit by any amounts which such Partner is obligated to restore pursuant to this Agreement or is deemed to be obligated to restore pursuant to Regulations Section 1.704-1(b)(2)(ii)(c) or the penultimate sentence of each of Regulations Sections 1.704-2(i)(5) and 1.704-2(g); and
- (ii) increase such deficit by the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

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

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

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

"AMB" means AMB Property Corporation, a Maryland corporation, in its capacity as the owner of 100% of the common stock of the General Partner and as the sole general partner of the Operating Partnership.

"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, 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:

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(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 AMB.

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

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

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

Partner or which are secured by any property distributed to such Partner.

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

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

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

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

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

"Charter" means the Company's Articles of Incorporation, as filed with the Maryland Department of Assessments and Taxation on November 24, 1997.

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

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

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

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

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

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

their sole and absolute discretion.

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

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

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

"Contributor" shall have the meaning given to such term in the recitals hereto.

"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.

"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

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zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the General Partner.

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

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

"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.

"Future Parity Preferred Capital" means, with respect to any series of Parity Preferred Units issued to Future Parity Preferred Unitholders following the date hereof, the product of (i) the number of Parity Preferred Units within such series then held by Preferred Limited Partners (other than the General Partner and the Operating Partnership) and (ii) the sum of amount contributed to the Partnership per such Parity Preferred Unit by Preferred Limited Partners and the Preferred Distribution Shortfall with respect to each such Parity Preferred Unit, if any.

"Future Parity Preferred Unitholders" shall have the meaning set forth in Section 17.6.D.

"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.

"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, 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:

- (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

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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;
- (c) the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); and
- (d) at such other times as the General Partner shall reasonably determine necessary or advisable in order to comply with Regulations Sections 1.704-1(b) and 1.704-2.

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

(iv) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (iv) to the extent that the General Partner reasonably determines that an adjustment pursuant to subparagraph (ii) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv).

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

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

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

"Incapacity" or "Incapacitated" means: (i) as to any individual Partner, death, total physical disability or entry by a court of competent jurisdiction adjudicating him or her incompetent to manage his or her Person or his or her estate; (ii) as to any corporation which is a Partner, the filing of a certificate of dissolution, or its equivalent, for the corporation or the

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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.

"Indemnatee" means (i) any Person subject to a claim or demand or made or threatened to be made a party to, or involved or threatened to be involved in, an action, suit or proceeding by reason of his or her status as (a) the General Partner or (b) a director, officer, employee or agent of the Partnership or the General Partner and (ii) such other Persons (including Affiliates of the General Partner or the Partnership) as the General Partner may designate from time to time, in its sole and absolute discretion.

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

"Junior Stock" means shares of capital stock of AMB representing any class or series of equity interest ranking, as to distributions and voluntary or involuntary liquidation, dissolution or winding up of AMB, junior to the Series C Preferred Shares and the Series D Preferred Shares.

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

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

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

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

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

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

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

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

(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;

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(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.

Solely for purposes of allocating Net Income or Net Loss in any Fiscal Year to the Holders of the Series C Preferred Units and the Series D Preferred Units pursuant to Sections 6.2.B.1(c) and (e), and Section 6.2.B.2(b), items of Net Income and Net Loss, as the case may be, shall not include Depreciation with respect to properties that are "ceiling limited" in respect of Preferred Limited Partners. For purposes of the preceding sentence, Partnership property shall be considered ceiling limited in respect of a Preferred Limited Partner if Depreciation attributable to such Partnership property which would otherwise be allocable to such Partner, without regard to this paragraph, exceeded depreciation determined for federal income tax purposes attributable to such Partnership property which would otherwise be allocable to such Partner by more than 5%.

"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.

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

"Parity Preferred Capital" means the sum of (i) the aggregate Series D Preferred Capital for all Holders of Series D Preferred Units (other than the General Partner and the Operating Partnership) and (ii) the aggregate Future Parity Preferred Capital for each series of Preferred Units issued following the date hereof.

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"Parity Preferred Stock" means any class or series of equity interest of AMB now or hereafter authorized, issued or outstanding expressly designated by AMB to rank on a parity with the Series C Preferred Shares and the Series D Preferred Shares with respect to distributions and rights upon voluntary or involuntary liquidation, winding up or dissolution of AMB.

"Parity Preferred Unit" means any class or series of Partnership Interests of the Partnership now or hereafter authorized, issued or outstanding expressly designated by the Partnership to rank on a parity with the Series C Preferred Units and the Series D Preferred Units with respect to distributions and rights upon voluntary or involuntary liquidation, winding up or dissolution of the Partnership.

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

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

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

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

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

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

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

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"Partnership Record Date" means the record date established by the General Partner for the distribution of Available Cash with respect to Common Units pursuant to Section 5.1 which record date shall be the same as the record date established by AMB 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. The ownership of Partnership Units may be evidenced by a certificate for units substantially in the form of Exhibit D-1 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.B.

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

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

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

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

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

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

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

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"Priority Return" means with respect to (i) the Series C Preferred Units, the Series C Priority Return and (ii) the Series D Preferred Units, the Series D Priority Return.

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

"PTP" shall have the meaning set forth in Section 16.7.

"Qualified REIT Subsidiary" means any Subsidiary of AMB 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.

"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 Charter" means the Articles of Incorporation of AMB as of November 24, 1997, as amended by the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on July 23, 1998 designating the 8 1/2% Series A Cumulative Redeemable Preferred Stock, the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on November 12, 1998 designating the 8 5/8% Series B Cumulative Redeemable Preferred Stock, the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on November 24, 1998 designating the 8 3/4% Series C Cumulative Redeemable Preferred Stock, and the Articles Supplementary filed with the Maryland Department of Assessments and Taxation on May 5, 1999 designating the 7.75% Series D Cumulative Redeemable Preferred Stock, and as further amended or restated from time to time.

"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 AMB.

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

"Series B Preferred Units" shall have the meaning set forth in Section 16.8.C.

"Series C Articles Supplementary" means the Articles Supplementary of AMB in connection with its Series C Preferred Shares, as filed with the Maryland Department of Revenue and Taxation on November 24, 1998.

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

"Series C Preferred Capital" means a Capital Account balance equal to the product of (i) the number of Series C Preferred Units then held by the Series C Limited Partner (including the General Partner and the Operating Partnership to the extent either of them holds Series C Preferred Units) multiplied by (ii) the sum of \$50 and any Preferred Distribution Shortfall per Series C Preferred Unit.

"Series C Preferred Share" means a share of 8 3/4% Series C Cumulative Redeemable Preferred Stock, par value \$.01 per share, liquidation preference \$50 per share, of AMB.

"Series C Preferred Units" means the Partnership's 8 3/4% Series C Cumulative Redeemable Partnership Units.

"Series C Preferred Unit Distribution Payment Date" shall have the meaning set forth in Section 16.3.A hereof.

"Series C Priority Return" shall mean an amount equal to 8 3/4% per annum on an amount equal to \$50 per Series C Preferred Unit then outstanding (equivalent to \$4.375 per annum). Such amount shall be determined on a daily basis computed on the basis of a 360-day year of twelve 30-day months (or actual days for any month which is shorter than a full monthly period), cumulative from November 24, 1998 to the extent not distributed for any given distribution period pursuant to Sections 5.1 and 16.3 hereof. Notwithstanding the foregoing, distributions on the Series C Preferred Units will accrue whether or not the terms and provisions of any agreement of the Partnership at any time prohibit the current payment of distributions, whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized. Accrued but unpaid distributions on the Series C Preferred Units will accumulate as of the Series C Preferred Unit Distribution Payment Date on which they first become payable.

"Series C Redemption" shall have the meaning set forth in Section 16.5.A.

"Series D Articles Supplementary" means the Articles Supplementary of AMB in connection with its Series D Preferred Shares, as filed with the Maryland Department of Revenue and Taxation on May 5, 1999.

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

"Series D Preferred Capital" means a Capital Account balance equal to the product of (i) the number of Series D Preferred Units then held by the Series D Limited Partner (including the General Partner and the Operating Partnership to the extent either of them holds

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Series C Preferred Units) multiplied by (ii) the sum of \$50 and any Preferred Distribution Shortfall per Series D Preferred Unit.

"Series D Preferred Share" means a share of 7.75% Series D Cumulative Redeemable Preferred Stock, par value \$.01 per share, liquidation preference \$50 per share, of AMB.

"Series D Preferred Units" means the Partnership's 7.75% Series D Cumulative Redeemable Membership Units.

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

"Series D Priority Return" shall mean an amount equal to 7.75% per annum on an amount equal to \$50 per Series D Preferred Unit then outstanding (equivalent to \$3.875 per annum). Such amount shall be determined on a daily basis computed on the basis of a 360-day year of twelve 30-day months (or actual

days for any month which is shorter than a full monthly period), cumulative from May 5, 1999 to the extent not distributed for any given distribution period pursuant to Sections 5.1 and 17.3 hereof. Notwithstanding the foregoing, distributions on the Series D Preferred Units will accrue whether or not the terms and provisions of any agreement of the Partnership at any time prohibit the current payment of distributions, whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized. Accrued but unpaid distributions on the Series D Preferred Units will accumulate as of the Series D Preferred Unit Distribution Payment Date on which they first become payable.

"Series D Redemption" shall have the meaning set forth in Section 17.5.A.

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

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

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

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

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

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

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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 II, 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 The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801. The address of the principal office of the Partnership in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801 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

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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.

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Section 2.5. Term

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

Section 2.6. Number of Partners

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

ARTICLE 3.
PURPOSE

Section 3.1. Purpose and Business

The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act; provided, however, that such business shall be limited to and conducted in such a manner as to permit AMB, in its capacity as the owner of 100% of the Common Stock of the General Partner and as the sole General Partner of the Operating Partnership, at all times to be classified as a REIT for Federal income tax purposes, unless AMB 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 AMB's right in its sole discretion to cease qualifying as a REIT, the Partners acknowledge that AMB'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, notwithstanding anything to the contrary in this Agreement, the Partnership shall not take, or refrain from taking, any action which, in the judgment of AMB, in its sole and absolute discretion, (i) could adversely affect the ability of AMB, in its capacity as the owner of 100% of the Common Stock of the General Partner and as the sole general partner of the Operating Partnership, to continue to qualify as a REIT, (ii) absent

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the consent of the General Partner, which may be given or withheld in its sole and absolute discretion, and except with respect to the distribution of Available Cash to the Series C Limited Partners and the Series D Limited Partners in accordance with Sections 16.3 and 17.3, respectively, could subject AMB 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 AMB or its securities, unless any such action (or inaction) under the foregoing clauses (i), (ii) or (iii) shall have been specifically consented to by AMB 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

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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 AMB, other than any shares of capital stock of AMB that such Partner may acquire pursuant to Sections 16.8 or 17.8, subject to the ownership limitations set forth in the REIT Charter.

(iii) Upon request of the General Partner, it will disclose to the General Partner the amount of shares of capital stock of AMB 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 AMB violates the limitations set forth in the REIT Charter, then (x) some or all of the Redemption rights or rights to exchange Partnership Interests for Series C Preferred Shares or some or all of the Series D Redemption rights or rights to exchange Partnership Interests for Series D Preferred Shares of the Limited Partners may become non-exercisable, and (y) some or all of such shares owned by the Partners and/or some or all of the Partnership Interests owned by the Limited Partners may be automatically transferred to a trust for the benefit of a charitable beneficiary, as provided in the REIT Charter and Exhibit I of this Agreement, respectively.

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E. The representations and warranties contained in Sections 3.4.A,

3.4.B, 3.4.C and 3.4.D shall survive the execution and delivery of this Agreement by each Partner and the dissolution and winding up of the Partnership.

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

Section 3.5. Certain ERISA Matters

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

ARTICLE 4. CAPITAL CONTRIBUTIONS

Section 4.1. Capital Contributions of the Partners

At the time of their respective execution of this Agreement, the Partners shall make or shall have made Capital Contributions as set forth in Exhibit A to this Agreement. The Partners shall own Partnership Units of the class and in the amounts set forth in Exhibit A and shall have a Percentage Interest in the Partnership as set forth in Exhibit A, which Percentage Interest shall be adjusted in Exhibit A from time to time by the General Partner to the extent necessary to accurately reflect exchanges, redemptions, Capital Contributions, the issuance of additional Partnership Units 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 and 10.5, no Partner shall be required or permitted to make any additional Capital Contributions or loans to the Partnership.

Section 4.2. Loans

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, including the General Partner, the Operating Partnership and their affiliates, 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.

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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.

B. Issuance of Additional Partnership Interests. The General Partner may raise all or any portion of the Additional Funds by accepting additional Capital Contributions of cash. The General Partner may also accept additional Capital Contributions of real property or other non-cash assets. In connection with any such additional Capital Contributions (of cash or property), and subject to Sections 16.6 and 17.6 hereof, the General Partner is hereby authorized to cause the Partnership from time to time to issue to Partners (including the General Partner) or other Persons (including, without limitation, in connection with the contribution of property to the Partnership) additional Partnership Units or other Partnership Interests in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers, and duties, including rights, powers, and duties senior to then existing Limited Partnership Interests, all as shall be determined by the General Partner in its sole and absolute discretion subject to Delaware law, and as set forth by amendment to this Agreement, including without limitation: (i) the allocations of items of Partnership income, gain, loss, deduction, and credit to such class or series of Partnership Interests; (ii) the right of each such class or series of Partnership Interests to share in Partnership distributions; (iii) the rights of

each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership; and (iv) the right to vote. In the event that the Partnership issues additional Partnership Interests pursuant to this Section 4.3.B, the General Partner shall make such revisions to this Agreement (including but not limited to the revisions described in Sections 5.4 and 6.2.C) as it determines are necessary to reflect the issuance of such additional Partnership Interests.

C. 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, and the Percentage Interest of each other Partner, shall be equal to the amounts agreed to by the Partnership and the contributors.

D. AMB agrees to comply with Section 4.3.D of the Third Amended and Restated Agreement of Limited Partnership of the Operating Partnership, as amended or waived from time to time.

Section 4.4. 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) making additional Capital Contributions or loans to the Partnership or (ii) issuance or sale of any Partnership Units or other Partnership Interests.

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Section 4.5. Other Contribution Provisions

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

ARTICLE 5. DISTRIBUTIONS

Section 5.1. Requirement and Characterization of Distributions

The General Partner shall cause the Partnership to distribute all, or such portion as the General Partner may in its discretion determine, Available Cash generated by the Partnership (i) first, to the extent that the amount of cash distributed with respect to any Partnership Interests that are entitled to any preference in distribution for any prior distribution period was less than the required distribution for such outstanding Partnership Interests for such prior distribution period, and to the extent such deficiency has not been subsequently distributed pursuant to this Section 5.1 (a "Preferred Distribution Shortfall"), in accordance with the rights of such class of Partnership Interests (and within such class, pro rata in proportion to the respective Percentage Interests on the applicable record date) and to the Partners who are Partners on the applicable record date with respect to such distribution, (ii) second, with respect to any Partnership Interests that are entitled to any preference in distribution, in accordance with the rights of such class of Partnership Interests (and within such class, pro rata in proportion to the respective Percentage Interests on the applicable record date) and (iii) third, with respect to Partnership Interests that are not entitled to any preference in distribution, pro rata to each such class on a quarterly basis and in accordance with the terms of such class to Partners who are Partners of such class on the Partnership Record Date with respect to such distribution (and within each such class, pro rata in proportion with the respective Percentage Interests on such Partnership Record Date). Except as expressly provided for in Article 16 with respect to the Series C Preferred Units, in Article 17 with respect to the Series D Preferred Units, and in an agreement, if any, entered into in connection with the creation of a new class of Partnership Interests in accordance with Article 4, no Partnership Interest shall be entitled to a distribution in preference to any other Partnership Interest. The General Partner shall take such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with AMB's qualification as a REIT, to cause the Partnership to distribute sufficient amounts to enable AMB, in its capacity of general partner of the Operating Partnership, and the sole stockholder of the General Partner, to pay stockholder dividends that will, so long as AMB has determined to qualify as a REIT (a) satisfy the requirements for qualifying as a REIT under the Code and Regulations ("REIT Requirements") and (b) except to the extent otherwise determined by the General Partner, avoid any Federal income or excise tax liability of the AMB, except to the extent that a distribution pursuant to clause (b) would prevent the Partnership from making a distribution to the holders of Series C

Preferred Units or Series D Preferred Units in accordance with Sections 16.3 and 17.3, respectively.

