AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 22, 1999

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

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

MARYLAND (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	94-3281941 (I.R.S. EMPLOYER IDENTIFICATION NO.)

505 MONTGOMERY STREET
SAN FRANCISCO, CALIFORNIA 94111
(415) 394-9000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

DAVID S. FRIES
CHIEF ADMINISTRATIVE OFFICER, MANAGING DIRECTOR AND
GENERAL COUNSEL
AMB PROPERTY CORPORATION
505 MONTGOMERY STREET
SAN FRANCISCO, CALIFORNIA 94111-2586
(415) 394-9000
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE OF AGENT FOR SERVICE)

COPIES TO:

JEFFEREY T. PERO, ESQ.
J. SCOTT HODGKINS, ESQ.
LATHAM & WATKINS
505 MONTGOMERY STREET
SAN FRANCISCO, CALIFORNIA 94111-2586
(415) 391-0600

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

<TABLE>
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TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE PRICE PER SHARE(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
Common Stock, $.01 par value per share..................	3,000,000	$20.9375	$62,812,500	$17,462

</TABLE>

(1) Calculated pursuant to Rule 457(c) of the rules and regulations under the Securities Act of 1933, as amended, and is based on a per share price of $20.9375, the average of the high and low prices of our common stock as reported on the New York Stock Exchange Composite Tape on April 15, 1999.

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

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED APRIL 22, 1999

PROSPECTUS

AMB PROPERTY CORPORATION

DIVIDEND REINVESTMENT AND DIRECT PURCHASE PLAN

COMMON STOCK
PAR VALUE $.01 PER SHARE

We are offering the opportunity to participate in our Dividend Reinvestment and Direct Purchase Plan. The plan is designed to provide our stockholders and other investors with a convenient and economical method to purchase shares of our common stock, par value $.01 per share, and to reinvest all or a portion of their cash dividends in additional shares of common stock. You may begin participating in the plan by completing a plan Enrollment Form and returning it to BankBoston N.A., as agent, who will administer the plan. EquiServe Limited Partnership, a registered transfer agent, will provide certain administrative support to the agent.

The prospectus relates to the offer and sale of up to 3,000,000 shares of common stock under the plan. You should retain this prospectus for future reference. Our common stock is listed on the New York Stock Exchange under the symbol "AMB."

Some of the significant features of the plan are as follows:

- You may purchase additional shares of common stock by automatically reinvesting all or a portion of your cash dividends.

- If you are already one of our stockholders, you may purchase additional common stock by making optional cash purchases of between $100 to $30,000 in any calendar quarter. If you are not already one of our stockholders, you can make an optional cash purchase of between $750 and $30,000 in any calendar quarter. Optional cash purchases in excess of $30,000 in any calendar quarter may be made only with our prior written consent.

- The plan will acquire shares of common stock purchased with reinvested dividends and optional cash purchases of up to $30,000 in any calendar quarter either:

  o directly from us in the form of newly issued shares of common stock; or

- o in the open market; or
- o in privately negotiated transactions from third parties.

- The plan will acquire the shares of common stock purchased by optional cash purchases in excess of $30,000 in any calendar quarter only from previously unissued shares of common stock, with our prior written consent.

- We may offer a discount of up to 5%, determined by us from time to time in accordance with the plan, on newly issued shares of common stock that you purchase pursuant to an optional cash purchase in any calendar quarter.

- If you hold shares of common stock in broker or nominee names, you may participate in the plan and the brokers or nominees will reinvest dividends and make optional cash purchases on your behalf.

Your participation in the plan is entirely voluntary, and you may terminate your participation at any time. If you are already a stockholder and do not choose to participate in the plan, you will continue to receive cash dividends, as declared, in the usual manner.

Before you participate in our plan you should consider the risks discussed in "Risk Factors" beginning on page 5.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED THAT THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is April   , 1999.

We have not authorized any person to give any information or to make any representation not contained or incorporated by reference in this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus as if we had authorized it. This prospectus is not an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which it relates and this prospectus is not an offer to sell or the solicitation of an offer to buy securities in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation. You should not assume that the information contained in this prospectus is correct on any date after the date of this prospectus, even though this prospectus is delivered or shares are sold pursuant to this prospectus on a later date.

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FORWARD-LOOKING STATEMENTS MAY PROVE INACCURATE

Some of the information included and incorporated by reference in this prospectus contains forward-looking statements, such as those pertaining to our (including certain of our subsidiaries') capital resources, portfolio performance and results of operations. Likewise, the pro forma financial statements and other pro forma information incorporated by reference in this prospectus also contain forward-looking statements. In addition, all statements regarding anticipated growth in our funds from operations and anticipated market conditions, demographics and results of operations are forward-looking statements. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. There is no

assurance that the events or circumstances reflected in forward-looking statements will be achieved or will occur. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: defaults on or non-renewal of leases by tenants, increased interest rates and operating costs, our failure to obtain necessary outside financing, difficulties in identifying properties to acquire and in effecting acquisitions, our failure to successfully integrate acquired properties and operations, 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 certain other matters discussed below under "Risk Factors." We caution you not to place undue reliance on forward-looking statements, which reflect our analysis only.

PROSPECTUS SUMMARY

THE COMPANY

We are one of the largest publicly-traded real estate companies in the United States. As of December 31, 1998, we owned 582 industrial buildings located in 26 markets throughout the United States, and 38 retail centers located in 16 markets throughout the United States. As of December 31, 1998, our industrial buildings, principally warehouse distribution properties, encompassed approximately 56.6 million rentable square feet and, as of the same date, were 96.0% leased to over 1,600 tenants. As of December 31, 1998, our retail centers, principally grocer-anchored community shopping centers, encompassed approximately 7.0 million rentable square feet and, as of the same date, were 94.6% leased to over 900 tenants. In the event that all of the BPP Retail, LLC ("BPP Retail") and Burnham Pacific Properties ("BPP") transactions are consummated (see discussion below under "-- Recent Developments"), we will have disposed of 34 of our retail centers. We currently expect that the substantial majority of our acquisition activities going forward will be in industrial properties. We own substantially all of our assets, and conduct substantially all of our business, through AMB Property L.P., the Operating Partnership, and its subsidiaries.

The Company was organized in November 1997 and commenced operations upon the completion of the initial public offering on November 26, 1997. We operate as a self-administered and self-managed real estate company and believe that we have qualified and that we will continue to qualify as a REIT for federal income tax purposes beginning with the year ended December 31, 1997. As a self-administered and self-managed real estate investment trust or REIT, our own employees perform our administrative and management functions, rather than our relying on an outside manager for those services.

DIVIDEND AND DISTRIBUTION POLICY

We intend to make distributions to our stockholders in amounts such that all or substantially all of our taxable income in each year, subject to certain adjustments, is distributed in order to maintain our qualification as a REIT under the Internal Revenue Code. Taxable income, if any, not distributed through regular dividends will be distributed annually in a special dividend. All distributions will be made at the discretion of our board of directors and will depend on our earnings and financial condition, the amount of distributions necessary to maintain our status as a REIT and other factors the board of directors deems relevant from time to time.

USE OF PROCEEDS

We do not know the number of stockholders and other investors that may participate in the plan and therefore we cannot estimate the number of shares of common stock that we may ultimately sell pursuant to the plan, or the prices at which we will sell such shares. In addition, our decision whether to sell newly issued shares of common stock to fulfill the requirements of the plan will affect the amount of proceeds that we receive. We plan to use the proceeds from shares of common stock purchased under the plan to continue our real estate acquisition, development and investment activities and for general corporate purposes. Pending these uses, we may temporarily invest the net proceeds in short-term investments consistent with our investment policies and our

qualification as a REIT.

SUMMARY OF THE PLAN

The following summary contains basic information about the plan set forth in a question and answer format and is qualified by reference to the full text of the plan which is filed as an exhibit to the registration statement which contains this prospectus and which was filed with the Securities and Exchange Commission with respect to the shares of common stock to be sold under the plan.

We encourage you to read and consider the information contained in the plan and in documents identified in the sections entitled "Incorporation of Certain Documents by Reference" and "Where You Can Find More Information."

- WHAT IS THE PURPOSE OF THE PLAN?

The purpose of the plan is to provide our stockholders and other investors with a convenient and economical method of purchasing shares of common stock and investing all or a portion of their cash dividends in additional shares of common stock. The plan also provides us with a means of raising additional capital through the direct sale of common stock.

- HOW IS THE PURCHASE PRICE PER SHARE DETERMINED?

The purchase price per share of common stock acquired through the plan as a result of the reinvestment of dividends will be equal to:

- in the case of newly issued shares of common stock, the average of the high and low prices reported by the New York Stock Exchange on the applicable dividend payment date, subject to applicable discounts, or

- in the case of shares purchased in the open market or in privately negotiated transactions, the average of the purchase price of all shares purchased by the agent for the plan with reinvested dividends for the applicable dividend payment date.

The purchase price of shares acquired through optional cash purchases of $30,000 or less during any calendar quarter under the Direct Share Purchase Plan (which are also referred to in this prospectus as purchases under the "DSPP") will be equal to:

- in the case of newly issued shares of common stock, the average of the high and low prices reported by the New York Stock Exchange on the applicable DSPP investment date, subject to any applicable discounts, or

- in the case of shares purchased in the open market or in privately negotiated transactions, the average of the purchase price of all shares purchased by the agent for the applicable DSPP investment date.

We may also advise the agent that it may purchase shares from time to time at its discretion over a 15-day period following the applicable dividend payment date or DSPP investment date, as the case may be.

During some quarters we may entertain optional cash purchases in excess of $30,000 under that portion of the plan referred to as the Waiver Discount Plan or "WDP." During those quarters, you may make optional cash purchases of shares of common stock exceeding $30,000 but only with our prior written consent. Under the WDP, you will acquire the maximum number of shares of common stock that may be purchased on each day during the applicable ten trading day investment period with one-tenth of your WDP payment. We may offer a discount of up to 5% from the market price of the common stock based on the average of the high and low sales price per share reported on the New York Stock Exchange purchased on each trading day during the ten trading day WDP investment period. We may also establish a threshold price for shares of common stock purchased under the WDP, as described below. Under the WDP, you may only purchase previously unissued shares of common stock.

If you desire to make purchases of common stock exceeding $30,000 in any calendar quarter, you may telephone our Director of Capital Markets at (415) 394-9000 during the three business days prior to the first day of the applicable investment period to determine whether:

- we are considering offering shares pursuant to the WDP for that quarter; and

- we are employing a threshold price that will exclude from the determination of the average market price the trading days during the investment period when the average per share price on the New York Stock Exchange falls below the threshold price.

Annex I to this prospectus lists the significant dates relating to optional cash purchases.

- HOW MANY SHARES MAY I PURCHASE DURING ANY PERIOD?

There is no limit to the number of shares of common stock you may purchase with reinvested dividends on any dividend payment date. However, under the DSPP, if you are already one of our stockholders, you must make an investment in any calendar quarter of not less than $100 nor more than $30,000. If you are not

already one of our stockholders, you must make an initial optional cash purchase of not less than $750 and not more than $30,000.

You may request a waiver of the $30,000 quarterly maximum by sending a written request to us. We will approve requests for waiver on a discretionary basis.

Optional cash purchases that do not exceed $30,000 in any calendar quarter initially will not be sold at a discount to current market prices. However, we reserve the right to grant a discount in the future for such investments.

We will return to you without interest amounts submitted for optional cash purchases of less than $100 (or, if you are not already one of our stockholders, $750 in the case of an initial optional cash purchase) and any optional cash purchases that exceeds $30,000 in any calendar quarter, unless a request for waiver under the WDP has been approved.

- CAN I REQUEST A WAIVER OF THE PURCHASE LIMITATION?