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; provided, however, that, in such case, the General Partners shall distribute only cash to the Series C Limited Partners and the Series D Limited Partners.

Section 5.3. Distributions Upon Liquidation

Proceeds from a Liquidating Event shall be distributed to the Partners in accordance with Section 13.2.

Section 5.4. Distributions to Reflect Issuance of Additional Partnership Interests

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

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 Holder of a share of Net Income or Net Loss shall be treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing Net Income or Net Loss.

Section 6.2. General Allocations

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

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

- (a) First, 100% to the General Partner in an amount equal to the remainder, if any, of the cumulative Net Losses allocated to the General Partner pursuant to Section 6.2.B.2(d) for all prior Partnership Years minus the cumulative Net Income allocated to the General Partner pursuant to this Section 6.2.B.1(a) for all prior Partnership Years;
- (b) Second, 100% to each Holder of Partnership Interests in an amount equal to the remainder, if any, of the cumulative Net Losses allocated to each such Holder pursuant to Section 6.2.B.2(c) for all prior Partnership Years minus the cumulative Net Income allocated to such Holder pursuant to this Section 6.2.B.1(b) for all prior Partnership Years;
- (c) Third, 100% to the Holders of Preferred Units in an amount equal to the remainder, if any, of the cumulative Net Losses allocated to such Holders pursuant to Section 6.2.B.2(b) for all prior Partnership Years minus the cumulative Net Income allocated to

such Holders pursuant to this Section 6.2.B.1(c) for all prior Partnership Years;

- (d) Fourth, 100% to the Holders of Common Units in an amount equal to the remainder, if any, of the cumulative Net Losses allocated to each such Holder pursuant to Section 6.2.B.2(a) for all prior Partnership Years minus the cumulative Net Income allocated to each Holder pursuant to this Section 6.2.B.1(d) for all prior Partnership Years;
- (e) Fifth, 100% to the Holders of Preferred Units, with respect to each series of Preferred Units, in an amount equal to the excess of (i) the cumulative Priority Return to the last day of the current Partnership Year or to the date of redemption of such Preferred Units, to the extent such Preferred Units are redeemed during such year, over (ii) the cumulative Net Income allocated to the Holders of such Preferred Units, pursuant to this Section 6.2.B.1(e) for all prior Partnership Years; and
- (f) Sixth, 100% to the Holders of Common Units in accordance with their respective Percentage Interests in the Common Units.

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

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

- (a) First, 100% to the Holders of Common Units in accordance with their respective Percentage Interests in the Common Units (to the extent

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consistent with this Section 6.2.B.2(a)) until the Adjusted Capital Account (ignoring for this purpose any amounts a Holder is obligated to contribute to the capital of the Partnership or is deemed obligated to contribute pursuant to Regulations Section 1.704-1(b)(2)(ii)(c)(2) and ignoring the Holder's Series C Preferred Capital and Series D Preferred Capital) of each such Holder is zero;

- (b) Second, 100% to the Holders of Preferred Units, pro rata to each such Holder's Adjusted Capital Account (ignoring for this purpose any amounts a Holder is obligated to contribute to the capital of the Partnership or is deemed obligated to contribute pursuant to Regulations Section 1.704-1(b)(2)(ii)(c)(2)), until the Adjusted Capital Account (as so modified) of each such Holder is zero;
- (c) Third, 100% to the Holders of Partnership Interests to the extent of, and in proportion to, the positive balance (if any) in their Adjusted Capital Accounts; and
- (d) Fourth, 100% to the General Partner.

C. Allocations to Reflect Issuance of Additional Partnership Interests. In the event that the Partnership issues additional Partnership Interests to the General Partner or any Additional Limited Partner pursuant to Section 4.3 or 4.4, the General Partner shall make such revisions to this Section 6.2 or to Section 12.2.B as it determines are necessary to reflect the terms of the issuance of such additional Partnership Interests, including making preferential allocations to certain classes of Partnership Interests, subject to the terms of the Series C Preferred Units and the Series D Preferred Units.

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 Holder shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder'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 Holder 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).

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(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 Holder 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 Holder'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 Holder 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 Holders in accordance with their respective Percentage Interest in Common Units. Any Partner Nonrecourse Deductions for any fiscal year shall be specially allocated to the Holder(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 Holder 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 Holder in an amount and manner sufficient to eliminate, to the extent required by such Regulations, the Adjusted Capital Account Deficit of the Holder 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 Holder 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 Holder 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 Holder is obligated to restore to the Partnership and (b) the amount such Holder 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 Holder 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 Holder

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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 Holder, such allocation of Net Loss shall be reallocated among the other Holders in accordance with their respective

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

(vii) Section 754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Holder 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 Holders 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 Holders 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 Holders so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Holder shall be equal to the net amount that would have been allocated to each such Holder if the Regulatory Allocations had not occurred.

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

Section 6.4. Tax Allocations

A. In General. Except as otherwise provided in this Section 6.4, for income tax purposes each item of income, gain, loss and deduction (collectively, "Tax Items") shall be allocated among the Holders 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 Holders for income tax purposes pursuant to

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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; provided, however, that the General Partner may be removed by the Majority in Interest of the Limited Partners, with or without cause, such removal effective upon the delivery of written notice thereof by the Limited Partners to 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 AMB, in its capacity as the sole general partner of the Operating Partnership and as sole stockholder of the General Partner (for so long as AMB 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 AMB 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

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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 AMB, in its capacity as the sole stockholder of the General Partner and as the sole general partner of the Operating Partnership, has determined to continue to qualify as a REIT, the Partnership may not engage in any such formation, acquisition or contribution that would cause AMB 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;

- (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; and
- (xx) the making of loans by the Partnership to its Partners, for any purpose, provided that such loans be upon arm's-length terms.

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

C. At all times from and after the date hereof, the General Partner may

cause the Partnership to obtain and maintain (i) casualty, liability and other insurance (including, without limitation, earthquake insurance) on the properties of the Partnership and (ii) liability insurance for the Indemnities hereunder.

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

E. In exercising its authority under this Agreement, the General Partner may, but other than as set forth in the following sentence and as expressly set forth in the agreements listed on Exhibit H hereto, shall be under no obligation to, take into account the tax consequences to any Partner (including the General Partner) of any action taken by the General Partner. The General Partner 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.

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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;
- (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) perform any act that would subject the Partnership to regulation as an "investment company" as such term is defined under the Investment Company Act of 1940, as amended.

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

- (i) except as provided in Section 7.3.D below, amend, modify or terminate this Agreement other than to reflect the admission, substitution, termination or withdrawal of partners pursuant to Article 12;
- (ii) make a general assignment for the benefit of creditors or appoint or acquiesce in the appointment of a custodian, receiver or trustee for all or any part of the assets of the Partnership;
- (iii) institute any proceeding for bankruptcy on behalf of the Partnership;
- (iv) confess a judgment against the Partnership; or
- (v) enter into a merger (including a triangular merger), consolidation or other combination of the Partnership with or into another entity.

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

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

- (i) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners;
- (ii) to reflect the issuance of additional Partnership Interests pursuant to Section 4.3.B, or the admission, substitution, termination, reduction in Partnership Units or withdrawal of Partners in accordance with this Agreement (which may be effected through the replacement of Exhibit A with an amended Exhibit A);
- (iii) to set forth or amend the designations, rights, powers, duties, and preferences of the holders of any additional Partnership Interests issued pursuant to Article 4;
- (iv) to reflect a change that is of an inconsequential nature and does not adversely affect the Limited Partners in any material respect, or to cure any ambiguity in, correct or supplement any provision, or make other changes with respect to matters arising under, this Agreement that will not be inconsistent with law or with the provisions of this Agreement;

- (v) to satisfy any requirements, conditions, or guidelines contained in any order, directive, opinion, ruling or regulation of a Federal, state or local agency or contained in Federal, state or local law.
- (vi) to reflect such changes as are reasonably necessary for AMB, in its capacity as the sole stockholder of the General Partner and as the sole general partner of the Operating Partnership, to maintain its status as a REIT, including changes which may be necessitated due to a change in applicable law (or an authoritative interpretation thereof) or a ruling of the IRS; and
- (vii) to modify, as set forth in the definition of "Capital Account," the manner in which Capital Accounts are computed.

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

E. Notwithstanding Sections 7.3.B, 7.3.C and 7.3.D, this Agreement shall not be amended, and no action may be taken by the General Partner, including in either case through merger or sale of assets of the Partnership or otherwise, without the Consent of each Common Limited Partner or Preferred Limited Partner adversely affected if such amendment or action would (i) convert a Limited Partner's interest in the Partnership into a general partner's interest (except

as the result of the General Partner acquiring such interest), (ii) modify the limited liability of a Limited Partner, (iii) alter rights of the Partner to receive distributions pursuant to Article 5 or Section 13.2.A(4) or Articles 16 or 17 or the allocations specified in Article 6 (except as permitted pursuant to Sections 4.3 and 7.3.D), (iv) alter the Series C Redemption or exchange rights as set forth in Sections 16.5 and 16.8, respectively, or the Series D Redemption or exchange rights as set forth in Sections 17.5 and 17.8, respectively, 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.

F. The General Partner shall not undertake to dispose of any Partnership Property specified in the agreements listed in Exhibit G in a taxable sale or taxable exchange prior to the dates specified in such agreements without the prior consent of each Limited Partner which contributed all or any portion of an interest in such Property to the Partnership, as set forth in such agreements.

Section 7.4. Reimbursement of the General Partner

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

B. 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

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Partnership. 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

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 and such activities as are incidental to the same and activities incidental to the ownership of interests permitted by the next succeeding sentence. 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 REIT Charter. The General Partner's General Partner Interest in the 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.

Section 7.6. Employee Benefit Plans

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.

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

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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

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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.

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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.

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,

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undertaken in the good faith belief that such action or omission is necessary or advisable in order to protect the ability of AMB, in its capacity as the sole stockholder of the General Partner and as the sole general partner of the Operating Partnership, for so long as AMB has determined to qualify as a REIT, to (i) continue to qualify as a REIT or (ii) except with respect to the distribution of Available Cash to the Series C Limited Partners and the Series D Limited Partners in accordance with Sections 16.3 and 17.3, respectively, avoid AMB incurring any taxes under Section 857 or Section 4981 of the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

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

Section 7.10. Title to Partnership Assets

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

Section 7.11. Reliance by Third Parties

Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies which may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery of such certificate, document or instrument, this

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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. Notwithstanding the foregoing, the General Partner may be removed by the Limited Partners, pursuant to and in accordance with Section 7.1. Upon the removal of the General Partner, the Common Limited Partners shall select a successor General Partner, who shall upon the acceptance of such selection be admitted as a successor General Partner pursuant to Section 12.1 hereof. 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.

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Section 8.4. Return of Capital

Except pursuant to the Redemption and exchange rights set forth in Sections 16.5 and 16.8 and the Series D Redemption and exchange rights set forth in Sections 17.5 and 17.8, no Limited Partner shall be entitled to the withdrawal or return of his or her Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon termination of the Partnership as provided herein. Except as expressly set forth herein with respect to the rights, priorities and preferences of the Preferred Limited Partners holding any series of Preferred Units, no Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Capital Contributions, or as otherwise expressly provided in this Agreement, as to profits, losses, distributions or credits.

Section 8.5. Rights of Limited Partners Relating to the Partnership

A. In addition to other rights provided by this Agreement or by the Act, and except as limited by Section 8.5.B, 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 AMB pursuant to the Exchange Act, and each communication sent to the stockholders of AMB;
- (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. 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.

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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; provide, 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. (1) As soon as practicable, but in no event later than the earlier to occur of (a) 105 days after the close of each Partnership Year and (b) five (5) business days following the date on which Company files its annual report in respect of a fiscal year on Form 10-K, or such other applicable form ("Form 10-K"), with the Securities and Exchange Commission (the "Commission"), a complete copy of AMB's audited financial statements for such fiscal year including a balance sheet, income statement and cash flow statement for such fiscal year prepared and audited by an independent nationally recognized firm of certified public accountants in accordance with GAAP and (2) not later than fifteen (15) days after the date documents are delivered in clause (A)(1) above, the consolidating balance sheet, cash flow statement and income statement of the Operating Partnership for such fiscal year, prepared by AMB; and

B. (1) As soon as practicable, but in no event later than five (5) business days following the date on which AMB files its quarterly report in respect of a fiscal quarter on Form 10-Q, or such other applicable form ("Form 10-Q"), with the Commission, a complete copy of AMB's unaudited quarterly financial statements for such fiscal quarter including a balance sheet, income statement and cash flow statement for such fiscal quarter prepared in accordance with GAAP and (2) not later than fifteen (15) days after the date documents are delivered in clause (B)(1) above, the consolidating balance sheet, cash flow statement and income statement of the Operating Partnership for such fiscal quarter, prepared and certified by AMB.

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

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in good faith believes is not in the best interests of the Partnership or which

the Partnership is required by law or by agreements with unaffiliated third parties to keep confidential.

ARTICLE 10.
TAX MATTERS

Section 10.1. Preparation of Tax Returns

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

Section 10.2. Tax Elections

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

Section 10.3. Tax Matters Partner

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

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

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

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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.

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Section 10.5. Withholding

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

ARTICLE 11. TRANSFERS AND WITHDRAWALS

Section 11.1. Transfer

A. The term "transfer," when used in this Article 11 with respect to a Partnership Interest, shall be deemed to refer to a transaction by which the General Partner purports to assign its General Partner Interest to another Person or by which a Limited Partner purports to assign its Limited Partnership Interest to another Person, and includes a sale, assignment, gift (outright or in trust), pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise. Except to the extent otherwise specified, the term "transfer" when used in this Article 11 does not include any exchange for Series C Preferred Shares pursuant to Section 16.8 or any exchange for Series D Preferred Shares pursuant to Section 17.8. No part of the interest of a Limited Partner shall be subject to the claims of any

creditor, any spouse for alimony or support, or to legal process, and may not be voluntarily or involuntarily alienated or encumbered, except as may be specifically provided for in this Agreement.

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

Section 11.2. Transfer of General Partner's and Common Limited 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). Any attempted transfer of the General Partner Interest shall be void ab initio. To the extent the prior sentence does not have the effect of preventing any such proposed transfer, the transfer shall cause the dissolution of the Partnership.

B. Except as otherwise provided in this Section 11.2.B, no Common Limited Partner shall withdraw from or transfer all or any portion of its interest in the Partnership (whether by sale, statutory merger, consolidation, liquidation or otherwise). Any attempted transfer of a Common Limited Partner Interest contrary to this Section 11.2.B shall be void ab initio. To the extent the prior sentence does not have the effect of preventing any such proposed transfer, the transfer shall cause the dissolution of the Partnership.

C. Notwithstanding Section 11.2.B, any Common Limited Partner other than the Operating Partnership shall be permitted to transfer, with the consent of the General Partner (which consent may be given or withheld in the General Partner's sole and absolute discretion), all or any portion of its Partnership Interest to the Operating Partnership.