We have not predetermined a maximum limit on the amount of the investment or on the number of shares that you may purchase pursuant to a written request for waiver under the WDP. With respect to optional cash purchases in excess of $30,000 in any calendar quarter made pursuant to a request for waiver, we may, in our sole discretion, establish each quarter a discount and a threshold price. We may establish a discount from market prices of up to 5%, after a review of current market conditions, the level of participation, and our current and projected capital needs. The discount may vary from quarter to quarter. The threshold price will equal the minimum price, determined without giving effect to the applicable discount, if any, applicable to purchases of common stock under the WDP in a given quarter. For each trading day during an investment period on which the threshold price is not satisfied, we will return one-tenth of your optional cash purchase for that quarter under the WDP to you as soon as practicable after the applicable WDP investment period, without interest.

If you acquire shares of common stock through the plan and resell them shortly before or after acquiring them, you may be considered to be an underwriter within the meaning of the Securities Act of 1933, as amended. We expect that certain persons will acquire shares of common stock pursuant to a request for waiver and resell such shares in order to realize the financial benefit of any discount then being offered under the plan. We have no arrangements or understandings, formal or informal, with any person relating to a distribution of shares to be received pursuant to the plan by such person.

- HOW MANY SHARES ARE BEING SOLD UNDER THE PLAN?

We are registering 3,000,000 shares of common stock for sale under the plan. There is no limit on the number of these shares that we may direct the agent to purchase in the open market or in privately negotiated transactions. The agent will acquire shares of common stock with reinvested dividends under the plan and with cash submitted under the DSPP by purchasing either newly issued shares of common stock directly from us or shares in the open market or in privately negotiated transactions. The agent will acquire shares of common stock purchased under the WDP only from previously unissued shares of common stock.

RECENT DEVELOPMENTS

On March 9, 1999, we signed a series of definitive agreements with BPP Retail, a co-investment entity between BPP and CalPERS, pursuant to which BPP Retail will acquire 28 of our retail shopping centers, totaling 5.1 million square feet, for an aggregate price of $663.4 million. 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, the Operating Partnership has the right to extend the closing dates for a period of up to 50 days. The Operating Partnership has 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 confirmation, with BPP, pursuant to which BPP will acquire six additional retail centers, totaling 1.5 million square feet, for $284.4 million. Assuming the receipt of the financing confirmation, we currently expect this transaction to close by December 31, 1999. The Company intends to use the proceeds of $947,800,000 from the sale of the centers to BPP Retail and BPP to repay secured debt of $184,292,000 related to the properties divested, to pay down the unsecured $500 million credit facility (the "Credit Facility"), for

potential acquisitions and for general corporate purposes. In connection with these transactions, we have also granted the California Public Employee's Retirement System ("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 CalPERS may exercise on or before March 31, 2000. We can not assure you, however, that the transactions will 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. See "Risk Factors -- Failure to Consummate the Transactions with BPP Retail and BPP."

RISK FACTORS

Before you participate in the plan and invest in our common stock, you should be aware that purchasing or owning our common stock involves various risks, including those described below. You should consider carefully these risk factors together with all of the other information included in this prospectus before you decide to purchase shares of our common stock through the plan.

GENERAL REAL ESTATE RISKS

THERE ARE FACTORS OUTSIDE OF OUR CONTROL THAT AFFECT THE PERFORMANCE AND VALUE OF OUR PROPERTIES.

Real property investments are subject to varying degrees of risk. The yields available from equity investments in real estate depend on the amount of income earned and capital appreciation generated by the related properties as well as the expenses incurred in connection with the properties. If our properties do not generate income sufficient to meet operating expenses, including debt service and capital expenditures, our ability to pay distributions to holders of our common stock could be adversely affected. Income from, and the value of, our properties may be adversely affected by the general economic climate, local conditions such as oversupply of industrial or retail space or a reduction in demand for industrial or retail space, the attractiveness of our properties to potential tenants, competition from other properties, our ability to provide adequate maintenance and insurance and an increase in operating costs. In addition, revenues from properties and real estate values are also affected by factors such as the cost of compliance with regulations, the potential for liability under applicable laws (including changes in tax laws), interest rate levels and the availability of financing. Our income would be adversely affected if a significant number of tenants were unable to pay rent or if we were unable to rent our industrial or retail space on favorable terms. Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally do not decline when circumstances cause a reduction in income from the property.

WE MAY BE UNABLE TO RENEW LEASES OR RELET SPACE AS LEASES EXPIRE.

We are subject to the risks that leases may not be renewed, space may not be relet, or the terms of renewal or reletting (including the cost of required renovations) may be less favorable than current lease terms. Leases on a total of approximately 32.9% of the leased square footage of our properties as of December 31, 1998 will expire on or prior to December 31, 2000, with leases on 13.0% of the leased square footage of our properties as of December 31, 1998 expiring during the 12 months ending December 31, 1999. In addition, numerous properties compete with our properties in attracting tenants to lease space, particularly with respect to retail centers. The number of competitive commercial properties in a particular area could have a material adverse effect on our ability to lease space in our properties and on the rents that we are able to charge. Our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock could be adversely affected if we are unable to promptly relet or renew the leases for all or a substantial portion of expiring leases, if the rental rates upon renewal or reletting is significantly lower than expected, or if our reserves for these purposes prove inadequate.

REAL ESTATE INVESTMENTS ARE ILLIQUID.

Because real estate investments are relatively illiquid, our ability to vary our portfolio promptly in response to economic or other conditions is limited. The limitations in the Internal Revenue Code and related regulations on a REIT holding property for sale may affect our ability to sell properties without adversely affecting distributions to our stockholders. The relative illiquidity of our holdings, Internal Revenue Code prohibitions and related regulations could impede our ability to respond to adverse changes in the performance of our investments and could adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock.

A SIGNIFICANT NUMBER OF OUR PROPERTIES ARE LOCATED IN CALIFORNIA.

Our properties located in California as of December 31, 1998 represented approximately 22.0% of the aggregate square footage of our properties as of

December 31, 1998 and approximately 29.5% of our Annualized Base Rent. Annualized Base Rent means the monthly contractual amount under existing leases at December 31, 1998, multiplied by 12. This amount excludes expense reimbursements and rental abatements.

Our revenue from, and the value of, our properties located in California may be affected by a number of factors, including local real estate conditions (such as oversupply of or reduced demand for commercial properties) and the local economic climate. Business layoffs, downsizing, industry slowdowns, changing demographics and other factors may adversely impact the local economic climate. A downturn in either the California economy or in California real estate conditions could adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock. Certain of our properties are also subject to possible loss from seismic activity. In the event that the transactions with BPP Retail and BPP (as discussed above under "Prospectus Summary -- Recent Developments") are consummated, we will dispose of all our retail centers located in California.

OUR PROPERTIES ARE CURRENTLY CONCENTRATED IN THE INDUSTRIAL AND RETAIL SECTORS.

Our properties are currently concentrated predominantly in the industrial and retail commercial real estate sectors. However, in the event that the sale of retail properties to BPP Retail and BPP (as discussed under "Prospectus Summary -- Recent Developments") are consummated as planned, our properties will be concentrated predominately in the industrial real estate sector. Our concentration in certain property types may expose us to the risk of economic downturns in these sectors to a greater extent than if our portfolio also included other property types. In the event that the sales of the retail properties referred to above are consummated, our exposure to the risk of economic downturns in the industrial real estate sector will be greater. As a result of such concentration, economic downturns in these sectors could have an adverse effect on our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock.

SOME POTENTIAL LOSSES ARE NOT COVERED BY INSURANCE.

We carry comprehensive liability, fire, extended coverage and rental loss insurance covering all of our properties, with policy specifications and insured limits which we believe are adequate and appropriate under the circumstances given relative risk of loss, the cost of such coverage and industry practice. There are, however, certain losses that are not generally insured because it is not economically feasible to insure against them, including losses due to riots or acts of war. Certain losses such as losses due to floods or seismic activity may be insured subject to certain limitations including large deductibles or co-payments and policy limits. If an uninsured loss or a loss in excess of insured limits occurs with respect to one or more of our properties, we could lose the capital we invested in the properties, as well as the anticipated future revenue from the properties and, in the case of debt which is with recourse to us, we would remain obligated for any mortgage debt or other financial obligations related to the properties. Moreover, as the general partner of the Operating Partnership, we will generally be liable for all of the Operating Partnership's unsatisfied obligations other than non-recourse obligations. Any such liability could adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock.

A number of our properties are located in areas that are known to be subject to earthquake activity, including California where, as of December 31, 1998, 154 industrial buildings aggregating 12.2 million rentable square feet (representing 19.1% of our properties based on aggregate square footage) and 11 retail centers aggregating 1.8 million rentable square feet (representing 2.9% of our properties based on aggregate square footage) are located. In the event that the sale of retail properties to BPP Retail and BPP (as discussed under "Prospectus Summary -- Recent Developments") are consummated, we will dispose of all our retail centers located in California. We carry replacement cost earthquake insurance on all of our properties located in areas historically subject to seismic activity, subject to coverage limitations and deductibles which we believe are commercially reasonable. This insurance coverage also applies to the properties managed by AMB Investment Management, Inc. ("AMB Investment Management"), with a single aggregate policy limit and deductible applicable to those properties and our properties. The Operating Partnership owns 100% of the non-voting preferred stock of AMB Investment Management. See "-- The Preferred Stock Subsidiaries." Through an annual analysis prepared by outside consultants, we evaluate our earthquake insurance coverage in light of current industry practice and determine the appropriate amount of earthquake insurance to carry. We may incur material losses in excess of insurance proceeds and we may not be able to continue to obtain insurance at commercially reasonable rates.

WE ARE SUBJECT TO RISKS AND LIABILITIES IN CONNECTION WITH PROPERTIES OWNED THROUGH JOINT VENTURES, LIMITED LIABILITY COMPANIES AND PARTNERSHIPS.

As of March 31, 1999, we have ownership interests in 22 joint ventures, limited liability companies or partnerships with third parties, as well as an interest in one unconsolidated entity. Assuming that the transactions currently contemplated with BPP Retail and BPP (as discussed under "Prospectus Summary -- Recent Developments") are consummated, we will have ownership interests in 16 joint ventures, limited liability companies or partnerships with third parties. We may make additional investments through these ventures in the future and presently plan to do so with clients of AMB Investment Management and certain Development Alliance Partners, who share certain approval rights over major decisions. Partnership, limited liability company or joint venture investments may involve risks such as the following:

- our partners, co-members or joint venturers might become bankrupt (in which event we and any other remaining general partners, members or joint venturers would generally remain liable for the liabilities of the partnership, limited liability company or joint venture);

- our partners, co-members or joint venturers might at any time have economic or other business interests or goals which are inconsistent with our business interests or goals;

- our partners, co-members or joint venturers may be in a position to take action contrary to our instructions, requests, policies or objectives, including our policy with respect to maintaining our qualification as a REIT; and

- agreements governing joint ventures, limited liability companies and partnerships often contain restrictions on the transfer of a joint venturer's, member's or partner's interest or "buy-sell" or other provisions which may result in a purchase or sale of the interest at a disadvantageous time or on disadvantageous terms.

We will, however, generally seek to maintain sufficient control of our partnerships, limited liability companies and joint ventures to permit us to achieve our business objectives. Our organizational documents do not limit the amount of available funds that we may invest in partnerships, limited liability companies or joint ventures. The occurrence of one or more of the events described above could have an adverse effect on our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock.

WE MAY BE UNABLE TO CONSUMMATE ACQUISITIONS ON ADVANTAGEOUS TERMS.

We intend to continue to acquire industrial and, to a lesser extent, certain value-added retail properties. Acquisitions of industrial and retail properties entail risks that investments will fail to perform in accordance with expectations. Estimates of the costs of improvements necessary for us to bring an acquired property up to market standards may prove inaccurate. In addition, there are general investment risks associated with any new real estate investment. Further, we anticipate significant competition for attractive investment opportunities from other major real estate investors with significant capital including both publicly traded REITs and private institutional investment funds. We expect that future acquisitions will be financed through a combination of borrowings under the Credit Facility, proceeds from equity or debt offerings by us or the Operating Partnership (including issuances of limited partnership Units), and proceeds from the transactions pending with BPP Retail and BPP (as discussed under "Prospectus Summary -- Recent Developments"), which could have an adverse effect on our cash flow. We may not be able to acquire additional properties. Our inability to finance any future acquisitions on favorable terms or the failure of acquisitions to conform with our expectations or investment criteria, or our failure to timely reinvest the proceeds from the transactions with BPP Retail and BPP could adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock.

WE MAY BE UNABLE TO COMPLETE RENOVATION AND DEVELOPMENT ON ADVANTAGEOUS TERMS.

The real estate development business, including the renovation and rehabilitation of existing properties, involves significant risks. These risks include the following:

- we may not be able to obtain financing on favorable terms for development projects and we may not complete construction on schedule or within budget, resulting in increased debt service expense and construction costs and delays in leasing such properties and generating cash flow;

- we may not be able to obtain, or we may experience delays in obtaining, all necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations;

- new or renovated properties may perform below anticipated levels, producing cash flow below budgeted amounts;

- substantial renovation as well as new development activities, regardless of whether or not they are ultimately successful, typically require a substantial portion of management's time and attention which could divert management's time from our day-to-day operations; and

- activities that we finance through construction loans involve the risk that, upon completion of construction, we may not be able to obtain permanent financing or we may not be able to obtain permanent financing on advantageous terms.

These risks could have an adverse effect on our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock.

WE COULD INCUR MORE DEBT.

We operate with a policy of incurring debt, either directly or through our subsidiaries, only if upon such incurrence our debt-to-total market capitalization ratio would be approximately 45% or less. The aggregate amount of indebtedness that we may incur under our policy varies directly with the valuation of our capital stock and the number of shares of capital stock outstanding. Accordingly, we would be able to incur additional indebtedness under our policy as a result of increases in the market price per share of our common stock or other outstanding classes of capital stock, and future issuance of shares of capital stock. Despite the foregoing policy, our organizational documents do not contain any limitation on the amount of indebtedness that we may incur. Accordingly, our board of directors could alter or eliminate this policy and would do so, for example, if it were necessary for us to continue to qualify as a REIT. If we change this policy, we could become more highly leveraged, resulting in an increase in debt service that could adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock.

DEBT FINANCING.

SCHEDULED DEBT PAYMENTS COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION.

We are subject to risks normally associated with debt financing, including the risks that our cash flow will be insufficient to make distributions to our stockholders, that we will be unable to refinance existing indebtedness on our properties (which in all cases will not have been fully amortized at maturity) and that the terms of refinancing will not be as favorable as the terms of existing indebtedness.

As of March 31, 1999, we had total debt outstanding of approximately $1.5 billion including:

- approximately $748.1 million of secured indebtedness (not including unamortized debt premiums) with an average maturity of seven years and a weighted average interest rate of 7.9%;

- approximately $316.0 million outstanding under our unsecured $500 million credit facility with a maturity date of November 2000 and a weighted average interest rate of 6.41%; and

- $400.0 million aggregate principal amount of unsecured senior debt securities with maturities in June 2008, 2015 and 2018 and a weighted average interest rate of 7.18%.

In the event that the transactions with BPP Retail and BPP (as discussed under "Prospectus Summary -- Recent Developments") are consummated, we currently anticipate that we will repay approxi-

mately $240.0 million of debt, including $178.7 million of secured indebtedness (including premiums of $5.9 million).

We are a guarantor of the Operating Partnership's obligations with respect to the senior debt securities referenced above. If we are unable to refinance or extend principal payments due at maturity or pay them with proceeds of other capital transactions, we expect that our cash flow will not be sufficient in all years to pay distributions to our stockholders and to repay all such maturing debt. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, the interest expense relating to that refinanced indebtedness would increase. This increased interest expense would adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock. In addition, if we mortgage one or more of our properties to secure payment of indebtedness and we are unable to meet mortgage payments, the

property could be foreclosed upon or transferred to the mortgagee with a consequent loss of income and asset value. A foreclosure on one or more of our properties could adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock.

RISING INTEREST RATES COULD ADVERSELY AFFECT OUR CASH FLOW.

As of March 31, 1999, we had $316.0 million outstanding under the Credit Facility. In addition, we may incur other variable rate indebtedness in the future. Increases in interest rates on this indebtedness could increase our interest expense, which would adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock. Accordingly, we may in the future engage in transactions to limit our exposure to rising interest rates.

WE ARE DEPENDENT ON EXTERNAL SOURCES OF CAPITAL.

In order to qualify as a REIT under the Internal Revenue Code, we are required each year to distribute to our stockholders at least 95% of our REIT taxable income (determined without regard to the dividends-paid deduction and by excluding any net capital gain). See "Material Federal Income Tax Consequences Associated With An Investment In Common Stock -- Taxation of the Company -- Annual Distribution Requirements." Because of this distribution requirement, we may not be able to fund all future capital needs, including capital needs in connection with acquisitions, from cash retained from operations. As a result, to fund capital needs, we rely on third-party sources of capital, which we may not be able to obtain on favorable terms or at all. Our access to third-party sources of capital depends upon a number of factors, including general market conditions and the market's perception of our growth potential and our current and potential future earnings and cash distributions and the market price of the shares of our capital stock. Additional debt financing may substantially increase our leverage.

WE COULD DEFAULT ON CROSS-COLLATERALIZED AND CROSS-DEFAULTED DEBT.

As of March 31, 1999, we had 19 non-recourse secured loans which are cross-collateralized by five pools consisting of 22 properties. As of March 31, 1999, we had $248.1 million (not including unamortized debt premium) outstanding on these loans. In the event that all the transactions with BPP Retail and BPP (as discussed under "Prospectus Summary -- Recent Developments") are consummated, we currently anticipate the repayment of 10 loans aggregating $178.7 million, which are secured by 13 properties. If we default on any of these loans, we will be required to repay the aggregate of all indebtedness, together with applicable prepayment charges, to avoid foreclosure on all the cross-collateralized properties within the applicable pool. Foreclosure on our properties, or our inability to refinance our loans on favorable terms, could adversely impact our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock. In addition, our credit facilities and the senior debt securities of the Operating Partnership contain certain cross-default provisions which are triggered in the event that our other material indebtedness is in default. These cross-default provisions may require us to repay or restructure the credit facilities and the senior debt securities in addition to any mortgage or other debt which is in default, which could adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock.

CONTINGENT OR UNKNOWN LIABILITIES COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION.

Our predecessors have been in existence for varying lengths of time up to 15 years. At the time of our formation we acquired the assets of these entities subject to all of their potential existing liabilities. There may be current liabilities or future liabilities arising from prior activities that we are not aware of and therefore are not disclosed in this prospectus. We assumed these liabilities as the surviving entity in the various merger and contribution transactions that occurred at the time of our formation. Existing liabilities for indebtedness generally were taken into account (directly or indirectly) in connection with the allocation of the Units and/or shares of our common stock in the formation transactions, but no other liabilities were taken into account for these purposes. We do not have recourse against our predecessors or any of their respective stockholders or partners or against any individual account investors with respect to any unknown liabilities. Unknown liabilities might include the following:

- liabilities for clean-up or remediation of undisclosed environmental conditions;

- claims of tenants, vendors or other persons dealing with our predecessors prior to the formation transactions that had not been asserted prior to the formation transactions;

- accrued but unpaid liabilities incurred in the ordinary course of business;

- tax liabilities; and

- claims for indemnification by the officers and directors of our predecessors and others indemnified by these entities.

Certain tenants may claim that the formation transactions gave rise to a right to purchase the premises that they occupy. We do not believe any such claims would be material. See "-- Government Regulations -- We Could Encounter Costly Environmental Problems" below regarding the possibility of undisclosed environmental conditions potentially affecting the value of our properties. Undisclosed material liabilities in connection with the acquisition of properties, entities and interests in properties or entities could adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock.

FAILURE TO CONSUMMATE THE TRANSACTIONS WITH BPP RETAIL AND BPP.

On March 9, 1999, we signed a series of definitive agreements with BPP Retail, a co-investment entity between BPP and the CalPERS, pursuant to which BPP Retail will acquire 28 of our retail shopping centers, totaling 5.1 million square feet, for an aggregate price of $663.4 million. 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. In addition, we have entered into a definitive agreement, subject to a financing condition, with BPP, pursuant to which BPP will acquire six additional retail 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 50 days. The Operating Partnership has exercised this right with respect to the first closing, which we now expect to occur on or about June 15, 1999. Although none of the transactions has a discretionary due diligence period (other than the transaction with BPP to the extent of the financing condition), 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, there can be no assurance that the transactions will 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 the event that one or more of the transactions fail to close, or a closing is significantly delayed, net proceeds from divestitures of properties will not be available to the same extent to fund our acquisitions and developments. Any such failure or delay in any of the closings may also make us unable to repay certain of our indebtedness with the net proceeds as we currently intend and could require us to borrow additional funds or seek other forms of financing.

CONFLICTS OF INTEREST.

SOME OF OUR EXECUTIVE OFFICERS ARE INVOLVED IN OTHER REAL ESTATE ACTIVITIES AND INVESTMENTS.

Some of our executive officers own interests in real estate-related businesses and investments. These interests include minority ownership of AMB Institutional Housing Partners, a residential housing finance company, and ownership of AMB Development, Inc. and AMB Development, L.P., developers which own property that we believe is not suitable for ownership by us. AMB Development, Inc. and AMB Development, L.P. have agreed not to initiate any new development projects following our initial public offering in November, 1997. These entities have also agreed that they will not make any further investments in industrial or retail properties other than those currently under development at the time of our initial public offering. AMB Institutional Housing Partners, AMB Development, Inc. and AMB Development, L.P. continue to use the name "AMB" pursuant to royalty-free license arrangements with us. The continued involvement in other real estate-related activities by some of our executive officers and directors could divert management's attention from our day-to-day operations. Most of our executive officers have entered into non-competition agreements with us pursuant to which they have agreed not to engage in any activities, directly or indirectly, in respect of commercial real estate, and not to make any investment in respect of industrial or retail real estate, other than through ownership of not more than 5% of the outstanding shares of a public company engaged in such activities or through the existing investments referred to in this prospectus. State law may limit our ability to enforce these agreements.

We could also, in the future, subject to the unanimous approval of the disinterested members of the board of directors with respect to such transaction, acquire property from executive officers, enter into leases with executive officers, and/or engage in other related activities in which the

interests pursued by the executive officers may not be in the best interests of our stockholders.

CERTAIN OF OUR EXECUTIVE OFFICERS AND DIRECTORS MAY HAVE CONFLICTS OF INTEREST WITH US IN CONNECTION WITH OTHER PROPERTIES THAT THEY OWN OR CONTROL.

As of December 31, 1998, AMB Development, L.P. owns interests in 11 retail development projects in the U.S., each of which consists of a single free-standing Walgreens drugstore. In addition, Messrs. Abbey, Moghadam and Burke, each a founder and director, own less than 1% interests in two partnerships which own office buildings in various markets; these interests have negligible value. Luis A. Belmonte, an executive officer, owns less than a 10% interest, representing an estimated value of $75,000, in a limited partnership which owns an office building located in Oakland, California.