Section 11.3. Preferred Limited Partners' Rights to Transfer

A. Any Preferred Limited Partner may, at any time without the consent of the General Partner, (i) transfer all or any portion of its Partnership Interest to the General Partner, (ii) transfer all or any portion of its Partnership Interest to an Affiliate controlled thereby or to an Immediate Family member, subject to the provisions of Section 11.6, (iii) transfer all or any portion of its Partnership Interest to a trust for the benefit of a charitable beneficiary or to a charitable foundation, subject to the provisions of Section 11.6 and (iv) subject to the provisions of Section 11.6, (a) pledge (a "Pledge") all or any portion of its Partnership Interest to a lending institution, which is not an Affiliate of such Preferred Limited Partner, as collateral or security for a bona fide loan or other extension of credit, or (b) transfer such pledged Partnership Interest to such lending institution in connection with the exercise of remedies under such loan or extension of credit. In addition, each Preferred Limited Partner or Assignee (resulting from a transfer made pursuant to clauses (i)-(iv) of the preceding sentence) shall have the right to transfer all or any portion of its Partnership Interest, subject to the provisions of Section 11.6, provided that 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 Preferred 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 REIT Charter, which may limit or restrict such transferee's ability to exercise its Series C Redemption rights or the exchange rights set forth in Sections 16.5 or 16.8, respectively, or its Series D Redemption rights or the exchange rights set forth in Sections 17.5 or 17.8, respectively, and to the representations set forth in Section 3.4.D. Any transferee, whether or not admitted as a Substituted Limited Partner, shall take subject to the obligations of the transferor hereunder. Unless admitted as a Substituted Limited Partner, no transferee, whether by a voluntary transfer, by operation of law or otherwise, shall have any rights hereunder, other than the rights of an Assignee as provided in Section 11.5.

B. If a Preferred 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 Preferred Limited Partner, but not more rights than those enjoyed by other Preferred Limited Partners, for the purpose of settling or managing the estate, and such power as the Incapacitated Preferred 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 Preferred 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 Preferred Limited Partner of his or her Partnership Units (including any Series C Redemption or exchange rights set forth in Sections 16.5 and 16.8, respectively, any Series D Redemption or exchange rights set forth in Sections 17.5 and 17.8, respectively, or any other acquisition of Common Units, Series C Preferred Units or Series D Preferred Units by the General Partner, AMB or the Partnership) may be made to any person if (i) in the opinion of legal counsel for the Partnership, it could result in the Partnership being treated as an association taxable as a corporation or (ii) absent the consent of the General Partner, which may be given or withheld in its sole and absolute discretion, such transfer could be treated as effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code.

E. No transfer of any Preferred 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

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Partnership and the General Partner to redeem or exchange for the specified amount of Series C Preferred Shares and/or Series D Preferred Units (as the case may be) any Partnership Units in which a security interest is held simultaneously with the time at which such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Section 752 of the Code.

F. No Preferred Limited Partner may withdraw from the Partnership except as a result of transfer, Series C Redemption, Series D Redemption, or exchange of all of its Partnership Units pursuant hereto.

Section 11.4. Substituted Limited Partners

A. Any Preferred Limited Partner shall have the right to substitute a transferee permitted by this Agreement as a Limited Partner in his or her place. The General Partner shall have the right to consent to the admission of a permitted transferee of the interest of any other Limited Partner, as a Substituted Limited Partner, pursuant to this Section 11.4, which consent may be given or withheld by the General Partner in its sole and absolute discretion. The General Partner's failure or refusal to permit a transferee of any such interests to become a Substituted Limited Partner shall not give rise to any cause of action against the Partnership or any Partner.

B. A transferee who has been admitted as a Substituted Limited Partner in accordance with this Article 11 shall have all the rights and powers and be subject to all the restrictions and liabilities of a Limited Partner under this Agreement. The admission of any transferee as a Substituted Limited Partner shall be subject to the transferee executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement (including, without limitation, the provisions of Section 2.4 and such other documents or instruments as may be required to effect the admission, each in form and substance satisfactory to the General Partner) and the acknowledgment by such transferee that each of the representations and warranties set forth in Section 3.4 are true and correct with respect to such transferee as of the date of the transfer of the Partnership Interest to such transferee and will continue to be true to the extent required by such representations and warranties.

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

Section 11.5. Assignees

If the General Partner, with respect to a transferee requiring the General Partner's consent, does not consent, in its sole and absolute

discretion, 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

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transfer the Partnership Units provided in this Article 11, the right of exchange for Series C Preferred Shares set forth in Section 16.8, and the right of exchange for Series D Preferred Shares set forth in Section 17.8, but shall not be deemed to be a holder of Partnership Units for any other purpose under this Agreement, and shall not be entitled to effect a Consent with respect to such Partnership Units on any matter presented to the Limited Partners for approval (such Consent remaining with the transferor Limited Partner). In the event any such transferee desires to make a further assignment of any such Partnership Units, such transferee shall be subject to all the provisions of this Article 11 to the same extent and in the same manner as any Limited Partner desiring to make an assignment of Partnership Units. Notwithstanding anything contained in this Agreement to the contrary, as a condition to becoming an Assignee, any prospective Assignee must first execute and deliver to the Partnership an acknowledgment that each of the representations and warranties set forth in Section 3.4 hereof are true and correct with respect to such prospective Assignee as of the date of the prospective assignment of the Partnership Interest to such prospective Assignee and will continue to be true to the extent required by such representations or warranties.

Section 11.6. General Provisions

A. No Limited Partner may withdraw from the Partnership other than as a result of (i) a transfer of all of such Limited Partner's Partnership Units as permitted in accordance with this Article 11 and the transferee(s) of such Units being admitted to the Partnership as a Substituted Limited Partner(s), (ii) pursuant to the Series C Redemption or exchange of all of such Limited Partner's Series C Preferred Units pursuant to Section 16.8, or (iii) pursuant to the Series D Redemption or exchange of all of such Limited Partner's Series D Preferred Units pursuant to Section 17.8.

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 Series C Redemption or exchange of all of such Limited Partner's Series C Preferred Units pursuant to Section 16.8 or pursuant to the exercise of its rights of Series D Redemption or exchange of all of such Limited Partner's Series D Preferred Units pursuant to Section 17.8, 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 Sections 16.5 or 17.5, on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items attributable to such Partnership Interest for such fiscal year shall be divided and allocated between the transferor Partner and the transferee Partner by taking into account their varying interests during the fiscal year in accordance with Section 706(d) of the Code, using the interim closing of the books method. Except as otherwise required by Section 706(d) of the Code or as otherwise specified in this Agreement or as otherwise determined by the General Partner (to the

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extent consistent with Section 706(d) of the Code), solely for purposes of making such allocations, each of such items for the calendar month in which the transfer, assignment or redemption occurs shall be allocated among all the Partners and Assignees in a manner determined by the General Partner in its sole discretion.

E. In addition to any other restrictions on transfer herein contained, including without limitation the provisions of this Article 11 and Section 2.6, in no event may any transfer or assignment of a Partnership Interest by any Partner (including by way of a Series C Redemption or exchange for Series C Preferred Shares, a Series D Redemption or exchange for Series D Preferred Shares, or any other acquisition of Common Units, Series C Preferred Units, or Series D Preferred Units by the Partnership, AMB or the General Partner) be made

(i) to any person or entity who lacks the legal right, power or capacity to own a Partnership Interest; (ii) in violation of applicable law; (iii) except with the consent of the General Partner, which may be given or withheld in its sole and absolute discretion, of any component portion of a Partnership Interest, such as the Capital Account, or rights to distributions, separate and apart from all other components of a Partnership Interest; (iv) except with the consent of the General Partner, which may be given or withheld in its sole and absolute discretion, if in the opinion of legal counsel to the Partnership such transfer would cause a termination of the Partnership for Federal or state income tax purposes (except as a result of the Series C Redemption or exchange for Preferred Shares or cash pursuant to Sections 16.5 and 16.8, respectively, and the Series D Redemption or exchange for Preferred Shares or cash pursuant to Sections 17.5 and 17.8, respectively, of all Partnership Units held by all Limited Partners); (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 a Series C Redemption or exchange for Preferred Shares pursuant to Sections 16.5 and 16.8, respectively, and a Series D Redemption or exchange for Preferred Shares pursuant to Sections 17.5 and 17.8, respectively, of all Partnership Units held by all Limited Partners); (vi) if such transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code); (vii) if such transfer would, in the opinion of counsel to the Partnership, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.2-101; (viii) if such transfer requires the registration of such Partnership Interest or requires the registration of the exchange of such Partnership Interests for any capital stock pursuant to any applicable Federal or state securities laws; (ix) except with the consent of the General Partner, which may be given or withheld in its sole and absolute discretion, if such transfer is effectuated through an "established securities market" or a "secondary market" (or the substantial equivalent thereof) within the meaning of Section 7704 of the Code or such transfer causes the Partnership to become a "Publicly Traded Partnership," as such term is defined in Sections 469(k)(2) or 7704(b) of the Code; (x) if such transfer subjects the Partnership to be regulated under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or the Employee Retirement Income Security Act of 1974, each as amended; (xi) if the transferee or assignee of such Partnership Interest is unable to make the representations set forth in Section 3.4.D or such transfer could otherwise adversely affect the ability of AMB, in its capacity as the sole stockholder of General Partner and the sole general partner of the Operating Partnership, to remain qualified as a REIT; or (xii) if, except with the consent of the General Partner, which may be given or withheld in its sole and absolute

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discretion, such transfer would subject AMB to any additional taxes under Section 857 or Section 4981 of the Code.

F. The General Partner shall monitor the transfers of interests in the Partnership (including any acquisition of Series C Preferred Units or Series D Preferred Units by the Partnership, AMB or the General Partner) to determine (i) if such interests are being traded on an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code and (ii) whether such transfers of interests would result in the Partnership being unable to qualify for at least one of the "safe harbors" set forth in Regulations Section 1.7704-1 (or such other applicable guidance subsequently published by the IRS setting forth safe harbors under which interests will not be treated as "readily tradable on a secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code) (the "Safe Harbors"). The General Partner shall have authority (but shall not be required to) to take any steps it determines are necessary or appropriate in its sole and absolute discretion to prevent any trading of interests which could cause the Partnership to become a "publicly traded partnership," or any recognition by the Partnership of such transfers, or to insure that at least one of the Safe Harbors is met.

ARTICLE 12.
ADMISSION OF PARTNERS

Section 12.1. Admission of Successor General Partner

A successor to all of the General Partner's General Partner Interest pursuant to Section 11.2 who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective upon such transfer. Any such transferee shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission. In the case of such admission on any day other than the first day of a Partnership Year, all items attributable to the General Partner Interest for such Partnership Year

shall be allocated between the transferring General Partner and such successor as provided in Article 11.

Section 12.2. Admission of Additional Limited Partners

A. A Person who makes a Capital Contribution to the Partnership in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 2.4 and (ii) such other documents or instruments as may be required in the discretion of the General Partner in order to effect such Person's admission as an Additional Limited Partner.

B. Notwithstanding anything to the contrary in this Section 12.2, no Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent may be given or withheld in the General Partner's sole and absolute discretion.

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The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the receipt of the Capital Contribution in respect of such Limited Partner, the documents set forth in this Section 12.2.A and the consent of the General Partner to such admission. If any Additional Limited Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items allocable among Partners and Assignees for such Partnership Year shall be allocated among such Limited Partner and all other Partners and Assignees by taking into account their varying interests during the Partnership Year in accordance with Section 706(d) of the Code, using the interim closing of the books method. Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of an Additional Limited Partner occurs shall be allocated among all the Partners and Assignees, including such Additional Limited Partner, in a manner determined by the General Partner in its sole discretion.

Section 12.3. Amendment of Agreement and Certificate of Limited Partnership

For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement (including an amendment of Exhibit A) and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Section 2.4.

ARTICLE 13. DISSOLUTION AND LIQUIDATION

Section 13.1. Dissolution

The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner (selected as described in Section 13.1.B below) shall continue the business of the Partnership. The Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following ("Liquidating Events"):

A. the expiration of its term as provided in Section 2.5;

B. an event of withdrawal of the General Partner, as defined in the Act, unless, within ninety (90) days after the withdrawal, all of the remaining Common Limited 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 October 15, 2096, an election to dissolve the Partnership made by the General Partner with the consent of Limited Partners who hold ninety percent (90%) of the outstanding Units held by Limited Partners;

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D. subject to the provisions of Section 7.3.C, an election to dissolve the Partnership made by the General Partner in its sole and absolute discretion;

E. entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act;

F. the sale or disposition of all or substantially all of the assets and properties of the Partnership;

G. 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 Limited Partners remaining 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)).

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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

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proportions and the amount distributed to such trust by the Partnership would otherwise have been distributed to the General Partner and Limited Partners pursuant to this Agreement; or

B. withheld to establish any reserves deemed necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership; and to reflect the unrealized portion of any installment obligations owed to the Partnership; provided that, such withheld amounts shall be distributed to the General Partner and Limited Partners as soon as practicable.

Section 13.4. Deemed Distribution and Recontribution

Notwithstanding any other provision of this Article 13, in the event the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Liquidating Event has occurred, the Partnership's property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up. Instead, the Partnership shall be deemed to have distributed the Partnership property in kind to the General Partner and Limited Partners, who shall be deemed to have assumed and taken such property subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the General Partner and Limited Partners shall be deemed to have recontributed the Partnership property in kind to the Partnership, which shall be deemed to have assumed and taken such property subject to all such liabilities.

Section 13.5. Rights of Limited Partners

Except as otherwise provided in this Agreement, each Limited Partner shall look solely to the assets of the Partnership for the return of his Capital Contribution and shall have no right or power to demand or receive property from the General Partner. Except as expressly set forth herein with respect to the rights, priorities and preferences of the Preferred Limited Partners holding any series of Preferred Units, no Limited Partner shall have priority over any other Limited Partner as to the return of his Capital Contributions, distributions or allocations.

Section 13.6. Notice of Dissolution

In the event a Liquidating Event occurs or an event occurs that would, but for provisions of Section 13.1, result in a dissolution of the Partnership, the General Partner shall, within thirty (30) days thereafter, provide written notice thereof to each of the Partners and to all other parties with whom the Partnership regularly conducts business (as determined in the discretion of the General Partner) and shall publish notice thereof in a newspaper of general circulation in each place in which the Partnership regularly conducts business (as determined in the discretion of the General Partner).

Section 13.7. Cancellation of Certificate of Limited Partnership

Upon the completion of the liquidation of the Partnership cash and property as provided in Section 13.2, the Partnership shall be terminated and the Certificate and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

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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 Sections 7.3, 16.6 and 17.6, 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 entitled to consent or approve such matter. 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 the Limited Partners on the proposed amendment or shall call a meeting to vote thereon and to transact any other business that it may deem appropriate. For purposes of obtaining a written consent, the General Partner may require a response within a reasonable specified time, but not less than fifteen (15) days, and failure to respond in such time period shall constitute a consent which is consistent with the General Partner's recommendation (if so recommended); provided that, an action shall become effective at such time as requisite consents are received even if prior to such specified time.

Section 14.2. Action by the Partners

A. Meetings of the Partners may be called by the General Partner and shall be called upon the receipt by the General Partner of a written request by Limited Partners holding twenty-five percent (25%) or more of the Partnership Interests held by the Limited Partners that are entitled to vote on the matters proposed to be voted on at such meeting. 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

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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. Except as otherwise expressly provided, 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.

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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 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. Entire Agreement

This Agreement (together with the agreements listed on Exhibit H hereto as to rights and obligations in respect of the Units held by the Limited Partners who are parties thereto, or their permitted transferees) contains the

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 15.12. No Rights as Stockholders

Nothing contained in this Agreement shall be construed as conferring upon the holders of Partnership Units any rights whatsoever as stockholders of the General Partner, including without limitation any right to receive dividends or other distributions made to stockholders of the General Partner or to vote or to consent or to receive notice as stockholders in respect of any meeting of stockholders for the election of directors of the General Partner or any other matter.

ARTICLE 16.
SERIES C PREFERRED UNITS

Section 16.1. Designation and Number

A series of Partnership Units in the Partnership designated as the 8 3/4% Series C Cumulative Redeemable Preferred Units (the "Series C Preferred Units") is hereby established. The number of Series C Preferred Units shall be 2,200,000.

Section 16.2. Ranking

The Series C Preferred Units shall, with respect to distribution rights and rights upon voluntary or involuntary liquidation, winding up or dissolution of the Partnership, rank (i) senior to the Common Units and to all Partnership Units the terms of which provide that such Partnership Units shall rank junior to the Series C Preferred Units; (ii) on a parity with all other Parity Preferred Units; and (iii) junior to all Partnership Units which rank senior to the Series C Preferred Units.

Section 16.3. Distributions

A. Payment of Distributions. Subject to the rights of holders of Parity Preferred Units as to the payment of distributions, pursuant to Section 5.1 hereof, holders of Series C Preferred Units will be entitled to receive, when, as and if declared by the Partnership acting through the General Partner, out of Available Cash, cumulative preferential cash distributions in an amount equal to the Series C Priority Return. Such distributions will be payable (A) quarterly (such quarterly periods for purposes of payment and accrual will be the quarterly periods ending on the dates specified in this sentence and not calendar year quarters) in arrears, on the 15th day of January, April, July and October of each year and (B) in the event of (i) an exchange of Series C Preferred Units into Series C Preferred Shares, or (ii) a redemption of Series C Preferred Units, on the exchange date or redemption date, as applicable (each a "Series C Preferred Unit Distribution Payment Date"), commencing on the first of such payment dates to occur following their original date of issuance. If any date on which distributions are to be made on the Series C Preferred Units is not a Business Day, then payment of the distribution to be made on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding

Business Day, in each case with the same force and effect as if made on such date. Distributions on the Series C Preferred Units will be made to the holders of record of the Series C Preferred Units on the relevant record dates, which will be fifteen (15) days prior to the relevant Preferred Unit Distribution Payment Date (the "Series C Preferred Unit Partnership Record Date").

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

C. Priority as to Distributions. (i) So long as any Series C Preferred Units are outstanding, no distribution of cash or other property shall be

authorized, declared, paid or set apart for payment on or with respect to any class or series of Partnership Interest represented by Junior Units, nor shall any Junior Units or Parity Preferred Units be redeemed, purchased or otherwise acquired for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any such Junior Units or Parity Preferred Units) by the Partnership (except by conversion into or exchange for other Junior Units or Parity Preferred Units, as the case may be) unless, in each case, full cumulative distributions have been or contemporaneously are authorized and paid or authorized and a sum sufficient for the payment thereof set apart for such payment on the Series C Preferred Units and all classes and series of outstanding Parity Preferred Units for all distribution periods. The foregoing sentence will not prohibit (a) distributions payable solely in Junior Units, (b) the exchange of Junior Units or Parity Preferred Units into Partnership Interests of the Partnership ranking junior to the Series C Preferred Units as to distributions and upon voluntary and involuntary liquidation, dissolution or winding up of the Partnership, or (c) distributions necessary to enable the Operating Partnership to redeem partnership interests corresponding to Series C Preferred Shares, Parity Preferred Stock with respect to distributions or Junior Stock to be purchased by AMB pursuant to the REIT Charter to preserve AMB's status as a REIT, provided that such redemption shall be upon the same terms as the corresponding stock purchase pursuant to the REIT Charter.

(ii) So long as distributions have not been paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series C Preferred Units and any other Parity Preferred Units, all distributions authorized and declared on the Series C Preferred Units and all classes or series of outstanding Parity Preferred Units shall be authorized and declared pro rata so that the amount of distributions authorized and declared per Series C Preferred Unit and such other classes or series of Parity Preferred Units shall in all cases bear to each other the same ratio that accrued distributions per Series C Preferred Unit and such other classes or series of Parity Preferred Units (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such class or series of Parity Preferred Units do not have cumulative distribution rights) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any distributions or payments on Series C Preferred Units which may be in arrears.

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(iii) Notwithstanding anything to the contrary set forth herein, distributions on Partnership Interests held by either (a) the General Partner or (b) any other holder of Partnership Interests in the Partnership, in each case ranking junior to or on parity with the Series C Preferred Units may be made, without preserving the priority of distributions described in Sections 16.3.C(i) and (ii), but only to the extent such distributions are required to preserve the REIT status of AMB, in its capacity as sole general partner of the Operating Partnership and as sole stockholder of the General Partner, and in the case of any holder other than the General Partner only to the extent required by the Partnership Agreement; provided, that the Partnership shall not be disproportionately burdened by this provision relative to the cash flow generated by other assets owned directly or indirectly by AMB.

D. No Further Rights. Holders of Series C Preferred Units shall not be entitled to any distributions, whether payable in cash, other property or otherwise, in excess of the full cumulative distributions described herein.

Section 16.4. Liquidation Proceeds

A. Distributions. Upon voluntary or involuntary liquidation, dissolution or winding-up of the Partnership, distributions on the Series C Preferred Units shall be made in accordance with Article 13 of this Agreement.

B. Notice. Written notice of any such voluntary or involuntary liquidation, dissolution or winding-up of the Partnership, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by the General Partner pursuant to Section 13.6 hereof.

C. No Further Rights. After payment of the full amount of the liquidating distributions to which they are entitled, Holders of Series C Preferred Units will have no right or claim to any of the remaining assets of the Partnership.

D. Consolidation, Merger or Certain Other Transactions. None of a consolidation or merger of the Partnership with or into another entity, a merger of another entity with or into the Partnership, or a sale, lease, transfer or conveyance of all or substantially all of the Partnership's property or business shall be considered a liquidation, dissolution or winding up of the Partnership.

Section 16.5. Redemption

A. Redemption. The Series C Preferred Units may not be redeemed prior to November 24, 2003. On or after such date, the Partnership shall have the right to redeem the Series C Preferred Units, in whole or in part, at any time or from time to time, upon not less than 30 nor more than 60 days' written notice, at a redemption price, payable in cash (a "Series C Redemption"), equal to the Capital Account balance of the holder of Series C Preferred Units (the "Series C Redemption Price"); provided, however, that no redemption pursuant to this Section 16.5 will be permitted if the Series C Redemption Price does not equal or exceed the original Capital Contribution of such holder plus the cumulative Series C Priority Return to the redemption date to the extent not previously distributed. If fewer than all of the outstanding

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Series C Preferred Units are to be redeemed, the Series C Preferred Units to be redeemed shall be selected pro rata (as nearly as practicable without creating fractional units).

B. Limitation on Redemption. (i) The Series C Redemption Price of the Series C Preferred Units (other than the portion thereof consisting of accumulated but unpaid distributions) is payable solely out of the sale proceeds of capital stock of AMB which will be contributed by AMB to the Operating Partnership and the General Partner, and which in turn will be contributed by the Operating Partnership and the General Partner to the Partnership as an additional capital contribution, or out of the sale of limited partner interests in the Partnership or the Operating Partnership and from no other source. For purposes of the preceding sentence, "capital stock" means any equity securities (including Common Stock and Preferred Stock (as such terms are defined in the REIT Charter)), depository shares, interests, participation or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities) or options to purchase any of the foregoing.

(ii) The Partnership may not redeem fewer than all of the outstanding Series C Preferred Units unless all accumulated and unpaid distributions have been paid on all Series C Preferred Units for all quarterly distribution periods terminating on or prior to the date of redemption.

C. Procedures for Redemption. (i) Notice of redemption will be (i) faxed, and (ii) mailed by the Partnership, by certified mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series C Preferred Units at their respective addresses as they appear on the records of the Partnership. No failure to give or defect in such notice shall affect the validity of the proceedings for the redemption of any Series C Preferred Units except as to the holder to whom such notice was defective or not given. In addition to any information required by law, each such notice shall state: (a) the redemption date, (b) the Series C Redemption Price, (c) the aggregate number of Series C Preferred Units to be redeemed and if fewer than all of the outstanding Series C Preferred Units are to be redeemed, the number of Series C Preferred Units to be redeemed held by such holder, which number shall equal such holder's pro rata share (based on the percentage of the aggregate number of outstanding Series C Preferred Units that the total number of Series C Preferred Units held by such holder represents) of the aggregate number of Series C Preferred Units to be redeemed, (d) the place or places where such Series C Preferred Units are to be surrendered for payment of the Series C Redemption Price, (e) that distributions on the Series C Preferred Units to be redeemed will cease to accumulate on such redemption date and (f) that payment of the Series C Redemption Price will be made upon presentation and surrender of such Series C Preferred Units.

(ii) If the Partnership gives a notice of redemption in respect of Series C Preferred Units (which notice will be irrevocable) then, by 12:00 noon, New York City time, on the redemption date, the Partnership will deposit irrevocably in trust for the benefit of the Series C Preferred Units being redeemed funds sufficient to pay the applicable Series C Redemption Price and will give irrevocable instructions and authority to pay such Series C Redemption Price to the holders of the Series C Preferred Units upon surrender of the Series C Preferred Units by such holders at the place designated in the notice of redemption. On and after the date of redemption, distributions will cease to accumulate on the Series C Preferred Units or portions

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thereof called for redemption, unless the Partnership defaults in the payment thereof. If any date fixed for redemption of Series C Preferred Units is not a Business Day, then payment of the Series C Redemption Price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the Series C

Redemption Price is improperly withheld or refused and not paid by the Partnership, distributions on such Series C Preferred Units will continue to accumulate from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the applicable Series C Redemption Price.

Section 16.6. Voting Rights

A. General. Holders of the Series C Preferred Units will not have any voting rights or right to consent to any matter requiring the consent or approval of the Limited Partners, except as set forth below and in Section 7.3.E.

B. Certain Voting Rights. So long as any Series C Preferred Units remains outstanding, the Partnership shall not, without the affirmative vote of the holders of at least two-thirds of the Series C Preferred Units outstanding at the time (i) authorize or create, or increase the authorized or issued amount of, any class or series of Partnership Interests ranking prior to the Series C Preferred Units with respect to payment of distributions or rights upon liquidation, dissolution or winding-up or reclassify any Partnership Interests of the Partnership into any such Partnership Interest, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such Partnership Interests, (ii) authorize or create, or increase the authorized or issued amount of any Parity Preferred Units or reclassify any Partnership Interest of the Partnership into any such Partnership Interest or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such Partnership Interests but only to the extent such Parity Preferred Units are issued to an affiliate of the Partnership, other than AMB or the Operating Partnership to the extent the issuance of such interests was to allow AMB or the Operating Partnership to issue corresponding preferred stock or preferred interests to persons who are not affiliates of the Partnership (other than AMB to the extent AMB issues corresponding preferred stock to persons who are not affiliates of the Partnership or the Operating Partnership) or (iii) either consolidate, merge into or with, or convey, transfer or lease its assets substantially as an entirety to, any corporation or other entity or amend, alter or repeal the provisions of the Partnership Agreement (including, without limitation, this Article 16 and Section 11.2), whether by merger, consolidation or otherwise, in each case in a manner that would materially and adversely affect the powers, special rights, preferences, privileges or voting power of the Series C Preferred Units or the holders thereof; provided, however, that with respect to the occurrence of any event set forth in (iii) above, so long as (a) the Partnership is the surviving entity and the Series C Preferred Units remain outstanding with the terms thereof unchanged, or (b) the resulting, surviving or transferee entity is a partnership, limited liability company or other pass-through entity organized under the laws of any state and substitutes the Series C Preferred Units for other interests in such entity having substantially the same terms and rights as the Series C Preferred Units, including with respect to distributions, voting rights and rights upon liquidation, dissolution or winding-up, then the

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occurrence of any such event shall not be deemed to materially and adversely affect such rights, privileges or voting powers of the holders of the Series C Preferred Units; and provided further, that any increase in the amount of Partnership Interests or the creation or issuance of any other class or series of Partnership Interests represented by Junior Units or Parity Preferred Units that are not issued to an affiliate of the Partnership, other than the General Partner or the Operating Partnership to the extent the issuance of such interests was to allow the General Partner or the Operating Partnership to issue corresponding preferred stock or preferred interests to persons who are not affiliates of the Partnership (other than AMB to the extent AMB issues corresponding preferred stock or preferred interests to persons who are not affiliates of the Partnership or the Operating Partnership), shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

C. So long as any Series C Preferred Units remain outstanding, the Operating Partnership shall not, without the affirmative vote of the holders of at least two-thirds of the Series C Preferred Units outstanding at the time, take any action which would result in the termination of the right of the holders of such units to effect an exchange pursuant to Section 16.8; provided however, no such vote shall be required so long as the Series C Preferred Units (or any interests substituted therefore pursuant to Section 16.6.B) remain outstanding and are exchangeable for Series C Preferred Shares or stock in another entity having substantially the same terms and rights as the Series C Preferred Shares.

Section 16.7. Transfer Restrictions

The Series C Preferred Units shall be subject to the provisions of Article 11 hereof. No transfer of Series C Preferred Units, or other action by

the holder or holders of such Units, is permitted, without the consent of the General Partner which consent may be given or withheld in its sole and absolute discretion, if such transfer or other action would result in more than four partners holding all outstanding Series C Preferred Units within the meaning of Treasury Regulation Section 1.7704-1(h)(3)(i); provided, however, that the General Partner's consent may not be unreasonably withheld if (a) such transfer or other action would not result in more than ten partners holding all outstanding Series C Preferred Units within the meaning of Treasury Regulation Section 1.7704-1(h)(3)(i) and (b) the General Partner is relying on a provision other than Treasury Regulation Section 1.7704-1(h) to avoid classification of Operating Partnership as a "publicly traded partnership" within the meaning of Code Section 7704 (a "PTP"). In addition, no transfer may be made to any person if such transfer would cause the exchange of the Series C Preferred Units for Series C Preferred Shares, as provided herein, to be required to be registered under the Securities Act of 1933, as amended, or any state securities laws.