In addition, several of our executive officers individually own:

- less than 1% interests in the stocks of certain publicly-traded REITs;

- certain interests in and rights to developed and undeveloped real property located outside the United States;

- certain passive interests, that we do not believe are material, in real estate businesses in which such persons were previously employed; and

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

Thomas W. Tusher, a member of our board of directors, is a limited partner in a partnership in which Messrs. Abbey, Moghadam and Burke are general partners and which owns a 75% interest in an office building. Mr. Tusher owns a 20% interest in the partnership, valued as of December 31, 1998 at approximately $1.2 million. Messrs. Abbey, Moghadam and Burke each have an approximately 26.7% interest in the partnership, each valued as of December 31, 1998 at approximately $1.6 million.

We believe that the properties and activities set forth above generally do not directly compete with any of our properties. However, it is possible that a property in which an executive officer or director, or an affiliate of such person, has an interest may compete with us in the future if we were to invest in a property similar in type and in close proximity to that property. In addition, the continued involvement by our executive officers and directors in such properties could divert management's attention from our day-to-day operations. Our policy

prohibits us from acquiring any properties from our executive officers or their affiliates without the approval of the disinterested members of the board of directors with respect to that transaction.

OUR ROLE AS GENERAL PARTNER OF THE OPERATING PARTNERSHIP MAY CONFLICT WITH THE INTERESTS OF OUR STOCKHOLDERS.

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

OUR DIRECTORS, EXECUTIVE OFFICERS AND SIGNIFICANT STOCKHOLDERS COULD ACT IN A MANNER THAT IS NOT IN THE BEST INTEREST OF ALL STOCKHOLDERS.

As of March 31, 1999, our three largest stockholders, Ameritech Pension Trust, the City and County of San Francisco Employees' Retirement System and Southern Company Services, Inc., beneficially owned approximately 27.5% of our outstanding common stock. In addition, our executive officers and directors beneficially owned 5.6% of our outstanding common stock as of the same date, and will have influence on our management and operation and, as stockholders, will have influence on the outcome of any matters submitted to a vote of the stockholders. This influence might be exercised in a manner that is inconsistent with the interests of other stockholders. Although there is no understanding or arrangement for these directors, officers and stockholders and their affiliates to act in concert, these parties would be in a position to exercise significant influence over our affairs if they choose to do so.

WE COULD SUFFER LOSSES IF WE FAIL TO ENFORCE THE TERMS OF CERTAIN AGREEMENTS.

As holders of shares of our common stock and, potentially, performance units, certain of our directors and officers could have a conflict of interest with respect to their obligations as directors and officers to vigorously enforce the terms of certain of the agreements relating to our formation transactions. The potential failure to enforce the material terms of those agreements could result in a monetary loss to us, which loss could have a material adverse effect on our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock.

OWNERSHIP OF COMMON STOCK.

LIMITATIONS IN OUR CHARTER AND BYLAWS COULD PREVENT A CHANGE IN CONTROL.

Certain provisions of our charter and bylaws may delay, defer or prevent a change in control or other transaction that could provide the holders of our common stock with the opportunity to realize a premium over the then-prevailing market price for our common stock. To maintain our qualification as a REIT for federal income tax purposes, not more than 50% in value of our outstanding stock may be owned, actually or constructively, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the last half of a taxable year after the first taxable year for which a REIT election is made. See "Material Federal Income Tax Consequences Associated With An Investment In Common Stock -- Taxation of the Company -- Requirements for Qualification as a REIT." Furthermore, after the first taxable year for which a REIT election is made, our common stock must be held by a minimum of 100 persons for at least 335 days of a 12-month taxable year (or a proportionate part of a short tax year). In addition, if we, or an owner of 10% or more of our stock, actually or constructively owns 10% or more of one of our tenants (or a tenant of any partnership in which we are a partner), the rent received by us (either directly or through any such partnership) from that tenant will not be qualifying income for purposes of the REIT gross income tests of the Internal Revenue Code. To facilitate maintenance of our qualification as a REIT for federal income tax

purposes, our charter prohibits the ownership, actually or by virtue of the constructive ownership provisions of the Internal Revenue Code, by any single person of more than 9.8% (by value or number of shares, whichever is more restrictive) of the issued and outstanding shares of our common stock and more than 9.8% (by value or number of shares, whichever is more restrictive) of the issued and outstanding shares of our Series A Preferred Stock, and our charter also prohibits the ownership, actually or constructively, of any shares of our Series B Preferred Stock and any shares of our Series C Preferred Stock by any single person so that no such person, taking into account all of our stock so owned by such person, may own in excess of 9.8% of our issued and outstanding capital stock. We refer to this limitation as the "ownership limit." Shares acquired or held in violation of the ownership limit will be transferred to a trust for the benefit of a designated charitable beneficiary. Any person who acquires shares in violation of the ownership limit will not be entitled to any distributions on the shares or be entitled to vote the shares or receive any proceeds from the subsequent sale of the shares in excess of the lesser of the price paid for the shares or the amount realized from the sale. A transfer of shares in violation of the above limits may be void under certain circumstances. See "Description of Capital Stock -- Restrictions on Ownership and Transfer of Capital Stock." The ownership limit may have the effect of delaying, deferring or preventing a change in control and, therefore, could adversely affect our stockholders' ability to realize a premium over the then-prevailing market price for the shares of our common stock in connection with such transaction. The board of directors has waived the ownership limit applicable to our common stock with respect to Ameritech Pension Trust, allowing it to own up to 14.9% of our common stock and, under some circumstances, allowing it to own up to 19.6%. However, we conditioned this waiver upon the receipt of undertakings and representations from Ameritech Pension Trust which we believed were reasonably necessary in order for us to conclude that the waiver would not cause us to fail to qualify as a REIT.

Our charter authorizes us to issue additional shares of common stock and Series A Preferred Stock and to issue Series B Preferred Stock, Series C Preferred Stock and one or more other series or classes of preferred stock and to establish the preferences, rights and other terms of any series or class of preferred stock that we issue. See "Description of Capital Stock." Although our board of directors has no intention to do so at the present time, it could establish a series or class of preferred stock that could delay, defer or prevent a transaction or a change in control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders.

Our charter, our bylaws and Maryland law also contain other provisions that may delay, defer or prevent a transaction, including a change in control, that might involve payment of a premium price for our common stock or otherwise be in the best interests of our stockholders. Those provisions include the following:

- the provision in the charter that directors may be removed only for cause and only upon a two-thirds vote of stockholders, together with bylaw provisions authorizing the board of directors to fill vacant directorships;

- the provision in the charter requiring a two-thirds vote of stockholders for any amendment of the charter;

- the requirement in the bylaws that the request of the holders of 50% or more of our common stock is necessary for stockholders to call a special meeting;

- the requirement of Maryland law that stockholders may only take action by written consent with the unanimous approval of all stockholders entitled to vote on the matter in question; and

- the requirement in the bylaws of advance notice by stockholders for the nomination of directors or proposal of business to be considered at a meeting of stockholders.

These provisions may impede various actions by stockholders without approval of our board of directors, which in turn may delay, defer or prevent a transaction involving a change of control.

WE COULD CHANGE OUR INVESTMENT AND FINANCING POLICIES WITHOUT A VOTE OF STOCKHOLDERS.

Subject to our fundamental investment policy to maintain our qualification as a REIT (unless a change is approved by the board of directors under certain circumstances), the board of directors will determine our investment and financing policies, our growth strategy and our debt, capitalization, distribution and operating

policies. Although the board of directors has no present intention to revise or amend these strategies and policies, the board of directors may do so at any time without a vote of stockholders. Accordingly, stockholders will have no control over changes in our strategies and policies (other than through the election of directors), and any such changes may not serve the interests of all stockholders and could adversely affect our financial condition or results of operations, including our ability to distribute cash to stockholders.

IF WE ISSUE ADDITIONAL SECURITIES, THE INVESTMENT OF EXISTING STOCKHOLDERS WILL BE DILUTED.

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

THE LARGE NUMBER OF SHARES AVAILABLE FOR FUTURE SALE COULD ADVERSELY AFFECT THE MARKET PRICE OF OUR COMMON STOCK.

We cannot predict the effect, if any, that future sales of shares of our common stock, or the availability of shares of our common stock for future sale, will have on its market price. Sales of a substantial number of shares of our common stock in the public market (or upon exchange of Units) or the perception that such sales (or exchanges) might occur could adversely affect the market price of our common stock.

The shares of common stock issued in the transactions involved in our formation and all shares of common stock issuable upon the redemption of Units will be deemed to be "restricted securities" within the meaning of Rule 144 under the Securities Act and may not be transferred unless registered under the Securities Act or an exemption from registration is available, including any exemption from registration provided under Rule 144. In general, upon satisfaction of certain conditions, Rule 144 permits the holder to sell certain amounts of restricted securities one year following the date of acquisition of the restricted securities from us and, after two years, permits unlimited sales by persons unaffiliated with us. On November 26, 1998, 74,710,153 shares of common stock issued in our formation transactions became eligible for sale pursuant to Rule 144, subject to the volume limitations and other conditions imposed by Rule 144. Commencing generally on the first anniversary of the date of acquisition of common Units (or such other date agreed to by the Operating Partnership and the holders of the Units), the Operating Partnership may redeem common Units at the request of the holders for cash (based on the fair market value of an equivalent number of shares of common stock at the time of redemption) or, at our option, exchange the common Units for an equal number of shares of common stock, subject to certain antidilution adjustments. The Operating Partnership has issued 4,448,873 common Units to date. We have

reserved 8,792,530 shares of common stock for issuance under our Stock Option and Incentive Plan (not including shares that we have already issued) and, as of March 31, 1999, have granted to certain directors, officers and employees options to purchase 4,536,313 shares of common stock (not including forfeitures and 8,750 shares that we have issued pursuant to the exercise of options). To date we have granted 148,720 restricted shares of common stock. In addition, we may issue additional shares of common stock or Units in connection with the acquisition of properties. In connection with the issuance of common Units to other transferors of properties, and in connection with the issuance of any Performance Units, we have agreed to file registration statements covering the issuance of shares of common stock upon the exchange of the common Units. We have also filed a registration statement with respect to the shares of common stock issuable under our Stock Option and Incentive Plan. These registration statements and registration rights generally allow shares of common stock covered thereby, including shares of common stock issuable upon exchange of Units, including Performance Units, or the exercise of options or restricted shares of common stock, to be transferred or resold without restriction under the Securities Act. We may also agree to provide registration rights to any other person who may become an owner of Units.

Future sales of the shares of common stock described above could adversely affect the market price of our common stock. The existence of Units, options and shares of common stock reserved for issuance upon exchange of Units, and the exercise of options and registration rights referred to above, also may adversely affect the terms upon which we are able to obtain additional capital through the sale of equity securities.

VARIOUS MARKET CONDITIONS AFFECT THE PRICE OF OUR COMMON STOCK.

As with other publicly-traded equity securities, the market price of our common stock will depend upon various market conditions, which may change from time to time. Among the market conditions that may affect the market price of our common stock are the following:

- the extent of investor interest in us;

- the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate-based companies);

- our financial performance; and

- general stock and bond market conditions, including changes in interest rates on fixed income securities which may lead prospective purchasers of our common stock to demand a higher annual yield from future distributions. Such an increase in the required yield from distributions may adversely affect the market price of our common stock.

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

EARNINGS AND CASH DISTRIBUTIONS, ASSET VALUE AND MARKET INTEREST RATES AFFECT THE PRICE OF OUR COMMON STOCK.

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

WE COULD INVEST IN REAL ESTATE MORTGAGES.