Section 16.8. Exchange Rights

A. Right to Exchange.

(i) Series C Preferred Units will be exchangeable in whole but not in part unless expressly otherwise provided herein at anytime on or after November 24, 2008, at the option of 51% of the holders of all outstanding Series C Preferred Units, for authorized but previously unissued Series C Preferred Shares at an exchange rate of one Series C Preferred Share from

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AMB for one Series C Preferred Unit, subject to adjustment as described below (the "Series C Exchange Price"), provided that the Series C Preferred Units will become exchangeable at any time, in whole but not in part unless expressly otherwise provided herein, at the option of 51% of the holders of all outstanding Series C Preferred Units for Series C Preferred Shares if (y) at any time full distributions shall not have been timely made on any Series C Preferred Unit with respect to six (6) prior quarterly distribution periods, whether or not consecutive, provided, however, that a distribution in respect of Series C Preferred Units shall be considered timely made if made within two (2) Business Days after the applicable Preferred Unit Distribution Payment Date if at the time of such late payment there shall not be any prior quarterly distribution periods in respect of which full distributions were not timely made or (z) upon receipt by a holder or holders of Series C Preferred Units of (A) notice from the General Partner that the General Partner or a Subsidiary of the General Partner has taken the position that the Partnership is, or upon the consummation of an identified event in the immediate future will be, a PTP and (B) an opinion rendered by independent counsel familiar with such matters addressed to a holder or holders of Series C Preferred Units, that the Partnership is or likely is, or upon the occurrence of a defined event in the immediate future will be or likely will be, a PTP. In addition, the Series C Preferred Units may be exchanged for Series C Preferred Shares, in whole but not in part unless expressly otherwise provided herein, at the option of 51% of the holders of all outstanding Series C Preferred Units after November 24, 2001 and prior to November 24, 2008 if such holders of a Series C Preferred Units shall deliver to the General Partner either (i) a private letter ruling addressed to such holder of Series C Preferred Units or (ii) an opinion of independent counsel reasonably acceptable to the General Partner based on the enactment of temporary or final Treasury Regulations or the publication of a Revenue Ruling, in either case to the effect that an exchange of the Series C Preferred Units at such earlier time would not cause the Series C Preferred Units to be considered "stock and securities" within the meaning of section 351(e) of the Code for purposes of determining whether the holder of such Series C Preferred Units is an "investment company" under section 721(b) of the Code if an exchange is permitted at such earlier date. Furthermore, the Series C Preferred Units, if Contributors holding 51% of all outstanding Series C Preferred Units determine, may be exchanged in whole but not in part (regardless of whether held by Contributors) for Series C Preferred Shares (but only if the exchange in whole may be accomplished consistently with the ownership limitations set forth under the Series C Articles Supplementary (as defined herein), taking into account exceptions thereto) if at any time, excluding the effect of the "Loan" (as defined below) for purposes of the 5% test of Section 856(c)(4)(B) of the Code, (i) the Partnership reasonably determines that the assets and income of the Partnership for a taxable year after 1998 would not satisfy the income and assets tests of Section 856 of the Code for such taxable year if the Partnership were a real estate investment trust within the meaning of the Code or (ii) any holder of Series C Preferred Units shall deliver to the Partnership and the Company an opinion of independent counsel reasonably acceptable to the Company to the effect that, based on the assets and income of the Partnership for a taxable year after 1998, the Partnership would not satisfy the income and assets tests of Section 856 of the Code for such taxable year if the Partnership were a real estate investment trust within the meaning of the Code and that such failure would create a meaningful risk that a holder of the Series C Preferred Units would fail to maintain qualification as a real estate investment trust.

(ii) Notwithstanding anything to the contrary set forth in Section 16.8.A(i), if an Series C Exchange Notice (as defined herein) has been delivered to AMB and the General Partner, then the General Partner may, at its option, within ten (10) Business Days after receipt of the Series C Exchange Notice, elect to cause the Partnership to redeem all or a portion of the outstanding Series C Preferred Units for cash in an amount equal to the original Capital Contribution per Series C Preferred Unit and all accrued and unpaid distributions thereon to the date of redemption. If the General Partner elects to redeem fewer than all of the outstanding Series C Preferred Units, the number of Series C Preferred Units held by each holder to be redeemed shall equal such holder's pro rata share (based on the percentage of the aggregate number of outstanding Series C Preferred Units that the total number of Series C Preferred Units held by such holder represents) of the aggregate number of Series C Preferred Units being redeemed.

(iii) In the event an exchange of all Series C Preferred Units pursuant to Section 16.8.A would violate the provisions on ownership limitation of AMB set forth in Section 7 of Article Third of the Articles Supplementary to the REIT Charter with respect to Series C Preferred Shares (the "Series C Articles Supplementary"), each holder of Series C Preferred Units shall be entitled to exchange, pursuant to the provisions of Section 16.8.B, a number of Series C Preferred Units which would comply with the provisions on the ownership limitation of AMB set forth in such Section 7 of Article Third of the Series C Articles Supplementary, with respect to such holder, and any Series C Preferred Units not so exchanged (the "Series C Excess Units") shall be redeemed by the Partnership for cash in an amount equal to the original Capital Contribution per Excess Unit, plus any accrued and unpaid distributions thereon to the date of redemption subject to any restriction thereon contained in any debt instrument or agreement of the Partnership. In the event an exchange would result in Excess Units, as a condition to such exchange, each holder of such units agrees to provide representations and covenants reasonably requested by AMB relating to (i) the widely held nature of the interests in such holder, sufficient to assure AMB that the Holder's ownership of stock of AMB (without regard to the limits described above) will not cause any individual to own in excess of 9.0% of the stock of AMB; and (ii) to the extent such Holder can so represent and covenant without obtaining information from its owners (other than one or more direct or indirect parent corporations, limited liability companies or partnerships and not the holders of any interests in any such parent), the Holder's ownership of tenants of the Partnership and its affiliates. For purposes of determining the number of Excess Units under this Section 16.8.A(iii), the "Ownership Limit" set forth in the Series C Articles Supplementary shall be deemed to be 9.0%. To the extent the Partnership would not be able to pay the cash set forth above in exchange for the Excess Units, and to the extent consistent with the REIT Charter, AMB agrees that it will grant to the holders of the Series C Preferred Units exceptions to the Ownership Limit set forth in the Series C Articles Supplementary sufficient to allow such Holders to exchange all of their Series C Preferred Units for Series C Preferred Shares, provided such holders furnish to AMB representations acceptable to AMB in its sole and absolute discretion which assure AMB that such exceptions will not jeopardize AMB's tax status as a REIT for purposes of federal and applicable state law. Notwithstanding any provision of this Agreement to the contrary, no Series C Limited Partner shall be entitled to effect an exchange of Series C Preferred Units for Series C Preferred Shares to the extent that ownership or right to acquire such shares would cause the Partner or any other Person or, in the opinion of counsel selected by AMB, may cause the Partner or any other Person,

to violate the restrictions on ownership and transfer of Series C Preferred Shares set forth in the REIT Charter. To the extent any such attempted exchange for Series C Preferred Shares would be in violation of the previous sentence, it shall be void ab initio and such Series C Limited Partner shall not acquire any rights or economic interest in the Series C Preferred Shares otherwise issuable upon such exchange.

(iv) The redemption of Series C Preferred Units described in Section 16.8.A(ii) and (iii) shall be subject to the provisions of Section 16.5.B(i) and Section 16.5.C(ii); provided, however, that the term "Redemption Price" in such Sections 16.5.B(i) and 16.5.C(ii) shall be read to mean the original Capital Contribution per Series C Preferred Unit being redeemed as set forth on Exhibit A plus all accrued and unpaid distributions to the redemption date.

B. Procedure for Exchange and/or Redemption of Series C Preferred Units.

(i) Any exchange shall be exercised pursuant to a notice of exchange (the "Series C Exchange Notice") delivered to AMB and the General Partner by the Partners representing at least 51% of the outstanding Series C Preferred Units (or by Contributors in the case of an exchange pursuant to the last sentence of Section 16.8.A.(i) hereof) by (a) fax and (b) by certified mail postage prepaid. AMB may effect any exchange of Series C Preferred Units, or the General Partner

may exercise its option to cause the Partnership to redeem any portion of the Series C Preferred Units for cash pursuant to Section 16.8.A(ii) or redeem Excess Units pursuant to Section 16.8.A(iii), by delivering to each holder of record of Series C Preferred Units, within ten (10) Business Days following receipt of the Series C Exchange Notice, (a) if the General Partner elects to cause the Partnership to acquire any of the Series C Preferred Units then outstanding, (1) certificates representing the Series C Preferred Shares being issued in exchange for the Series C Preferred Units of such holder being exchanged and (2) a written notice (a "Series C Redemption Notice") stating (A) the redemption date, which may be the date of such Series C Redemption Notice or any other date which is not later than sixty (60) days following the receipt of the Series C Exchange Notice, (B) the redemption price, (C) the place or places where the Series C Preferred Units are to be surrendered and (D) that distributions on the Series C Preferred Units will cease to accrue on such redemption date, or (b) if the General Partner elects to cause the Partnership to redeem all of the Series C Preferred Units then outstanding in exchange for cash, a Series C Redemption Notice. Series C Preferred Units shall be deemed canceled (and any corresponding Partnership Interest represented thereby deemed terminated) simultaneously with the delivery of shares of Series C Preferred Shares (with respect to Series C Preferred Units exchanged) or simultaneously with the redemption date (with respect to Series C Preferred Units redeemed). Holders of Series C Preferred Units shall deliver any canceled certificates representing Series C Preferred Units which have been exchanged or redeemed to the office of General Partner (which currently is located at 505 Montgomery Street, San Francisco, California 94111) within ten (10) Business Days of the exchange or redemption with respect thereto. Notwithstanding anything to the contrary contained herein, any and all Series C Preferred Units to be exchanged for Series C Preferred Stock pursuant to this Section 16.8 shall be so exchanged in a single transaction at one time. As a condition to exchange, AMB may require the holders of Series C Preferred Units to make such representations as may be reasonably necessary for the General Partner to establish that the issuance of Series C Preferred Shares pursuant to the exchange shall not be required to be registered under the Securities Act or any state securities laws. Any Series C Preferred Shares issued pursuant to this Section 16.8 shall be delivered as

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shares which are duly authorized, validly issued, fully paid and nonassessable, free of any pledge, lien, encumbrance or restriction other than those provided in the REIT Charter, the Bylaws of AMB, the Securities Act and relevant state securities or blue sky laws.

The certificates representing the Series C Preferred Shares issued upon exchange of the Series C Preferred Units shall contain the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND STATE SECURITIES LAWS OR (B) IF THE CORPORATION HAS BEEN FURNISHED WITH A SATISFACTORY OPINION OF COUNSEL FOR THE HOLDER OF THE SHARES REPRESENTED HEREBY, OR OTHER EVIDENCE SATISFACTORY TO THE CORPORATION, THAT SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF SECTION 5 OF THE ACT AND STATE SECURITIES LAWS AND THE RULES AND REGULATIONS THEREUNDER.

(ii) In the event of an exchange of Series C Preferred Units for Series C Preferred Shares, an amount equal to the accrued and unpaid distributions to the date of exchange on any Series C Preferred Units tendered for exchange shall (i) accrue on the Series C Preferred Shares into which such Series C Preferred Units are exchanged, and (ii) continue to accrue on such Series C Preferred Units, which shall remain outstanding following such exchange, with the General Partner as the holder of such REIT Series C Preferred Units. Notwithstanding anything to the contrary set forth herein, in no event shall a Holder of a Series C Preferred Unit that was validly exchanged for Series C Preferred Shares pursuant to this Section (other than the General Partner holding such Series C Preferred Unit following any such exchange), receive a distribution out of Available Cash of the Partnership, if such Holder, after exchange, is entitled to receive a distribution with respect to the Series C Preferred Shares for which such Series C Preferred Unit was exchanged or redeemed. Further for purposes of the foregoing, in the event of an exchange of Series C Preferred Units for Series C Preferred Shares, if the accrued and unpaid distributions per Series C Preferred Unit is not the same for each Series C Preferred Unit, the accrued and unpaid distributions per Series C Preferred Unit for each such Series C Preferred Unit shall be equal to the greatest amount of such accrued and unpaid distributions per Series C Preferred Unit on any such unit.

(iii) Fractional Series C Preferred Shares are not to be issued upon exchange but, in lieu thereof, the General Partner will pay a cash adjustment based upon the fair market value of the Series C Preferred Shares on the day prior to the exchange date as determined in good faith by the Board of Directors.

C. Adjustment of Exchange Price. In case AMB shall be a party to any transaction (including, without limitation, a merger, consolidation, statutory share exchange, tender offer for all or substantially all of AMB's capital stock or sale of all or substantially all of AMB's assets), in each case as a result of which the Series C Preferred Shares will be converted into the right to receive shares of capital stock, other securities or other property (including cash or any combination thereof), each Series C Preferred Unit will thereafter be exchangeable into the kind and amount of shares of capital stock and other securities and property receivable (including cash or any combination thereof) upon the consummation of such transaction by a holder of that number of Series C Preferred Shares or fraction thereof into which one Series C Preferred Unit was exchangeable immediately prior to such transaction. AMB may not become a party to any such transaction unless the terms thereof are consistent with the foregoing. AMB and the Operating Partnership further agree that, notwithstanding any transaction to which either may be a party (including, without limitation, any merger, consolidation, statutory share exchange, tender offer for all or substantially all of such entity's capital stock or partnership interests or sale of all or substantially all of such entity's assets), immediately following any such transaction, the issuer or issuers of any shares of capital stock and other securities into which the Series C Preferred Units shall be exchangeable pursuant to this Section 16.8 shall be the same issuer or issuers of shares of capital stock and other securities into which the 8 5/8% Series B Cumulative Redeemable Partnership Units of the Operating Partnership (the "Series B Preferred Units") are then exchangeable (or, if the Series B Preferred Units have previously been redeemed in full, would have been then exchangeable if then still outstanding).

Section 16.9. No Conversion Rights

The Series C Preferred Units shall not be convertible into any other class or series of interest in the Partnership.

Section 16.10. No Sinking Fund

No sinking fund shall be established for the retirement or redemption of Series C Preferred Units.

ARTICLE 17. SERIES D PREFERRED UNITS

Section 17.1. Designation and Number

A series of Partnership Units in the Partnership designated as the 7.75% Series D Cumulative Redeemable Preferred Units (the "Series D Preferred Units") is hereby established. The number of Series D Preferred Units shall be 1,595,337.

Section 17.2. Ranking

The Series D Preferred Units shall, with respect to distribution rights and rights upon voluntary or involuntary liquidation, winding up or dissolution of the Partnership, rank (i) senior to the Common Units and to all Partnership Units the terms of which provide that such

Partnership Units shall rank junior to the Series D Preferred Units; (ii) on a parity with the Series C Preferred Units and all other Parity Preferred Units; and (iii) junior to all Partnership Units which rank senior to the Series D Preferred Units.

Section 17.3. Distributions

A. Payment of Distributions. Subject to the rights of holders of Parity Preferred Units (including the Series C Preferred Units) as to the payment of distributions, pursuant to Sections 5.1 and 16.3.A hereof, holders of Series D Preferred Units will be entitled to receive, when, as and if declared by the Partnership acting through the General Partner, out of Available Cash, cumulative preferential cash distributions in an amount equal to the Series D Priority Return. Such distributions will be payable (A) quarterly (such quarterly periods for purposes of payment and accrual will be the quarterly periods ending on the dates specified in this sentence and not calendar year quarters) in arrears, on the 25th day of March, June, September and December of each year and (B) in the event of (i) an exchange of Series D Preferred Units into Series D Preferred Shares, or (ii) a redemption of Series D Preferred Units, on the exchange date or redemption date, as applicable (each a "Series D Preferred Unit Distribution Payment Date"), commencing on the first of such

payment dates to occur following their original date of issuance. If any date on which distributions are to be made on the Series D Preferred Units is not a Business Day, then payment of the distribution to be made on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. Distributions on the Series D Preferred Units will be made to the holders of record of the Series D Preferred Units on the relevant record dates, which will be fifteen (15) days prior to the relevant Preferred Unit Distribution Payment Date (the "Series D Preferred Unit Partnership Record Date"). For purposes of clarifying the relative distribution priority rights of the Series D Preferred Units to the Series C Preferred Units, the payment of distributions with respect to the Series D Preferred Units prior to the payment of distributions with respect to the Series C Preferred Units, solely as a result of the Series D Preferred Unit Distribution Payment Date occurring prior to the Series C Preferred Unit Distribution Payment Date, shall not be deemed to create a priority in favor of Series D Preferred Units over Series C Preferred Units.

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

C. Priority as to Distributions. (i) So long as any Series D Preferred Units are outstanding, no distribution of cash or other property shall be authorized, declared, paid or set apart for payment on or with respect to any class or series of Partnership Interest represented by Junior Units, nor shall any Junior Units or Parity Preferred Units (including the Series C Preferred Units) be redeemed, purchased or otherwise acquired for any consideration (or any

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monies be paid to or made available for a sinking fund for the redemption of any such Junior Units or Parity Preferred Units) by the Partnership (except by conversion into or exchange for other Junior Units or Parity Preferred Units, as the case may be) unless, in each case, full cumulative distributions have been or contemporaneously are authorized and paid or authorized and a sum sufficient for the payment thereof set apart for such payment on the Series D Preferred Units and all classes and series of outstanding Parity Preferred Units for all distribution periods. The foregoing sentence will not prohibit (a) distributions payable solely in Junior Units, (b) the exchange of Junior Units or Parity Preferred Units (including the Series C Preferred Units) into Partnership Interests of the Partnership ranking junior to the Series D Preferred Units as to distributions and upon voluntary and involuntary liquidation, dissolution or winding up of the Partnership, or (c) distributions necessary to enable the Operating Partnership to redeem partnership interests corresponding to Series D Preferred Shares, Parity Preferred Stock (including Series C Preferred Shares) with respect to distributions or Junior Stock to be purchased by AMB pursuant to the REIT Charter to preserve AMB's status as a REIT; provided that such redemption shall be upon the same terms as the corresponding stock purchase pursuant to the REIT Charter.

(ii) So long as distributions have not been paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series D Preferred Units and any other Parity Preferred Units (including the Series C Preferred Units), all distributions authorized and declared on the Series D Preferred Units and all classes or series of outstanding Parity Preferred Units (including the Series C Preferred Units) shall be authorized and declared pro rata so that the amount of distributions authorized and declared per Series D Preferred Unit and such other classes or series of Parity Preferred Units shall in all cases bear to each other the same ratio that accrued distributions per Series D Preferred Unit and such other classes or series of Parity Preferred Units (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such class or series of Parity Preferred Units do not have cumulative distribution rights) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any distributions or payments on Series D Preferred Units which may be in arrears.

(iii) Notwithstanding anything to the contrary set forth herein, distributions on Partnership Interests held by either (a) the General Partner or (b) any other holder of Partnership Interests in the Partnership, in each case ranking junior to or on parity with the Series D Preferred Units may be made, without preserving the priority of distributions described in Sections 17.3.C(i) and (ii), but only to the extent such distributions are required to preserve the

REIT status of AMB, in its capacity as sole general partner of the Operating Partnership and as sole stockholder of the General Partner, and in the case of any holder other than the General Partner only to the extent required by the Partnership Agreement; provided, that the Partnership shall not be disproportionately burdened by this provision relative to the cash flow generated by other assets owned directly or indirectly by AMB.

D. No Further Rights. Holders of Series D Preferred Units shall not be entitled to any distributions, whether payable in cash, other property or otherwise, in excess of the full cumulative distributions described herein.

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Section 17.4. Liquidation Proceeds

A. Distributions. Upon voluntary or involuntary liquidation, dissolution or winding-up of the Partnership, distributions on the Series D Preferred Units shall be made in accordance with Article 13 of this Agreement.

B. Notice. Written notice of any such voluntary or involuntary liquidation, dissolution or winding-up of the Partnership, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by the General Partner pursuant to Section 13.6 hereof.

C. No Further Rights. After payment of the full amount of the liquidating distributions to which they are entitled, Holders of Series D Preferred Units will have no right or claim to any of the remaining assets of the Partnership.

D. Consolidation, Merger or Certain Other Transactions. None of a consolidation or merger of the Partnership with or into another entity, a merger of another entity with or into the Partnership, or a sale, lease, transfer or conveyance of all or substantially all of the Partnership's property or business shall be considered a liquidation, dissolution or winding up of the Partnership.

Section 17.5. Series D Redemption

A. Series D Redemption. The Series D Preferred Units may not be redeemed prior to May 5, 2004. On or after such date, the Partnership shall have the right to redeem the Series D Preferred Units, in whole or in part, at any time or from time to time, upon not less than 30 nor more than 60 days' written notice, at a redemption price, payable in cash (a "Series D Redemption"), equal to the Capital Account balance of the holder of Series D Preferred Units (the "Series D Redemption Price"); provided, however, that no redemption pursuant to this Section 17.5 will be permitted if the Series D Redemption Price does not equal or exceed the original Capital Contribution of such holder plus the cumulative Series D Priority Return to the redemption date to the extent not previously distributed. If fewer than all of the outstanding Series D Preferred Units are to be redeemed, the Series D Preferred Units to be redeemed shall be selected pro rata (as nearly as practicable without creating fractional units).

B. Limitation on Series D Redemption. (i) The Series D Redemption Price of the Series D Preferred Units (other than the portion thereof consisting of accumulated but unpaid distributions) is payable solely out of the sale proceeds of capital stock of AMB, which will be contributed by AMB to the General Partner or the Operating Partnership and which in turn will be contributed by the General Partner or the Operating Partnership to the Partnership as an additional capital contribution, or out of the sale of limited partner interests in the Partnership or the Operating Partnership and from no other source. For purposes of the preceding sentence, "capital stock" means any equity securities (including Common Stock and Preferred Stock (as such terms are defined in the REIT Charter)), depository shares, interests, participation or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities) or options to purchase any of the foregoing.

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(ii) The Partnership may not redeem fewer than all of the outstanding Series D Preferred Units unless all accumulated and unpaid distributions have been paid on all Series D Preferred Units for all quarterly distribution periods terminating on or prior to the date of redemption.

C. Procedures for Series D Redemption. (i) Notice of redemption will be (i) faxed, and (ii) mailed by the Partnership, by certified mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series D Preferred Units at their respective addresses as they appear on the records of the Partnership. No failure to give or defect in such notice shall affect the validity of the proceedings for the redemption of any Series D Preferred Units except as to the

holder to whom such notice was defective or not given. In addition to any information required by law, each such notice shall state: (a) the redemption date, (b) the Series D Redemption Price, (c) the aggregate number of Series D Preferred Units to be redeemed and if fewer than all of the outstanding Series D Preferred Units are to be redeemed, the number of Series D Preferred Units to be redeemed held by such holder, which number shall equal such holder's pro rata share (based on the percentage of the aggregate number of outstanding Series D Preferred Units that the total number of Series D Preferred Units held by such holder represents) of the aggregate number of Series D Preferred Units to be redeemed, (d) the place or places where such Series D Preferred Units are to be surrendered for payment of the Series D Redemption Price, (e) that distributions on the Series D Preferred Units to be redeemed will cease to accumulate on such redemption date and (f) that payment of the Series D Redemption Price will be made upon presentation and surrender of such Series D Preferred Units.

(ii) If the Partnership gives a notice of redemption in respect of Series D Preferred Units (which notice will be irrevocable) then, by 12:00 noon, New York City time, on the redemption date, the Partnership will deposit irrevocably in trust for the benefit of the Series D Preferred Units being redeemed funds sufficient to pay the applicable Series D Redemption Price and will give irrevocable instructions and authority to pay such Series D Redemption Price to the holders of the Series D Preferred Units upon surrender of the Series D Preferred Units by such holders at the place designated in the notice of redemption. On and after the date of redemption, distributions will cease to accumulate on the Series D Preferred Units or portions thereof called for redemption, unless the Partnership defaults in the payment thereof. If any date fixed for redemption of Series D Preferred Units is not a Business Day, then payment of the Series D Redemption Price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the Series D Redemption Price is improperly withheld or refused and not paid by the Partnership, distributions on such Series D Preferred Units will continue to accumulate from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the applicable Series D Redemption Price.

Section 17.6. Voting and Certain Management Rights

A. General. Holders of the Series D Preferred Units will not have any voting rights or right to consent to any matter requiring the consent or approval of the Limited Partners, except as set forth below and in Section 7.3.E.

B. Certain Voting Rights. So long as any Series D Preferred Units remains outstanding, the Partnership shall not, without the affirmative vote of the holders of at least two-thirds of the Series D Preferred Units outstanding at the time (i) authorize or create, or increase the authorized or issued amount of, any class or series of Partnership Interests ranking prior to the Series D Preferred Units with respect to payment of distributions or rights upon liquidation, dissolution or winding-up or reclassify any Partnership Interests of the Partnership into any such Partnership Interest, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such Partnership Interests, (ii) authorize or create, or increase the authorized or issued amount of any Parity Preferred Units or reclassify any Partnership Interest of the Partnership into any such Partnership Interest or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such Partnership Interests but only to the extent such Parity Preferred Units are issued to an affiliate of the Partnership, other than AMB or the Operating Partnership to the extent the issuance of such interests was to allow AMB or the Operating Partnership to issue corresponding preferred stock or preferred interests to persons who are not affiliates of the Partnership (other than AMB to the extent AMB issues corresponding preferred stock to persons who are not affiliates of the Partnership or the Operating Partnership) or (iii) either consolidate, merge into or with, or convey, transfer or lease its assets substantially as an entirety to, any corporation or other entity or amend, alter or repeal the provisions of the Partnership Agreement (including, without limitation, this Article 17 and Section 11.2), whether by merger, consolidation or otherwise, in each case in a manner that would materially and adversely affect the powers, special rights, preferences, privileges or voting power of the Series D Preferred Units or the holders thereof; provided, however, that with respect to the occurrence of any event set forth in (iii) above, so long as (a) the Partnership is the surviving entity and the Series D Preferred Units remain outstanding with the terms thereof unchanged, or (b) the resulting, surviving or transferee entity is a partnership, limited liability company or other pass-through entity organized under the laws of any state and substitutes the Series D Preferred Units for other interests in such entity having substantially the same terms and rights as the Series D Preferred Units, including with

respect to distributions, voting rights and rights upon liquidation, dissolution or winding-up, then the occurrence of any such event shall not be deemed to materially and adversely affect such rights, privileges or voting powers of the holders of the Series D Preferred Units; and provided further, that any increase in the amount of Partnership Interests or the creation or issuance of any other class or series of Partnership Interests represented by Junior Units or Parity Preferred Units that are not issued to an affiliate of the Partnership, other than the General Partner or the Operating Partnership to the extent the issuance of such interests was to allow the General Partner or the Operating Partnership to issue corresponding preferred stock or preferred interests to persons who are not affiliates of the Partnership (other than AMB to the extent AMB issues corresponding preferred stock or preferred interests to persons who are not affiliates of the Partnership or the Operating Partnership), shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

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C. So long as any Series D Preferred Units remain outstanding, the General Partner shall not, without the affirmative vote of the holders of at least two-thirds of the Series D Preferred Units outstanding at the time, take any action which would result in the termination of the right of the holders of such units to effect an exchange pursuant to Section 17.8; provided however, no such vote shall be required so long as the Series D Preferred Units (or any interests substituted therefore pursuant to Section 17.6.B) remain outstanding and are exchangeable for Series D Preferred Shares or stock in another entity having substantially the same terms and rights as the Series D Preferred Shares.

D. Notwithstanding anything to the contrary contained in this Agreement, including, without limitation, the provisions of Article 7 regarding the management rights and responsibilities of the General Partner, whenever distributions on any Series D Preferred Units shall remain unpaid for six or more quarterly periods (i.e., the quarterly periods ending on the 15th day of each January, April, July, and October, or, if not a business day, the next succeeding business day, beginning with the quarterly period ending July 15, 1999) (whether or not consecutive) (a "Preferred Distribution Default"), the holders of 51% of either (i) such Series D Preferred Units, in the event that no Future Parity Preferred Unitholders (as defined below) are entitled to exercise management rights similar to those to which the holders of Series D Preferred Units are entitled to exercise pursuant to this Section 17.6.D, or (ii) the Parity Preferred Capital, in the event that Future Parity Preferred Unitholders are entitled to exercise management rights similar to those to which the holders of Series D Preferred Units are entitled to exercise pursuant to this Section 17.6.D, shall be entitled to assume rights to manage the Partnership and perform actions related thereto for the sole purpose of enforcing the Partnership's rights and remedies as against obligees of the Partnership or other Persons from whom the Partnership may be entitled to receive cash or other assets, until all distributions accumulated on the Series D Preferred Units for all past quarterly periods and the distribution for the then-current quarterly period shall have been fully-paid or declared and a sum sufficient for the payment thereof irrevocably set aside in trust for payment in full; provided, however, that no such holder or holders of Series D Preferred Units may at any time take any action (or fail to take any action) if the consequence of such action (or inaction) would be (i) to cause AMB to fail to qualify as a REIT for federal or applicable state income tax purposes or (ii) to cause the Operating Partnership to fail to qualify as a partnership for federal or applicable state income tax purposes, or (iii) to cause the Partnership, the Operating Partnership, the General Partner, or AMB to be considered an "investment company" as defined in, or otherwise be subject to regulation under, the Investment Company Act of 1940, as amended; and provided, further, that solely for purposes of exercising the management rights set forth in this Section 17.6.D, each holder of Series D Preferred Units shall be deemed an Indemnitee, and shall be entitled to the benefits of the indemnification provisions of Section 7.7 with respect to any and all action(s) taken (or failure(s) to act) by a holder of Series D Preferred Units in the exercise of (or failure(s) to exercise) the management rights described in this Section 17.6.D, including, without limitation, alleged breaches of the General Partner's fiduciary duty to the Partners; and provided further, that the holders of the Series D Preferred Units acknowledge and agree that the General Partner and the Partnership shall be entitled to provide similar management rights to holders of Parity Preferred Units that are issued by the Partnership following the date hereof ("Future Parity Preferred Unitholders").

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Section 17.7. Transfer Restrictions

The Series D Preferred Units shall be subject to the provisions of Article 11 hereof. Notwithstanding any provision to the contrary herein, no transfer of Series D Preferred Units, or other action by the holder or holders of such Units, is permitted, without the consent of the General Partner which

consent may be given or withheld in its sole and absolute discretion, if such transfer or other action would result in more than four partners holding all outstanding Series D Preferred Units within the meaning of Treasury Regulation Section 1.7704-1(h)(1)(ii) (without regard to Treasury Regulation Section 1.7704-1(h)(3)(ii)); provided, however, that the General Partner's consent may not be unreasonably withheld if (a) such transfer or other action would not result in more than ten partners holding all outstanding Series D Preferred Units within the meaning of Treasury Regulation Section 1.7704-1(h)(1)(ii) (without regard to Treasury Regulation Section 1.7704-1(h)(3)(ii)) and (b) the General Partner cannot rely on Treasury Regulation Section 1.7704-1(h). In addition, no transfer may be made to any person if such transfer would cause the exchange of the Series D Preferred Units for Series D Preferred Shares, as provided herein, to be required to be registered under the Securities Act of 1933, as amended, or any state securities laws.