We may invest in mortgages, and may do so as a strategy for ultimately acquiring the underlying property. In general, investments in mortgages include the risks that borrowers may not be able to make debt service payments or pay principal when due, that the value of the mortgaged property may be less than the principal amount of the mortgage note secured by the property and that

interest rates payable on the mortgages may be lower than our cost of funds to acquire these mortgages. In any of these events, our funds from operations and our ability to make distributions on, and the market price of, our common stock could be adversely affected. "Funds from operations" means income (loss) from operations before disposal of real estate properties, minority interests and extraordinary items plus depreciation and amortization, excluding depreciation of furniture, fixtures and equipment less funds from operations attributable to minority interests in consolidated joint ventures which are not convertible into shares of common stock.

GOVERNMENT REGULATIONS.

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

COSTS OF COMPLIANCE WITH AMERICANS WITH DISABILITIES ACT.

Under the Americans with Disabilities Act of 1990 (the "Americans with Disabilities Act"), places of public accommodation must meet certain federal requirements related to access and use by disabled persons. Compliance with the Americans with Disabilities Act might require us to remove structural barriers to handicapped access in certain public areas where such removal is "readily achievable." If we fail to comply with the Americans with Disabilities Act, we might be required to pay fines to the government or damages to private litigants. The impact of application of the Americans with Disabilities Act to our properties, including the extent and timing of required renovations, is uncertain. If we are required to make unanticipated expenditures to comply with the Americans with Disabilities Act, our cash flow and the amounts available for distributions to our stockholders may be adversely affected.

WE COULD ENCOUNTER COSTLY ENVIRONMENTAL PROBLEMS.

Federal, state and local laws and regulations relating to the protection of the environment impose liability on a current or previous owner or operator of real estate for contamination resulting from the presence or discharge of hazardous or toxic substances or petroleum products at the property. A current or previous owner may be required to investigate and clean up contamination at or migrating from a site. These laws typically impose liability and clean-up responsibility without regard to whether the owner or operator knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages based on personal injury, property damage and/or other costs, including investigation and clean-up costs, resulting from environmental contamination present at or emanating from that site.

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

Some of our properties are leased or have been leased, in part, to owners and operators of dry cleaners that operate on-site dry cleaning plants, to owners and operators of gas stations or to owners or operators of other businesses that use, store or otherwise handle petroleum products or other hazardous or toxic substances. Some of these properties contain, or may have contained, underground storage tanks for the storage of petroleum products and other hazardous or toxic substances. These operations create a potential for the release of petroleum products or other hazardous or toxic substances. Some of our properties are adjacent to or near other properties that have contained or currently contain underground storage tanks used to store petroleum products or other hazardous or toxic substances. In addition, certain of our properties are on, or are adjacent to or near other properties upon which others, including former owners or tenants of the properties, have engaged or may in the future engage in activities that may release petroleum products or other hazardous or toxic substances. From time to time, we may acquire properties, or interests therein, with known adverse environmental conditions where we believe that the environmental liabilities associated with these conditions are quantifiable and the acquisition will yield a superior risk-adjusted return. In connection with certain of the properties to be acquired by BPP Retail and BPP, we have agreed to remain responsible for, and to bear the cost of, remediating or monitoring certain environmental conditions on such properties following the applicable closing dates.

All of our properties were subject to a Phase I or similar environmental assessments by independent environmental consultants at the time of acquisition or shortly after acquisition. Phase I assessments are intended to discover and evaluate information regarding the environmental condition of the surveyed property and surrounding properties. Phase I assessments generally include an historical review, a public records review, an investigation of the surveyed site and surrounding properties, and preparation and issuance of a

written report, but do not include soil sampling or subsurface investigations and typically do not include an asbestos survey. We may perform additional Phase II testing if recommended by the independent environmental consultant. Phase II testing may include the collection and laboratory analysis of soil and groundwater samples, completion of surveys for asbestos-containing building materials, and any other testing that the consultant considers prudent in order to test for the presence of hazardous materials. Some of the environmental assessments of our properties do not contain a comprehensive review of the past uses of the properties and/or the surrounding properties.

None of the environmental assessments of our properties has revealed any environmental liability that we believe would have a material adverse effect on our financial condition or results of operations taken as a whole, and we are not aware of any such material environmental liability. Nonetheless, it is possible that the assessments do not reveal all environmental liabilities and that there are material environmental liabilities of which we are unaware or that known environmental conditions may give rise to liabilities that are materially greater than anticipated. Moreover, future laws, ordinances or regulations may impose material environmental liability and the current environmental condition of our properties may be affected by tenants, by the condition of land, by operations in the vicinity of the properties (such as releases from underground storage tanks), or by third parties unrelated to us. If the costs of compliance with environmental laws and regulations now existing or adopted in the future exceed our budgets for these items, our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock could be adversely affected.

OUR FINANCIAL CONDITION COULD BE ADVERSELY AFFECTED IF WE FAIL TO COMPLY WITH OTHER REGULATIONS.

Our properties are also subject to various federal, state and local regulatory requirements such as state and local fire and life safety requirements. If we fail to comply with these requirements, we might incur fines by governmental authorities or be required to pay awards of damages to private litigants. We believe that our properties are currently in substantial compliance with all such regulatory requirements. However, these requirements may change or new requirements may be imposed which could require significant unanticipated expenditures by us. Any such unanticipated expenditures could have an adverse effect on our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock.

FEDERAL INCOME TAX RISKS.

OUR FAILURE TO QUALIFY AS A REIT WOULD HAVE SERIOUS ADVERSE CONSEQUENCES TO OUR STOCKHOLDERS.

We intend to operate so as to qualify as a REIT under the Internal Revenue Code. We believe that we have been organized and have operated in a manner which would allow us to qualify as a REIT under the Internal Revenue Code beginning with our taxable year ended December 31, 1997. However, it is possible that we have been organized or have operated in a manner which would not allow us to qualify as a REIT, or that our future operations could cause us to fail to qualify. Qualification as a REIT requires us to satisfy numerous requirements (some on an annual and quarterly basis) established under highly technical and complex Internal Revenue Code provisions for which there are only limited judicial and administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. For example, in order to qualify as a REIT, at least 95% of our gross income in any year must be derived from qualifying sources, and we must pay dividends to stockholders aggregating annually at least 95% of our REIT taxable income (determined without regard to the dividends paid deduction and by excluding capital gains). These provisions and the applicable treasury regulations are more complicated in our case because we hold our assets in partnership form. Legislation, new regulations, administrative interpretations or court decisions could significantly change the tax laws with respect to qualification as a REIT or the federal income tax consequences of such qualification. However, we are not aware of any pending tax legislation that would adversely affect our ability to operate as a REIT.

If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. Unless we are entitled to relief under certain statutory provisions, we would be disqualified from treatment as a REIT for the four taxable years following the year during which we lost qualification. If we lose our REIT status, our net

earnings available for investment or distribution to stockholders would be significantly reduced for each of the years involved. In addition, we would no longer be required to make distributions to stockholders. See "Material Federal Income Tax Consequences Associated with An Investment in Common Stock -- Failure to Qualify."

WE PAY SOME TAXES.

Even if we qualify as a REIT, we will be subject to certain federal, state and local taxes on our income and property. In addition, the net taxable income, if any, from the activities conducted through the Preferred Stock Subsidiaries (which we discuss below under "-- Preferred Stock Subsidiaries") will be subject to federal and state income tax. See "Material Federal Income Tax Consequences Associated with an Investment in Common Stock -- Other Tax Consequences."

CERTAIN PROPERTY TRANSFERS MAY GENERATE PROHIBITED TRANSACTION INCOME

From time to time, we may transfer or otherwise dispose of some of our properties. Under the Internal Revenue Code, any gain resulting from transfers of properties that are held as inventory or primarily for sale to customers in the ordinary course of business is treated as income from a prohibited transaction that is subject to a 100% penalty tax. Since we acquire properties for investment purposes, we believe that any transfer or disposal of property by it would not be deemed by the Internal Revenue Service to be a prohibited transaction with any resulting gain subject to a 100% penalty tax. However, whether property is held for investment purposes is a question of fact that depends on all the facts and circumstances surrounding the particular transaction and the Internal Revenue Service may contend that certain transfers or disposals of properties by us (including possibly some or all of the properties that are subject to the agreements with BPP Retail and BPP) are prohibited transactions. While we believe that the Internal Revenue Service would not prevail in any such dispute, any adverse finding by the Internal Revenue Service that a transfer or disposition of property constituted a prohibited transaction would subject us to a 100% penalty tax on any gain from such prohibited transaction. In addition, any income from a prohibited transaction may adversely affect our ability to satisfy the income tests for qualification as a REIT for federal income tax purposes.

WE ARE DEPENDENT ON OUR KEY PERSONNEL.

We depend on the efforts of our executive officers, particularly Messrs. Abbey, Moghadam and Burke, the Chairman of our Investment Committee, our Chief Executive Officer and the Chairman of our board of directors, respectively. While we believe that we could find suitable replacements for these key personnel, the loss of their services or the limitation of their availability could adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock. We do not have employment agreements with any of our executive officers.

WE MAY BE UNABLE TO MANAGE OUR GROWTH.

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

THE PREFERRED STOCK SUBSIDIARIES.

WE DO NOT CONTROL THE ACTIVITIES OF THE PREFERRED STOCK SUBSIDIARIES.

The Operating Partnership owns 100% of the non-voting preferred stock of AMB Investment Management and Headlands Realty Corporation (representing approximately 95% of the economic interest in each entity). We refer to these entities as the "Preferred Stock Subsidiaries." Certain of our current and former executive officers and an officer of AMB Investment Management own all of the outstanding voting common stock of AMB Investment Management (representing approximately 5% of the economic interest in AMB Investment Management). Certain of our current and former executive officers and an officer of Headlands Realty Corporation own all of the outstanding voting common stock of Headlands Realty Corporation (representing approximately 5% of the economic interest in Headlands Realty Corporation). The ownership structure of the Preferred Stock Subsidiaries permits us to share in the income of the Preferred Stock

Subsidiaries while maintaining our status as a REIT. We receive substantially all of the economic benefit of the businesses carried on by the Preferred Stock Subsidiaries through our right to receive dividends through the Operating Partnership. However, we are not able to elect the Preferred Stock Subsidiaries' directors or officers and, as a result, we do not have the ability to influence the operation of the Preferred Stock Subsidiaries or to require that the Preferred Stock Subsidiaries' boards of directors declare and pay cash dividends

on the non-voting stock of the Preferred Stock Subsidiaries held by the Operating Partnership. The boards of directors and management of the Preferred Stock Subsidiaries might implement business policies or decisions that would not have been implemented by persons controlled by us and that may be adverse to the interests of our stockholders or that may adversely impact our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our common stock. In addition, the Preferred Stock Subsidiaries are subject to tax on their income, reducing their cash available for distribution to the Operating Partnership.

AMB INVESTMENT MANAGEMENT MAY NOT BE ABLE TO GENERATE SUFFICIENT FEES.

Fees earned by AMB Investment Management depend on various factors affecting the ability to attract and retain investment management clients and the overall returns achieved on managed assets. These factors are beyond our control. AMB Investment Management's failure to attract investment management clients or achieve sufficient overall returns on managed assets could reduce its ability to make distributions on the stock owned by the Operating Partnership and could also limit co-investment opportunities to the Operating Partnership. This would limit the Operating Partnership's ability to generate rental revenues from such co-investments and use the co-investment program as a source to finance property acquisitions and leverage acquisition opportunities.

THE PLAN

The following questions and answers explain the plan, as in effect beginning May   , 1999, a copy of which is filed as an exhibit to the registration statement which contains this prospectus and which was filed with the SEC with respect to the shares of common stock to be sold under the plan. We encourage you to read and consider the information contained in the plan and in the documents identified in the sections entitled "Incorporation of Certain Documents by Reference" and "Where You Can Find Additional Information."