Section 17.8. Exchange Rights

A. Right to Exchange. (i) Series D Preferred Units will be exchangeable in whole but not in part unless expressly otherwise provided herein at anytime on or after May 5, 2009, at the option of 51% of the holders of all outstanding Series D Preferred Units, for authorized but previously unissued Series D Preferred Shares at an exchange rate of one Series D Preferred Share from AMB for one Series D Preferred Unit, subject to adjustment as described below (the "Series D Exchange Price"); provided that the Series D Preferred Units will become exchangeable at any time, in whole but not in part unless expressly otherwise provided herein, at the option of 51% of the holders of all outstanding Series D Preferred Units for Series D Preferred Shares if (y) at any time full distributions shall not have been timely made on any Series D Preferred Unit with respect to six (6) prior quarterly distribution periods, whether or not consecutive; provided, however, that a distribution in respect of Series D Preferred Units shall be considered timely made if made within two (2) Business Days after the applicable Series D Preferred Unit Distribution Payment Date if at the time of such late payment there shall not be any prior quarterly distribution periods in respect of which full distributions were not timely made or (z) upon receipt by a holder or holders of Series D Preferred Units of (A) notice from the General Partner that the General Partner or a Subsidiary of the General Partner has taken the position that the Partnership is, or upon the consummation of an identified event in the immediate future will be, a PTP and (B) an opinion rendered by independent counsel familiar with such matters addressed to a holder or holders of Series D Preferred Units, that the Partnership is or likely is, or upon the occurrence of a defined event in the immediate future will be or likely will be, a PTP. In addition, the Series D Preferred Units may be exchanged for Series D Preferred Shares, in whole but not in part unless expressly otherwise provided herein, at the option of 51% of the holders of all outstanding Series D Preferred Units after May 5, 2002 and prior to May 5, 2009 if such holders of a Series D Preferred Units shall deliver to the General Partner either (i) a private letter ruling addressed to such holder of Series D Preferred Units or (ii) an opinion of independent counsel reasonably acceptable to the General Partner based on a change in statute, the enactment of temporary or final Treasury Regulations or the publication of

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a Revenue Ruling or any other IRS release, in either case to the effect that an exchange of the Series D Preferred Units at such earlier time would not cause the Series D Preferred Units to be considered "stock and securities" within the meaning of section 351(e) of the Code for purposes of determining whether the holder of such Series D Preferred Units is an "investment company" under section 721(b) of the Code if an exchange is permitted at such earlier date.

(ii) Notwithstanding anything to the contrary set forth in Section 17.8.A(i), if an Series D Exchange Notice (as defined herein) has been delivered to AMB and the General Partner may, at its option, within ten (10) Business Days after receipt of the Series D Exchange Notice, elect to cause the Partnership to redeem all or a portion of the outstanding Series D Preferred Units for cash in an amount equal to the original Capital Contribution per Series D Preferred Unit and all accrued and unpaid distributions thereon to the date of redemption. If the General Partner elects to redeem fewer than all of the outstanding Series D Preferred Units, the number of Series D Preferred Units held by each holder to be redeemed shall equal such holder's pro rata share (based on the percentage of the aggregate number of outstanding Series D Preferred Units that the total number of Series D Preferred Units held by such holder represents) of the aggregate number of Series D Preferred Units being redeemed.

(iii) In the event an exchange of all Series D Preferred Units pursuant to Section 17.8.A would violate the provisions on ownership limitation of AMB set forth in Section 7 of Article Third of the Series D Articles Supplementary, each holder of Series D Preferred Units shall be entitled to exchange, pursuant to the provisions of Section 17.8.B, a number of Series D Preferred Units which would comply with the provisions on the ownership limitation of AMB set forth in such Section 7 of Article Third of the Series D Articles Supplementary, with respect to such holder, and any Series D Preferred Units not so exchanged (the "Series D Excess Units") shall be redeemed by the Partnership for cash in an

amount equal to the original Capital Contribution per Series D Excess Unit, plus any accrued and unpaid distributions thereon to the date of redemption subject to any restriction thereon contained in any debt instrument or agreement of the Partnership. In the event an exchange would result in Series D Excess Units, as a condition to such exchange, each holder of such units agrees to provide representations and covenants reasonably requested by AMB relating to (i) the widely held nature of the interests in such holder, sufficient to assure AMB that the holder's ownership of stock of AMB (without regard to the limits described above) will not cause any individual to own in excess of 9.0% of the stock of AMB; and (ii) to the extent such Holder can so represent and covenant without obtaining information from its owners (other than one or more direct or indirect parent corporations, limited liability companies or partnerships and not the holders of any interests in any such parent), the Holder's ownership of tenants of the Partnership and its affiliates. For purposes of determining the number of Series D Excess Units under this Section 17.8.A(iii), the "Ownership Limit" set forth in the Series D Articles Supplementary shall be deemed to be 9.0%. To the extent the General Partner would not be able to pay the cash set forth above in exchange for the Series D Excess Units, and to the extent consistent with the REIT Charter, AMB agrees that it will grant to the holders of the Series D Preferred Units exceptions to the Ownership Limit set forth in the Series D Articles Supplementary sufficient to allow such Holders to exchange all of their Series D Preferred Units for Series D Preferred Shares; provided such holders furnish to AMB representations acceptable to AMB in its sole and absolute discretion which assure AMB that such exceptions will not jeopardize AMB's tax status as a REIT for purposes of federal and applicable state law. Notwithstanding any provision of this Agreement to the contrary, no Series

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D Limited Partner shall be entitled to effect an exchange of Series D Preferred Units for Series D Preferred Shares to the extent that ownership or right to acquire such shares would cause the Partner or any other Person or, in the opinion of counsel selected by AMB, may cause the Partner or any other Person, to violate the restrictions on ownership and transfer of Series D Preferred Shares set forth in the REIT Charter. To the extent any such attempted exchange for Series D Preferred Shares would be in violation of the previous sentence, it shall be void ab initio and such Series D Limited Partner shall not acquire any rights or economic interest in the Series D Preferred Shares otherwise issuable upon such exchange.

(iv) The redemption of Series D Preferred Units described in Section 17.8.A(ii) and (iii) shall be subject to the provisions of Section 17.5.B(i) and Section 17.5.C(ii); provided, however, that the term "Series D Redemption Price" in such Sections 17.5.B(i) and 17.5.C(ii) shall be read to mean the original Capital Contribution per Series D Preferred Unit being redeemed as set forth on Exhibit A plus all accrued and unpaid distributions to the redemption date.

B. Procedure for Exchange of Series D Preferred Units and/or Series D Redemption.

(i) Any exchange shall be exercised pursuant to a notice of exchange (the "Series D Exchange Notice") delivered to AMB and the General Partner by the Partners representing at least 51% of the outstanding Series D Preferred Units (or by the Series D Contributor in the case of an exchange pursuant to the last sentence of Section 17.8.A.(i) hereof) by (a) fax and (b) by certified mail postage prepaid. The General Partner may effect any exchange of Series D Preferred Units, or exercise its option to cause the Partnership to redeem any portion of the Series D Preferred Units for cash pursuant to Section 17.8.A(ii) or redeem Series D Excess Units pursuant to Section 17.8.A(iii), by delivering to each holder of record of Series D Preferred Units, within ten (10) Business Days following receipt of the Series D Exchange Notice, (a) if the General Partner elects to cause the Partnership to acquire any of the Series D Preferred Units then outstanding, (1) certificates representing the Series D Preferred Shares being issued in exchange for the Series D Preferred Units of such holder being exchanged and (2) a written notice (a "Series D Redemption Notice") stating (A) the redemption date, which may be the date of such Series D Redemption Notice or any other date which is not later than sixty (60) days following the receipt of the Series D Exchange Notice, (B) the redemption price, (C) the place or places where the Series D Preferred Units are to be surrendered and (D) that distributions on the Series D Preferred Units will cease to accrue on such redemption date, or (b) if the General Partner elects to cause the Partnership to redeem all of the Series D Preferred Units then outstanding in exchange for cash, a Series D Redemption Notice. Series D Preferred Units shall be deemed canceled (and any corresponding Partnership Interest represented thereby deemed terminated) simultaneously with the delivery of shares of Series D Preferred Shares (with respect to Series D Preferred Units exchanged) or simultaneously with the redemption date (with respect to Series D Preferred Units redeemed). Holders of Series D Preferred Units shall deliver any canceled certificates representing Series D Preferred Units which have been exchanged or redeemed to the office of General Partner (which currently is located at 505 Montgomery Street, San Francisco, California 94111) within ten (10) Business Days of the exchange or redemption with respect thereto. Notwithstanding anything to the contrary contained herein, any and all Series D Preferred Units

to be exchanged for Series D Preferred Shares pursuant to this Section 17.8 shall

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be so exchanged in a single transaction at one time. As a condition to exchange, AMB may require the holders of Series D Preferred Units to make such representations as may be reasonably necessary for the General Partner to establish that the issuance of Series D Preferred Shares pursuant to the exchange shall not be required to be registered under the Securities Act or any state securities laws. Any Series D Preferred Shares issued pursuant to this Section 17.8 shall be delivered as shares which are duly authorized, validly issued, fully paid and nonassessable, free of any pledge, lien, encumbrance or restriction other than those provided in the REIT Charter, the Bylaws of AMB, the Securities Act and relevant state securities or blue sky laws.

The certificates representing the Series D Preferred Shares issued upon exchange of the Series D Preferred Units shall contain the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND STATE SECURITIES LAWS OR (B) IF THE CORPORATION HAS BEEN FURNISHED WITH A SATISFACTORY OPINION OF COUNSEL FOR THE HOLDER OF THE SHARES REPRESENTED HEREBY, OR OTHER EVIDENCE SATISFACTORY TO THE CORPORATION, THAT SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION IS EXEMPT FROM THE PROVISIONS OF SECTION 5 OF THE ACT AND STATE SECURITIES LAWS AND THE RULES AND REGULATIONS THEREUNDER.

(ii) In the event of an exchange of Series D Preferred Units for Series D Preferred Shares, an amount equal to the accrued and unpaid distributions to the date of exchange on any Series D Preferred Units tendered for exchange shall (i) accrue on the Series D Preferred Shares into which such Series D Preferred Units are exchanged, and (ii) continue to accrue on such Series D Preferred Units, which shall remain outstanding following such exchange, with the General Partner as the holder of such Series D Preferred Units. Notwithstanding anything to the contrary set forth herein, in no event shall a Holder of a Series D Preferred Unit that was validly exchanged for Series D Preferred Shares pursuant to this Section (other than the General Partner holding such Series D Preferred Unit following any such exchange), receive a distribution out of Available Cash of the Partnership, if such Holder, after exchange, is entitled to receive a distribution with respect to the Series D Preferred Shares for which such Series D Preferred Unit was exchanged or redeemed. Further for purposes of the foregoing, in the event of an exchange of Series D Preferred Units for Series D Preferred Shares, if the accrued and unpaid distributions per Series D Preferred Unit is not the same for each Series D Preferred Unit, the accrued and unpaid distributions per Series D Preferred Unit for each such Series D Preferred Unit shall be equal to the greatest amount of such accrued and unpaid distributions per Series D Preferred Unit on any such unit.

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(iii) Fractional Series D Preferred Shares are not to be issued upon exchange but, in lieu thereof, the General Partner will pay a cash adjustment based upon the fair market value of the Series D Preferred Shares on the day prior to the exchange date as determined in good faith by the board of directors of the General Partner.

C. Adjustment of Series D Exchange Price. In case AMB shall be a party to any transaction (including, without limitation, a merger, consolidation, statutory share exchange, tender offer for all or substantially all of AMB's capital stock or sale of all or substantially all of AMB's assets), in each case as a result of which the Series D Preferred Shares will be converted into the right to receive shares of capital stock, other securities or other property (including cash or any combination thereof), each Series D Preferred Unit will thereafter be exchangeable into the kind and amount of shares of capital stock and other securities and property receivable (including cash or any combination thereof) upon the consummation of such transaction by a holder of that number of Series D Preferred Shares or fraction thereof into which one Series D Preferred Unit was exchangeable immediately prior to such transaction. AMB may not become a party to any such transaction unless the terms thereof are consistent with the foregoing. AMB and the Operating Partnership further agree that, notwithstanding any transaction to which either may be a party (including, without limitation, any merger, consolidation, statutory share exchange, tender offer for all or substantially all of such entity's capital stock or partnership interests or sale of all or substantially all of such entity's assets), immediately following any such transaction, the issuer or issuers of any shares of capital stock and other securities into which the Series D Preferred Units shall be exchangeable pursuant to this Section 17.8 shall be the same issuer or issuers of shares of capital stock and other securities into which both (i) the Series B Preferred

Units are then exchangeable (or, if the Series B Preferred Units have previously been redeemed in full, would have been then exchangeable if then still outstanding) and (ii) the Series C Preferred Units are then exchangeable (or, if the Series C Preferred Units have previously been redeemed in full, would have been then exchangeable if then still outstanding).

Section 17.9. No Conversion Rights

The Series D Preferred Units shall not be convertible into any other class or series of interest in the Partnership.

Section 17.10. No Sinking Fund

No sinking fund shall be established for the retirement or redemption of Series D Preferred Units.

(Signature Pages Follow)

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

GENERAL PARTNER:

AMB PROPERTY HOLDING CORPORATION,
a Maryland corporation

By: /s/ JOHN T. ROBERTS, JR.

John T. Roberts, Jr.
Senior Vice President
and Director of Capital Markets

COMMON LIMITED PARTNER:

AMB PROPERTY, L.P., a Delaware
limited partnership

By: AMB Property Corporation,
its general partner

By: /s/ JOHN T. ROBERTS, JR.

John T. Roberts, Jr.
Senior Vice President and
Director of Capital Markets

GENERAL PARTNER OF COMMON LIMITED
PARTNER:

AMB PROPERTY CORPORATION,
a Maryland corporation

By: /s/ JOHN T. ROBERTS, JR.

John T. Roberts, Jr.
Senior Vice President and
Director of Capital Markets

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SERIES D LIMITED PARTNER:

J.P. MORGAN MOSAIC FUND, LLC,
a Delaware limited liability company

By: J.P. MORGAN PRIVATE INVESTMENTS
INC., as manager of J.P. Morgan
Mosaic Fund, LLC

By: /s/

Name:
Title:

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EXHIBIT A

PARTNERS, CONTRIBUTIONS, AND PARTNERSHIP INTERESTS

I. COMMON UNITS

<TABLE>
<CAPTION>

Percentage Name of Partner Interest	Contribution Date	Cash Contribution	Agreed Value of Contributed Property	Total Contributions	Partnership Units
----- <S> GENERAL PARTNER: AMB Property Holding .99725% Corporation	<C> 11/26/97	<C> --	<C> 3,626,023	<C> 3,626,023	<C> 172,668
LIMITED PARTNERS: AMB Property, L.P. 98.72782% 06/30/98 .27493%	11/26/97 06/30/98	-- --	358,976,301 1,161,489	358,976,301 1,161,489	17,094,110 47,602
----- TOTAL COMMON UNITS 100.00000%		--	363,763,813	363,763,813	17,314,380
=====		=====	=====	=====	=====

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EXHIBIT A

PARTNERS, CONTRIBUTIONS, AND PARTNERSHIP INTERESTS

II. SERIES C PREFERRED UNITS

<TABLE>
<CAPTION>

Percentage Name of Partner Interest	Contribution Date	Cash Contributions	Agreed Value of Contributed Property	Total Contributions	Series C Partnership Units
----- <S> <C> LIMITED PARTNER: Belcrest Realty 21.8182% Corporation	<C> 11/24/98	<C> \$ 24,000,000	<C> --	<C> \$ 24,000,000	<C> 480,000
Belair Real Estate Corporation 78.1818%	11/24/98	\$ 86,000,000	--	\$ 86,000,000	1,720,000
----- TOTAL SERIES C PREFERRED UNITS 100.0000%		\$110,000,000	--	\$110,000,000	2,200,000
=====		=====	=====	=====	=====

III. SERIES D PREFERRED UNITS

<TABLE>
<CAPTION>

Percentage Name of Partner Interest	Contribution Date	Value of Cash Contributions	Contributed Property	Agreed Series D Total Contributions	Partnership Units
----- <S> <C> LIMITED PARTNER:	----	-----	-----	-----	-----
J.P. Morgan Mosaic Fund, LLC 100.0000%	5/5/99	\$79,766,850	--	\$79,766,850	1,595,337
-----		-----	-----	-----	-----
TOTAL SERIES D PREFERRED UNITS 100.0000%		\$79,766,850	--	\$79,766,850	1,595,337
=====		=====	=====	=====	=====

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EXHIBIT B

NOTICE OF REDEMPTION

The undersigned hereby [irrevocably] (i) exchanges _____ Limited Partnership Units in AMB Property II, L.P. in accordance with the terms of the Limited Partnership Agreement of AMB Property II, L.P. dated as of _____, as amended, and the rights of [Series D] 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, Preferred Stock) deliverable upon [Series D] Redemption or exchange be delivered to the address specified below, and if applicable, that such Preferred Stock 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 Shares in the name of:

Please insert social security or identifying number:

Address (if different than above):

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EXHIBIT C

CONSTRUCTIVE OWNERSHIP DEFINITION

The term "Constructively Owns" means ownership determined through the application of the constructive ownership rules of Section 318 of the Code, as modified by Section 856(d)(5) of the Code. Generally, these rules provide the following:

a. an individual is considered as owning the Ownership Interest that is owned, actually or constructively, by or for his spouse, his children, his grandchildren, and his parents;

b. an Ownership Interest that is owned, actually or constructively, by or for a partnership, limited liability company or estate is considered as owned proportionately by its partners, members or beneficiaries;

c. an Ownership Interest that is owned, actually or constructively, by or for a trust is considered as owned by its beneficiaries in proportion to the actuarial interest of such beneficiaries (provided, however, that in the case of a "grantor trust" the Ownership Interest will be considered as owned by the grantors);

d. if ten percent (10%) or more in value of the stock in a corporation is owned, actually or constructively, by or for any person, such person shall be considered as owning the Ownership Interest that is owned, actually or constructively, by or for such corporation in that proportion which the value of the stock which such person so owns bears to the value of all the stock in such corporation;

e. an Ownership Interest that is owned, actually or constructively, by or for a partner or member which actually or constructively owns a 25% or greater capital interest or profits interest in a partnership or limited liability company, or by or for a beneficiary of an estate or trust, shall be considered as owned by the partnership, limited liability company, estate, or trust (or, in the case of a grantor trust, the grantors);

f. if ten percent (10%) or more in value of the stock in a corporation is owned, actually or constructively, by or for any person, such corporation shall be considered as owning the Ownership Interest that is owned, actually or constructively, by or for such person;

g. if any person has an option to acquire an Ownership Interest (including an option to acquire an option or any one of a series of such options), such Ownership Interest shall be considered as owned by such person;

h. an Ownership Interest that is constructively owned by a person by reason of the application of the rules described in paragraphs (a) through (g) above shall, for purposes of applying paragraphs (a) through (g), be considered as actually owned by such person provided, however, that (i) an Ownership Interest constructively owned by an individual by reason of paragraph (a) shall not be considered as owned by him for purposes of again applying paragraph (a) in order to make another the constructive owner of such Ownership Interest, (ii) an Ownership Interest constructively owned by a partnership, estate, trust, or corporation by reason of the application of paragraphs (e) or (f) shall not be considered as owned by it for purposes of applying paragraphs (b), (c), or (d) in order to make another the constructive owner of such Ownership Interest, (iii) if an Ownership Interest may be considered as owned by an individual under paragraphs (a) or (g), it shall be considered as owned by him under paragraph (g) and (iv) for purposes of the above described rules, an S corporation shall be treated as a partnership and any stockholder of the S corporation shall be treated as a partner of such partnership except that this rule shall not apply for purposes of determining whether stock in the S corporation is constructively owned by any person.

i. For purposes of the above summary of the constructive ownership rules, the term "Ownership Interest" means the ownership of stock with respect to a corporation and, with respect to any other type of entity, the ownership of an interest in either its assets or net profits.

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EXHIBIT D-1

FORM OF PARTNERSHIP UNIT CERTIFICATE

CERTIFICATE FOR PARTNERSHIP UNITS OF

AMB PROPERTY II, L.P.

No. _____ UNITS

AMB Property Holding Corporation as the General Partner of AMB Property II, 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 II, L.P., dated as of _____, 199_ (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: _____, 199_.

AMB PROPERTY HOLDING CORPORATION

General Partner of AMB Property II,
L.P.

ATTEST:

By: _____

By: _____

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EXHIBIT E

SCHEDULE OF PARTNERS' OWNERSHIP

WITH RESPECT TO TENANTS

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EXHIBIT F

SCHEDULE OF REIT SHARES

ACTUALLY OR CONSTRUCTIVELY OWNED BY 25% LIMITED PARTNERS

OTHER THAN THOSE ACQUIRED PURSUANT TO AN EXCHANGE

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EXHIBIT G

SCHEDULE OF CERTAIN AGREEMENTS RELATING TO

PROPERTIES WITH RESTRICTIONS ON DISPOSITION

PURSUANT TO SECTION 7.3.F

1. APLP II Contribution Agreement dated as of May 21, 1998, by and between Hayes Realty Company, an Illinois general partnership and AMB Property II, L.P., a Delaware limited partnership.

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EXHIBIT H

SCHEDULE OF CERTAIN AGREEMENTS CONTAINING

LIMITATIONS ON GENERAL PARTNERS GENERAL AUTHORITY

1. APLP II Contribution Agreement dated as of May 21, 1998, by and between Hayes Realty Company, an Illinois general partnership and AMB Property II, L.P., a Delaware limited partnership.

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EXHIBIT I

RESTRICTIONS ON OWNERSHIP AND TRANSFER TO PRESERVE TAX BENEFIT

(a) Definitions. for the purposes of this Exhibit I, the following terms shall have the following meanings:

"Charitable Beneficiary" shall mean one or more beneficiaries of a Trust, as determined pursuant to subsection (c)(vi), each of which shall be an organization described in Sections 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

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

"Exempted Person" shall mean any Person exempted from time to time by the General Partner in its sole and absolute discretion. The Operating Partnership shall be considered an Exempted Person.

"Market Price" shall mean the market price of the Partnership Units on the relevant date as determined in good faith by the General Partner; provided, however, if AMB has outstanding shares of capital stock which correspond to such Partnership Units (i.e., the Series C Preferred Shares), the Market Price of each such Partnership Unit shall be equal to the Value of a share of such capital stock, subject to adjustment if the right to exchange such Partnership Units for such stock is other than one to one.

"Ownership Limit" shall mean 24.9% of the capital or profits interests of the Partnership.

"Person" shall mean an individual, corporation, partnership, limited liability company, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity.

"Purported Beneficial Transferee" shall mean, with respect to any purported Transfer (or other event) which results in a transfer to a Trust, as provided in subsection (b)(ii), the Purported Record Transferee, unless the Purported Record Transferee would have acquired or owned Partnership Units for another Person who

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is the beneficial transferee or owner of such Partnership Units, in which case the Purported Beneficial Transferee shall be such Person.

"Purported Record Transferee" shall mean, with respect to any purported Transfer (or other event) which results in a transfer to a Trust, as provided in subsection (b)(ii), the holder of the Partnership Units as set forth or to be set forth in Exhibit A to the Partnership Agreement, and any Assignee of such Partnership Units, if such Transfer or ownership had been valid under subsection (b)(i).

"Restriction Termination Date" shall mean the first day after the date hereof on which the General Partner determines, in its sole and absolute discretion, that compliance with subsection (b)(i) is no longer necessary or advisable.

"Transfer" shall mean any sale, transfer, gift, assignment, devise or other disposition of Partnership Units, (including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Partnership Units or (ii) the sale, transfer, assignment or other disposition of any securities (or rights

convertible into or exchangeable for Partnership Units)), whether voluntary or involuntary, whether such transfer has occurred of record or beneficially or Constructively (including but not limited to transfers of interests in other entities which results in changes in Constructive Ownership of Partnership Units), and whether such transfer has occurred by operation of law or otherwise.

"Trust" shall mean each of the trusts provided for in subsection (c).

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

Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Third Amended and Restated Agreement of Limited Partnership of AMB Property II, L.P. (the "Partnership Agreement"), as such agreement may be amended from time to time. All references to "Section" refer to the Partnership Agreement.

(b) Restriction on Ownership and Transfers.

(i) Prior to the Restriction Termination Date, no Person, other than an Exempted Person, shall at any time Constructively Own Partnership Units in excess of the Ownership Limit if the representations contained in Section 3.4.D are not at such time true and correct.

(ii) If, prior to the Restriction Termination Date, any Transfer or other event occurs that, if effective, would result in any Person Constructively Owning Partnership Units in violation of subsection (b)(i), (1) then that number of Partnership Units that otherwise would cause such Person to violate subsection (b)(i) (rounded up to the nearest whole Partnership Unit) shall be automatically transferred (provided such Transfer is not in violation of the restrictions on transfer

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set forth in the Partnership Agreement, except to the extent the General Partner waives such restrictions) to a Trust for the benefit of a Charitable Beneficiary, as described in subsection (c), effective as of the close of business on the business day prior to the date of such Transfer or other event, and such Purported Beneficial Transferee shall thereafter have no rights in such Partnership Units or (2) if, for any reason, the transfer to the Trust described in clause (1) of this sentence is not automatically effective as provided therein to prevent any Person from Constructively Owning Partnership Units in violation of subsection (b)(i), then the Transfer of that number of Partnership Units that otherwise would cause any Person to violate subsection (b)(i) shall be void ab initio, and the Purported Beneficial Transferee shall have no rights in such Partnership Units.

(c) Transfers of Partnership Units in Trust.

(i) Upon any purported Transfer or other event described in subsection (b)(ii), such Partnership Units shall be deemed to have been transferred to the Trustee in his capacity as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the business day prior to the purported Transfer or other event that results in a transfer to the Trust pursuant to subsection (b)(ii). The Trustee shall be appointed by the Partnership and shall be a Person unaffiliated with the Partnership, any Purported Beneficial Transferee, or any Purported Record Transferee. Each Charitable Beneficiary shall be designated by the Partnership as provided in subsection (c)(vi).

(ii) Partnership Units held by the Trustee shall be issued and outstanding Partnership Units of the Partnership. The Purported Beneficial Transferee or Purported Record Transferee shall have no rights in the Partnership Units held by the Trustee. The Purported Beneficial Transferee or Purported Record Transferee shall not benefit economically from ownership of any Partnership Units held in trust by the Trustee, shall have no rights to distributions or allocations with respect to Partnership Units held in the Trust and shall not possess any rights to vote or other rights attributable to the Partnership Units held in the Trust.

(iii) The Trustee shall have all voting rights and rights to distributions and allocations with respect to Partnership Units held in the Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any distribution paid prior to the discovery by the Partnership that Partnership Units have been transferred to the Trustee shall be paid to the Trustee upon demand, and any distribution with respect to such Partnership Units shall be paid when due to the Trustee. Any distributions so paid over to the Trustee shall be held in trust for the Charitable Beneficiary.

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

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this Exhibit I to the contrary, until the Partnership has received notification that the Partnership Units have been transferred into a Trust, the Partnership shall be entitled to rely on its Partnership Unit transfer and other unitholder records for purposes of preparing Exhibit A to the Partnership Agreement, lists of unitholders entitled to vote at meetings, and otherwise conducting votes of Partners.

(iv) Within 20 days of receiving notice from the Partnership that Partnership Units have been transferred to the Trust, the Trustee of the Trust shall, in accordance with the terms of (and subject to the limitations contained in) the Partnership Agreement, sell the Partnership Units held in the Trust to a Person, designated by the Trustee, whose ownership of the Partnership Units will not violate the ownership limitations set forth in subsection (b) (i). Upon such sale, the interest of the Charitable Beneficiary in the Partnership Units sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Purported Record Transferee and to the Charitable Beneficiary as provided in this subsection (c) (iv). The Purported Record Transferee shall receive the lesser of (1) the price paid by the Purported Record Transferee for the Partnership Units in the transaction that resulted in such transfer to the Trust (or, if the event which resulted in the transfer to the Trust did not involve a purchase of such Partnership Units at Market Price, the Market Price of such Partnership Units on the day of the event which resulted in the transfer of such Partnership Units to the Trust) and (2) the price per Partnership Unit received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the Partnership Units held in the Trust. Any net sales proceeds in excess of the amount payable to the Purported Record Transferee shall be immediately paid to the Charitable Beneficiary together with any distributions thereon. If, prior to the discovery by the Partnership that Partnership Units have been transferred to the Trustee, such Partnership Units are sold by a Purported Record Transferee then (i) such Partnership Units shall be deemed to have been sold on behalf of the Trust and (ii) to the extent that the Purported Record Transferee received an amount for such Partnership Units that exceeds the amount that such Purported Record Transferee was entitled to receive pursuant to this subsection (c) (iv), such excess shall be paid to the Trustee upon demand. The expenses described in item (2) above shall include any expenses of administering the Trust, any transfer of Partnership Units thereto or disposition of Partnership Units thereby, which shall be allocated equitably among the Partnership Units which are transferred to the Trust.

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

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(vi) By written notice to the Trustee, the Partnership shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust such that the Partnership Units held in the Trust would not violate the restrictions set forth in subsection (b) (i) in the hands of such Charitable Beneficiary.

(d) Remedies For Breach. If the General Partner shall at any time

determine in good faith that a Transfer or other event has taken place in violation of subsection (b) or that a Person intends to acquire, has attempted to acquire or may acquire beneficial ownership (determined without reference to any rules of attribution) or Constructive Ownership of any Partnership Units of the Partnership in violation of subsection (b), the General Partner shall take such action as it deems advisable to refuse to give effect or to prevent such Transfer, including, but not limited to, causing the Partnership to redeem Partnership Units, refusing to give effect to such Transfer on the books of the Partnership or instituting proceedings to enjoin such Transfer; provided, however, that any Transfers (or, in the case of events other than a Transfer, ownership or Constructive Ownership) in violation of subsection (b) (i), shall automatically result in the transfer to a Trust as described in subsection (b) (ii).

(e) Notice of Restricted Transfer. Any Person who acquires or attempts to acquire or own Partnership Units in violation of subsection (b), or any Person who is a Purported Beneficial Transferee such that an automatic transfer to a Trust results under subsection (b) (ii), shall immediately give written notice to the Partnership of such event and shall provide to the Partnership such other information as the Partnership may request in order to determine the effect, if any, of such Transfer or attempted Transfer on such Person's compliance with subsection (b) (i).

(f) Owners Required To Provide Information. Prior to the Restriction Termination Date each Person who is a beneficial owner or Constructive Owner of Partnership Units and each Person who is holding Partnership Units for a beneficial owner or Constructive Owner shall provide to the Partnership such information that the Partnership may request, in good faith, in order to determine the Partnership's status as a partnership (as opposed to a corporation) or AMB's status as a REIT for federal income tax purposes.

(g) Remedies Not Limited. Nothing contained in this Exhibit I shall limit the authority of the General Partner to take such other action as it deems necessary or advisable to protect the Partnership and the interests of its Partners by preservation of the Partnership's status as a partnership (as opposed to a corporation) or AMB's status as a REIT for federal income tax purposes.

(h) Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Exhibit I, including any definition contained in subsection (a), the General Partner shall have the power to determine the application of the provisions of this Exhibit I with respect to any situation based on the facts known to it. In the event that a provision of this Exhibit I requires an action by the General Partner and Exhibit I fails to provide specific guidance with respect to such action, the General Partner shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Exhibit I. Absent a decision to the contrary by the General Partner (which the General Partner may make in its sole and absolute discretion), if a Person would have (but for the remedies set forth in subsection (b)) acquired Constructive

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Ownership of Partnership Units in violation of subsection (b) (i), such remedies (as applicable) shall apply first to the Partnership Units which, but for such remedies, would have been actually owned by such Person, and second to Partnership Units which, but for such remedies, would have been Constructively Owned (but not actually owned) by such Person, pro rata among the Persons who actually own such Partnership Units based upon the relative number of the Partnership Units held by each such Person.

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