PURPOSE.

1. What is the purpose of the plan?

The plan provides our stockholders and other investors with a convenient and economical method to purchase shares of our common stock and to reinvest all or a portion of their cash dividends in additional shares of our common stock. In addition, the plan provides us with a means of raising additional capital to continue our real estate, acquisition, development and investment activities and for general corporate purposes.

OPTIONS UNDER THE PLAN.

2. What options are available under the plan?

You may participate in the plan even if you are not already one of our stockholders. Under the plan you may automatically reinvest cash dividends on all or a portion of your shares of common stock in additional shares of our common stock. Even if you do not reinvest dividends, if you are already one of our stockholders you may make optional cash purchases of common stock, subject to a minimum investment of $100 and a maximum investment of $30,000 during any calendar quarter. If you are not already one of our stockholders, you may make an initial optional cash purchase of not less than $750 and not more than $30,000 during any calendar quarter. You may be able to purchase more than $30,000 during a calendar quarter with our written consent by submitting a request for waiver.

BENEFITS AND DISADVANTAGES OF THE PLAN.

3. What are the benefits and disadvantages of the plan to me?

BENEFITS OF THE PLAN.

- The plan provides you the opportunity to automatically reinvest cash dividends on all or a portion of your common stock in additional shares of common stock.

- In addition to reinvestment of dividends, if you are already one of our stockholders you may purchase additional shares of common stock pursuant to optional cash purchases of not less than $100 and not more than $30,000 during any calendar quarter. Optional cash purchases may not be made more frequently than at quarterly intervals. You may make optional cash purchases even if dividends on your shares are not being reinvested under the plan.

- If you are not already one of our stockholders, you may make an initial cash investment of not less than $750 and not more than $30,000 during any calendar quarter to purchase shares of common stock under the plan.

- You will not be charged trading fees or brokerage commissions on

previously unissued shares of common stock. If we direct the agent to purchase shares of common stock with reinvested dividends and to make optional cash purchases under the DSPP in the open market or in privately negotiated transactions instead of from previously unissued shares, we will pass on to you and other participants the applicable trading or brokerage fees or commissions on a pro rata basis based on the number of purchased shares allocated to you and to each other participant.

- We may issue shares purchased directly from us pursuant to a request for waiver at a discount to the market price and without the payment of trading fees or brokerage commissions, subject to certain limitations. We will not purchase shares in the open market or in privately negotiated transactions to satisfy purchases under the WDP.

- You may fully invest dividends and any optional cash purchases because the plan permits fractional shares to be credited to your account. We will reinvest dividends on whole and on fractional shares in additional shares which will be credited to your account.

- You may direct the agent to transfer, at any time and at no cost to you, all or a portion of your shares in the plan to a plan account for another person.

- You will avoid the need for safekeeping of certificates for shares of common stock credited to your plan account and may submit to the agent for safekeeping certificates you hold that are registered in your name.

- You or other book entry holders that are registered holders may direct the agent to sell or transfer all or a portion of your shares held in the plan or in book entry.

- You will receive periodic statements reflecting all current activity in your plan account, including purchases, sales and latest balances, which will simplify your recordkeeping.

DISADVANTAGES OF THE PLAN.

- Cash dividends that you reinvest will be treated for federal income tax purposes as a dividend received by you on the dividend payment date and may create a liability for the payment of income tax without providing you with immediate cash to pay such tax when it becomes due.

- We may, without giving you prior notice, change our determination as to whether the agent will purchase shares of common stock directly from us or in the open market or in privately negotiated transactions from third parties in connection with the purchase of shares with reinvested dividends or from optional cash purchases under the DSPP.

- You will not know the actual number of shares purchased in any quarter on your behalf under the plan until after the applicable investment date.

- The purchase price per share will equal an average price, in some cases determined from purchases made as many as 15 days after the applicable dividend payment date, or DSPP investment date, and in the case of optional cash purchases under the WDP, on each trading day on which shares are purchased during the applicable investment period. Consequently, the actual purchase price of your shares may exceed the price at which shares are trading on the dividend payment date, DSPP investment date or any particular trading day on which shares are purchased during the applicable WDP investment period, as applicable.

- You will have limited control regarding the specific timing of purchases and sales under the plan. Because the agent will effect sales under the plan only as soon as practicable after it receives instructions from you, you may not be able to control the timing of purchases and sales as you might for investments made outside the plan. The market price of the shares of common stock may fluctuate between the time the agent receives an investment instruction and the time at which the shares of common stock are purchased or sold.

- You may not be able to depend on the availability of a market discount regarding shares acquired under the WDP. While a discount from market prices of up to 5% may be established for a particular quarter, a discount for one quarter will not insure the availability of a discount or the same discount in future quarters. Each quarter we may, without giving you prior notice, change or eliminate the discount.

- We will not pay you interest on dividends or funds for optional cash purchases held pending reinvestment or investment or to be returned to you. In addition, we may return funds submitted for optional cash purchases under the WDP (in whole or proportionate part) without interest if:

- o a threshold price has been established with respect to shares to be purchased from us, and

- o the average per share market price fails to exceed the threshold price for any trading day on the New York Stock Exchange during the ten trading day investment period for that quarter.

- Shares deposited in a plan account may not be pledged until the shares are withdrawn from the plan.

Your investment in the shares of common stock held in your account is no different than an investment in directly held shares of common stock. You bear the risk of loss and the benefits of gain from market price changes for all of your shares of common stock. NEITHER WE NOR THE AGENT CAN ASSURE YOU THAT SHARES OF COMMON STOCK PURCHASED UNDER THE PLAN WILL, AT ANY PARTICULAR TIME, BE WORTH MORE OR LESS THAN THE AMOUNT YOU PAID FOR THEM.

ADMINISTRATION OF THE PLAN.

4. Who will administer the plan?

BankBoston N.A., as agent, or such successor administrator as we may designate, will administer the plan. Under the plan the agent will act as your agent, keep records of your account, send regular account statements to you, and perform other duties relating to the plan.

EquiServe Limited Partnership, a registered transfer agent, will provide certain administrative support to the agent.

BankBoston N.A.
c/o EquiServe Limited Partnership
150 Royall Street
Canton, Massachusetts 02021
Telephone Number: (   )   -

PARTICIPATION IN THE PLAN.

5. Am I eligible to participate in the plan?

Any stockholder whose shares of common stock are registered on our stock transfer books in his or her name (also referred to as a "registered holder") or any stockholder whose shares of common stock are registered in a name other than his or her name, for example, in the name of a broker, bank or other nominee (also known as a "beneficial holder"), may participate in the plan. If you are a registered holder, you may participate in the plan directly. If you are a beneficial owner you must either become a registered holder by having such shares transferred into your name or by making arrangements with your broker, bank or other nominee to participate in the plan on your behalf. Even if you are not already one of our stockholders, you may participate in the plan by making an initial optional cash purchase of common stock of not less than $750 or more than $30,000 during any calendar quarter unless we approve your request for waiver under the WDP in which case your initial investment may exceed $30,000.

You may not transfer the right to participate in the plan to another person. We reserve the right to exclude any person from the plan if we believe that person utilizes the plan to engage in short-term trading activities that cause aberrations in the trading volume of our common stock.

If you reside in a state or other jurisdiction in which your participation in the plan would be unlawful, you will not be eligible to participate in the plan.

ENROLLMENT IN THE PLAN.

6. How do I enroll in the plan and become a participant in the plan?

If you are a registered holder, you may become a participant by completing and signing an Enrollment Form and returning it to the agent at the address set forth on the Enrollment Form. You may obtain an Enrollment Form at any time by requesting one from the agent by calling   . You may also obtain the Enrollment Form on-line at www.equiserve.com. If your shares are registered in more than one name (e.g., joint tenants, trustees), all registered holders of such shares must sign the Enrollment Form exactly as their names appear on the account registration.

If you are a beneficial owner, you must instruct your broker, bank or other nominee in whose name your shares are held to participate in the plan on your behalf. If a broker, bank or other nominee holds shares of beneficial owners through a securities depository, the broker, bank or other nominee may also be required to provide a Broker and Nominee Form to the agent in order to participate in the optional cash purchases portion

of the plan. You may obtain a Broker and Nominee Form at any time by requesting one by telephone or in writing from the agent. You may also obtain a Broker and Nominee Form on-line at www.equiserve.com.

If you are not presently one of our stockholders, but desire to participate in the plan by making an initial investment in common stock, you may join the plan by completing an Enrollment Form and forwarding it, together with such initial investment, to the agent at the address indicated on the Enrollment Form. You may obtain the Enrollment Form on-line at www.equiserve.com. If your initial purchase is for more than $30,000, you must also complete a written request for waiver and submit it to us for our written approval before you will be enrolled in the plan.

7. What does the Enrollment Form provide?

The Enrollment Form directs the agent to apply to the purchase of additional shares of common stock all of the cash dividends on the specified number of shares of common stock that you own on the applicable dividend record date and that you designate to be reinvested through the plan. The Enrollment Form also directs the agent to purchase additional shares of common stock with any optional cash purchases that you may elect to make.

While the Enrollment Form directs the agent to reinvest cash dividends on shares enrolled in the plan by electing "Full Dividend Reinvestment", you may alternatively elect "Partial Dividend Reinvestment" or "Optional Cash Purchases Only." You may change the dividend reinvestment option at any time by submitting a newly executed Enrollment Form to the agent or by writing to the agent. The agent must receive any change in the number of shares with respect to which the agent is authorized to reinvest dividends prior to the record date for a dividend to permit the change to apply to that dividend. FOR EACH METHOD OF DIVIDEND REINVESTMENT, WE WILL REINVEST YOUR CASH DIVIDENDS IN THE MANNER SPECIFIED ON YOUR ENROLLMENT FORM ON ALL SHARES OTHER THAN THOSE THAT YOU DESIGNATE FOR PAYMENT OF CASH DIVIDENDS UNTIL YOU SPECIFY OTHERWISE OR WITHDRAW FROM THE PLAN ALTOGETHER, OR UNTIL THE PLAN IS TERMINATED.

8. When will my participation in the plan begin?

Your participation in the dividend reinvestment portion of the plan will commence with the next dividend payment date after the agent receives your Enrollment Form, provided the agent receives it at least five days before the record date we establish for the payment of the dividend.

Your participation in the optional cash purchase portion of the plan for purchases of $30,000 or less will commence with the next DSPP investment date after the agent receives your Enrollment Form, provided the agent receives the funds to be invested not later than two business days immediately preceding the DSPP investment date. If the agent receives the funds to be invested after the day indicated above and before the next succeeding DSPP investment date, the agent will return the funds to you within 35 days, without interest.

Your participation in the optional cash purchase portion of the plan for purchases in excess of $30,000 will commence with the next investment period after the agent receives your Enrollment Form and your request for waiver, approved by us, provided the agent receives the funds to be invested not later than two business days immediately preceding the applicable investment period. If the agent receives the funds to be invested after the day indicated above and before the next succeeding investment period, the agent will hold the funds for a period of up to 35 days, without interest, until they can be invested during the next WDP investment period.

You may enroll in the plan at any time. Once enrolled, you will remain enrolled until you discontinue participation or until we terminate the plan.

PURCHASES.

9. When will my shares be acquired under the plan?

In the event that the agent purchases shares directly from us, the date of issuance of shares to be purchased:

- with reinvested dividends will be the applicable dividend payment date,

- under the DSPP will be the DSPP investment date which shall be the 20th day of the calendar month in which you may make an optional cash purchase, unless such day is a Saturday, Sunday or holiday, in which case the DSPP investment date will occur on the next succeeding business day of the month, or

- under the WDP will be each day on which shares are purchased during the applicable ten-day investment period, and you will acquire, on each day, all rights of ownership with respect to the maximum number of shares of common stock that may be purchased on each day during the applicable ten

trading day investment period with one-tenth of your WDP payment, including, without limitation the right to dispose of or vote the shares.

In the event that the agent purchases shares either in open market or privately negotiated transactions, the shares will be deemed acquired on the date that they are purchased. For a schedule of expected threshold price and discount dates, optional cash payment due dates, investment period commencement dates and optional cash purchases investment dates in 1999 and 2000, see Annex I to this prospectus.

If the agent acquires shares for the plan through open market purchases or privately negotiated transactions, we will apply all dividends and all optional cash purchases to the purchase of common stock pursuant to the plan as soon as practicable on or after the applicable investment date.

In the past, our common stock dividend payment dates occurred on or about the tenth day of each January, April, July and October. While we expect to continue to pay quarterly dividends, DIVIDENDS ARE PAID AS AND WHEN DECLARED BY THE OUR BOARD OF DIRECTORS. WE CANNOT ASSURE YOU THAT OUR BOARD OF DIRECTORS WILL DECLARE OR PAY DIVIDENDS ON THE COMMON STOCK, AND NOTHING CONTAINED IN THE PLAN OBLIGATES OUR BOARD OF DIRECTORS TO DECLARE OR PAY DIVIDENDS ON COMMON STOCK. THE PLAN DOES NOT GUARANTEE YOU THE RIGHT TO RECEIVE DIVIDENDS IN THE FUTURE.

10. What is the source of shares to be purchased under the plan?

The agent will reinvest dividends and acquire common stock under the DSPP by purchasing either shares of common stock issued directly from us or by purchasing shares in the open market or in privately negotiated transactions, or a combination of both. The agent will acquire shares of common stock under the WDP only by purchasing previously unissued shares of common stock from us.

11. At what price will my shares be purchased?

The purchase price per share of common stock acquired through the plan as a result of the reinvestment of dividends will be equal to:

- in the case of newly issued shares of common stock, the average of the high and low sales price per share as reported on the New York Stock Exchange on the applicable dividend payment date, subject to any applicable discounts of up to 5% of the purchase price as determined at our option, or

- in the case of shares purchased in the open market or in privately negotiated transactions, the average of the purchase price of all shares purchased by the agent for the plan with reinvested dividends for the applicable dividend payment date.

The price of shares acquired through optional cash purchases under the DSPP of $30,000 or less during any calendar quarter will be equal to

- in the case of newly issued shares of common stock, the average of the high and low sales price per share as reported on the New York Stock Exchange on the applicable DSPP investment date, subject to any applicable discounts of up to 5% of the purchase price determined at our option, or

- in the case of shares purchased in the open market or in privately negotiated transactions, the average of the purchase price of all shares purchased by the agent for the applicable DSPP investment date.

We may advise the agent to purchase shares from time to time in its discretion over a period of up to 15 trading days following the applicable dividend payment date or DSPP investment date, as the case may be.

Under the WDP, with our prior written consent, you may purchase more than $30,000 of common stock during any calendar quarter at a discount of up to 5% from the market price, which will be the average of the high and low sales price per share of the common stock as reported on the New York Stock Exchange on each trading day on which shares are purchased during the applicable investment period. Under the WDP, you will acquire the maximum number of shares of common stock that may be purchased on each day during the applicable ten trading day investment period with one-tenth of your WDP payment. Shares purchased pursuant to the WDP may also be subject to a threshold price provision. The agent will acquire shares of common stock purchased under the WDP only from previously unissued shares of common stock.

Whether you are reinvesting dividends or making optional cash purchases, the purchase price per share of common stock you acquire on any particular investment date or trading day, less the per share amount of any applicable trading fees, brokerage commissions and any other costs of purchase paid by us, may not be less than 95% of the average high and low sales price per share of the common stock on the New York Stock Exchange on that particular day, after

taking into account applicable discounts and threshold prices.

12. How may I make an optional cash purchase?

You are eligible to request optional cash purchases at any time. If you are a registered holder, you may make an optional cash purchase by submitting an Enrollment Form to the agent.

If you hold your shares registered in the name of another person, the Broker and Nominee Form provides the sole means whereby a broker, bank or other nominee holding shares on your behalf may request an optional cash purchase for you. In such case, the broker, bank or other nominee must use a Broker and Nominee Form for transmitting optional cash purchases on your behalf. A Broker and Nominee Form must be delivered to the agent each time that such broker, bank or other nominee transmits optional cash purchases on your behalf. Your broker or nominee may request a Broker and Nominee Form from the agent in writing at its address included in this prospectus or by telephone.

If you are not already one of our stockholders, you may make an initial investment in common stock through an optional cash purchase by submitting an Enrollment Form to the agent and in the case of a purchase under the WDP, together with a request for waiver approved by us.

13. Where should I send my money to make an optional cash purchase?

You may make optional cash purchases under the DSPP by check payable to AMB Investment Plan and mailed to the agent at the address referenced on the Enrollment Form or your statement, as applicable. You may make optional cash purchases under the WDP only with our prior written consent and only by wire transfer to the account referenced on the Request for Waiver Form. You should send all inquiries regarding other forms of payments and all other written inquiries directly to the agent at its address referenced in this prospectus.

The agent must receive funds for optional cash purchases of $30,000 or less during any calendar quarter not later than two business days before the DSPP investment date. The agent must receive funds for optional cash purchases greater than $30,000 during any calendar quarter and made pursuant to our approval of a request for waiver not later than two business days before the commencement of the applicable investment period in order to purchase shares of common stock during the following WDP investment period.

14. How do I get a refund if I change my mind?

You may obtain a refund of any DSPP payment or WDP payment not yet invested by requesting, in writing, the agent to refund your payment. The agent must receive your request not later than two business days prior to, in the case of a DSPP payment, the next DSPP investment date, and, in the case of a WDP payment, the commencement of the next investment period. If the agent receives your request later than these specified times, your DSPP payment or WDP payment will be applied to the purchase of shares of common stock.

15. Will I be paid interest on funds held for optional cash purchases prior to investment?

You will not be paid interest on funds you send to the agent for optional cash purchases. Consequently, we strongly suggest that you deliver funds to the agent to be used for investment in optional cash purchases shortly prior to the applicable investment date or investment period so that they are not held over to the following investment date. If you have any questions regarding the applicable investment dates or the dates as of which funds should be delivered to the agent, you should write or telephone the agent at the address and telephone number included above.

You should be aware that since investments under the plan are made as of specified dates, you may lose any advantage that you otherwise might have from being able to control the timing of an investment. NEITHER WE NOR THE AGENT CAN ASSURE YOU A PROFIT OR PROTECT YOU AGAINST A LOSS ON SHARES OF COMMON STOCK PURCHASED UNDER THE PLAN.

16. What limitations apply to optional cash purchases?

MINIMUM/MAXIMUM LIMITS.

If you are already one of our stockholders, you may make optional cash purchases under the DSPP with a minimum investment of $100 up to a maximum investment of $30,000 during any calendar quarter. If you are not already one of our stockholders, you may make optional cash purchases under the DSPP with a minimum initial investment of $750 up to a maximum investment of $30,000 during any calendar quarter. If you request an optional cash purchase of less than the applicable minimum amount, or if you request an optional cash purchase under the DSPP in excess of $30,000, the agent will return your funds to you promptly, without interest.

REQUEST FOR WAIVER.

You may make optional cash purchases in excess of $30,000 during any calendar quarter under the WDP only pursuant to a request for waiver approved by us. If you wish to make an optional cash purchase in excess of $30,000 for any calendar quarter, you must obtain our prior written approval and a copy of such written approval must be submitted to the agent. A request for waiver should be sent to us by facsimile at (415) 394-9001, Attention: Director of Capital Markets, by 2:00 p.m. San Francisco Time, on the day that is at least three business days prior to the first day of the applicable investment period. You may obtain the Request for Waiver Form from us at our address and telephone number referenced in this prospectus. WE HAVE SOLE DISCRETION TO GRANT ANY WRITTEN APPROVAL FOR OPTIONAL CASH PURCHASES IN EXCESS OF THE ALLOWABLE MAXIMUM AMOUNT.

In deciding whether to approve a request for waiver, we will consider relevant factors including, but not limited to:

- our need for additional funds,

- the attractiveness of obtaining such additional funds through the sale of common stock as compared to other sources of funds,

- the purchase price likely to apply to any sale of common stock, and

- the aggregate amount of optional cash purchases in excess of $30,000 for which requests for waiver have been submitted by all participants.

If requests for waiver are submitted for any WDP investment date for an aggregate amount in excess of the amount we are then willing to accept, we may honor such requests by any method that we determine to be appropriate. With regard to optional cash purchases made pursuant to our written approval of a request for waiver, the plan does not provide for a predetermined maximum limit on the amount that you may invest or on the number of shares that you may purchase. WE RESERVE THE RIGHT TO MODIFY, SUSPEND OR TERMINATE THE PLAN FOR ANY REASON WHATSOEVER INCLUDING ELIMINATION OF PRACTICES THAT ARE NOT CONSISTENT WITH THE PURPOSES OF THE PLAN.

THRESHOLD PRICE.

We may establish for any investment period a minimum threshold price applicable to optional cash purchases made under the WDP. Not later than three business days prior to the first day of the applicable investment period, we will determine whether to establish a threshold price. We will determine the threshold price in our sole discretion after a review of current market conditions, the level of participation in the plan, and current and projected capital needs. You may telephone our Director of Capital Markets at (415) 394-9000 during the three business days prior to the applicable investment period to ascertain whether we have established a threshold price for such investment period.

The threshold price, if any, is the per share price that the average of the high and low sale prices of the common stock must equal or exceed on the New York Stock Exchange for each trading day of the relevant investment period. If the per share sale price does not equal or exceed the threshold price for any particular trading day in the investment period, then we will exclude that trading day from the investment period. A trading day will also be excluded if no trades of common stock are made on the New York Stock Exchange for that day. For example, if the threshold price is not satisfied for three of the ten trading days in an investment period, then we will determine the number of shares to be purchased (including the applicable purchase price) based upon the remaining seven trading days on which the threshold price was satisfied.

The agent will return to you, without interest, a portion of your optional cash purchase for each trading day of an investment period on which the threshold price is not satisfied or for each day on which no trades of common stock are reported on the New York Stock Exchange. The returned portion will equal one-tenth of the total amount of such optional cash purchase for each trading day on which the threshold price is not satisfied or on which no trades of common stock are reported on the New York Stock Exchange. Thus, for example, if the threshold price is not satisfied or no such sales are reported for three of the ten trading days in an investment period, we would return 3/10 (i.e., 30%) of such optional cash purchase to you, without interest.

The possible return of a portion of the investment applies only to optional cash purchases made under the WDP. Whether a threshold price is established for any particular investment period will not affect whether a threshold price is established for any subsequent investment period. For any particular quarter, we may waive our right to set a threshold price. Neither we nor the agent will notify you whether we establish a threshold price for any investment period. You may, however, confirm whether we have established a threshold price for any given investment period by telephoning our Director of Capital Markets at (415) 394-9000 during the three business days prior to the applicable investment.

WAIVER DISCOUNTS.

Each quarter, not later than three business days prior to the first day of the applicable investment period, we may establish a discount from the market price applicable to optional cash purchases under the WDP. The discount may be up to 5% of the purchase price and may vary each quarter, but once established will apply uniformly to all optional cash purchases made under the WDP for that quarter, provided that the purchase price for shares purchased on any particular trading day during the applicable investment period may not be less than the minimum purchase price of 95% of the average of the high and low sales price per share of the common stock as reported on the New York Stock Exchange for that particular trading day.

We may establish a discount in our sole discretion after a review of current market conditions, the level of participation in the plan, and current and projected capital needs. You may obtain the discount applicable to the next investment period by telephoning our Director of Capital Markets at (415) 394-9000 during the three business days prior to the applicable investment period. Setting a discount for a particular quarter will not affect the setting of a discount for any subsequent quarter. The discount will apply to the entire optional cash purchase and not just the portion of such investment that exceeds $30,000.

The discount initially will apply only to optional cash purchases that exceed $30,000, but we reserve the right to establish a discount from the market price for reinvestment of cash dividends and optional cash purchases of $30,000 or less.

17. What if I have more than one account?

We may aggregate all optional cash purchases for you if you have more than one account using the same social security or taxpayer identification number. If you are unable to supply a social security or taxpayer identification number, we may limit your participation to only one plan account.

Also for the purpose of such limitations, we may aggregate all plan accounts that we believe to be under common control or management or to have common ultimate beneficial ownership. Unless we determine that reinvestment of dividends and optional cash purchases for each account is consistent with the purposes of the plan, we have the right to aggregate all such accounts and to return, without interest, within 35 days of receipt, any amounts in excess of the investment limitations applicable to a single account received in respect of all such accounts.

CERTIFICATES.

18. Will certificates be issued for my share purchases?

All shares purchased pursuant to the plan will be credited to your individual account in "book entry" form. This protects you against the loss, theft or destruction of certificates evidencing shares. If you request, or if you withdraw from the plan or if the plan terminates, the agent will issue and deliver certificates for all full shares credited to your account. You may request delivery of share certificates by telephoning or writing the agent. The agent will only issue certificates in the same names as those enrolled in the plan. In no event will we issue certificates for fractional shares. Any fractional shares that you hold in the plan at the time you withdraw or at the time the plan is terminated will be sold by the agent. The agent will distribute to you the net proceeds of any of your fractional shares held in the plan sold in connection with your withdrawal.

19. May I add shares of common stock to my account by transferring other stock certificates representing AMB Property Corporation common stock that I possess?

You may send to the agent for safekeeping all common stock certificates which you hold. The safekeeping of shares offers the advantage of protection against loss, theft or destruction of certificates as well as convenience, if and when shares are sold through the plan. The agent will keep all shares represented by such certificates for safekeeping in "book entry" form, combined with any full and fractional shares then held by the plan in your name. To deposit certificates for safekeeping under the plan, you must submit a letter of instruction to the agent. You should send stock certificates by registered mail and the letter of instruction as well as all written inquiries about the safekeeping service to the agent at its address indicated in this prospectus. You may withdraw shares deposited for safekeeping by telephoning or writing the agent.

SALE OF SHARES.

20. How can I sell shares held under the plan?

You, or any other book entry holder, may instruct the agent to sell some or all of your shares held in the plan or in book entry by notifying the agent by telephone or in writing, or by using the form included with your statement of account. You may also withdraw all or a portion of your shares from your account and sell them through an outside broker or otherwise.

The agent will sell shares through a registered broker dealer as soon as practicable after receipt of a proper notice. Shares to be sold may be commingled with those of other participants requesting sale of their shares, and we will allocate the proceeds to you and to each other participant based on the average price for all shares sold by the agent during the day of sale. You should understand that the price of the common stock may go down as well as up between the date you submit a request to sell and the date the sale is executed. You may not specify either the dates or the prices at which shares are to be sold through the agent. If the agent receives your request to sell shares on or after the record date for a dividend, we will reinvest any cash dividend paid on such shares, if applicable. You will only be charged for your pro rata share of trading fees or brokerage commissions for selling shares through the agent. These charges are normally lower than the cost of executing sales through a brokerage account.

REPORTS.

21. What reports will I receive under the plan?

Unless you participate in the plan through a broker, bank or nominee, you will receive from the agent a detailed statement of your account following each dividend payment and when there is purchase or sale activity in your account. These detailed statements will show total cash dividends received, total optional cash purchases received, total shares purchased (including fractional shares), price paid per share and total shares held in the plan. YOU SHOULD RETAIN THESE STATEMENTS IN ORDER TO DETERMINE THE TAX COST BASIS FOR SHARES PURCHASED PURSUANT TO THE PLAN.

If you participate in the plan through a broker, bank or nominee, you should contact that person for such a statement.

WITHDRAWAL.

22. How may I withdraw from the plan?

You may terminate participation in the plan by writing to the agent. After the agent receives the termination notice, we will send dividends to you in the usual manner and you may not make any additional optional cash purchases unless you re-enroll. The agent must receive your notice of termination at least two business days before an investment date in order to be processed prior to that investment date. Once termination has been effected, the agent will issue you a certificate for all whole shares you hold under the plan. Alternatively, you may specify in the termination notice that some or all of the shares be sold. Any fractional shares that you hold in your account under the plan at any time you withdraw or at the time the plan is terminated will be sold by the agent. The agent will distribute to you the net proceeds of any of your shares held in the plan sold in connection with your withdrawal, net of any trading fees or brokerage commissions. If you transfer shares represented by certificates registered in your name on our books but do not notify the agent, the agent will continue to reinvest dividends on shares held in your account under the plan until you direct otherwise. If the agent receives your termination request on or after the record date for a dividend, the agent will reinvest any cash dividend paid to you on your account. Your request will then be processed as soon as practicable after the dividend is reinvested and the additional shares are credited to your account. You will not be charged to terminate from the plan, other than the applicable trading fees or brokerage commissions with respect to any shares sold.

If your plan account balance falls below one full share, the agent reserves the right to liquidate the fraction and remit the proceeds, less any applicable fees, to you at your address of record and to terminate your participation in the plan. We may also terminate the plan after written notice in advance mailed to you at the address appearing on the agent's records. If the plan or your participation is terminated, you will receive certificates for whole shares held in your accounts and a check for the cash value of any fractional shares held in any plan account that is terminated less any applicable fees.

TAXES.

23. What are the federal income tax consequences of participating in the plan?

Dividends you receive on shares of common stock that you hold in the plan and which are reinvested in newly issued shares will be treated for federal income tax purposes as a taxable stock distribution to you. Accordingly, you will receive taxable dividend income in an amount equal to the fair market value of the shares of common stock that you receive on the dividend payment date to

the extent we have current or accumulated earnings and profits for federal income tax purposes. We intend to take the position that the fair market value of the newly issued shares purchased with reinvested dividends equals the average of the high and low sale prices of shares of common stock as reported on the New York Stock Exchange on the related dividend payment date. On the other hand, dividends you receive on shares of common stock that you hold in the plan which are reinvested in shares of common stock purchased by the agent in the open market or in privately negotiated transactions will be treated for federal income tax purposes as a taxable cash distribution to you in an amount equal to the purchase price of such shares to the extent that we have current or accumulated earnings and profits for federal income tax purposes. The portion of a distribution you receive that is in excess of our current and accumulated earnings and profits will not be taxable to you if this portion of

the distribution does not exceed the adjusted tax basis of your shares. If a portion of your distribution exceeds the adjusted tax basis of your shares, that portion of your distribution will be taxable as a capital gain. If we properly designate a portion of your distribution as a capital gain dividend, then that portion will be reportable as a capital gain. Capital gains will be taxed to you at a 20% or 25% income tax rate, depending on the tax characteristics of the assets which produced such gains, and on certain other designations, if any, that we may make. Your statement of account will show the fair market value of the common stock purchased with reinvested dividends on the applicable dividend payment date. You also will receive a Form 1099-DIV after the end of the year which will show for the year your total dividend income, your amount of any return of capital distribution and your amount of any capital gain dividend. For a general discussion of the federal income tax consequences of distributions to you with respect to shares of common stock, see "Material Federal Income Tax Consequences Associated With an Investment in Common Stock -- Taxation of Taxable U.S. Stockholders" below.

If you acquire shares of common stock under the DSPP or the WDP at a discount from the fair market value of such shares on the DSPP investment date or the trading day on which the shares are purchased during the applicable WDP investment period, as applicable, the tax treatment to you is unclear. We presently intend to take the position that any discount on shares purchased under the DSPP or the WDP does not constitute a distribution from us to you. However, it is possible that you will be treated as having received a distribution from us upon the purchase of common stock under the DSPP or the WDP in an amount equal to the excess, if any, of the total fair market value of the shares you purchase on the DSPP investment date or each day on which shares are purchased during the WDP investment period over the amount of your payment for such shares. We may take this position in future reports to you or the Internal Revenue Service. You should consult with your own tax advisor with respect to the tax treatment of shares you purchase at a discount under the DSPP or the WDP.

Under the plan, you will bear any trading fees or brokerage commissions related to the acquisition and sale of shares of common stock. However, in the future we may agree to pay some or all of the trading fees or brokerage commissions in connection with purchase transactions. The Internal Revenue Service has ruled in private letter rulings that brokerage commissions paid by a corporation with respect to open market purchases on behalf of participants in a dividend reinvestment plan were to be treated as constructive distributions to the participants. In these rulings the Internal Revenue Service determined that distributions were subject to income tax in the same manner as distributions and includable in the participant's cost basis of the shares purchased. Accordingly, to the extent that we pay brokerage commissions with respect to any open market or privately negotiated purchases made with reinvested dividends by the agent, we intend to take the position that participants received their proportionate amount of the commissions as distributions in addition to the amounts described above. While the matter is not free from doubt, we intend to take the position that any trading fees or brokerage commissions paid by us with respect to the DSPP or the WDP will be treated in the same manner as the purchase price discount described above and that administrative expenses of the plan paid by us are not constructive distributions to you.

If we invest your optional cash purchases under the DSPP or WDP in newly issued shares of common stock not sold to you at a discount, or reinvest your dividends in newly issued shares of common stock, then your tax basis in the shares purchased for your account will equal the per share fair market value of the common stock on the DSPP investment date, the day the shares are purchased during the WDP investment period, or the relevant dividend payment date, as applicable. Your tax basis in the shares of common stock acquired under the DSPP or the WDP at a discount will equal the amount you paid for the shares, plus the amount of income, if any, you recognized upon the acquisition as a result of the purchase price discount. If we reinvest your dividends or your optional cash purchases under the DSPP in shares that the agent purchases in the open market or in privately negotiated transactions, then your tax basis in your shares purchased for your account will equal the amount you paid for the shares, including any trading fees or brokerage commissions you paid, plus the amount of income, if any, that you recognize because trading fees or brokerage commissions were paid on your behalf. Your holding period for the shares of common stock

acquired under the plan will begin on the day following the date such shares were purchased for your account. Consequently, shares of common stock purchased in different quarters will have different holding periods.

You will not realize any gain or loss when you receive certificates for whole shares of common stock credited to your account, either upon your request, when you withdraw from the plan or if the plan terminates. However, you will recognize gain or loss when whole shares of common stock or rights applicable to common stock acquired under the plan are sold or exchanged. You will also recognize gain or loss when you receive a cash payment for a fractional share of common stock credited to your account when you withdraw from the plan or if the plan terminates. The amount of your gain or loss will equal the difference between the amount you receive for your shares or fractional shares of common stock or rights applicable to common stock, net of any costs of sale paid by you, and your tax basis of such shares. For a general discussion of the federal income tax consequences of disposing of shares of common stock, see "Material Federal Income Tax Consequences Associated With an Investment in Common Stock -- Dispositions of Common Stock" below.

THE FOREGOING SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSIDERATIONS REGARDING THE PLAN IS BASED ON CURRENT LAW, IS FOR YOUR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. THIS DISCUSSION DOES NOT PURPORT TO DEAL WITH ALL ASPECTS OF TAXATION THAT MAY BE RELEVANT TO YOU IN LIGHT OF YOUR PERSONAL INVESTMENT CIRCUMSTANCES, OR IF YOU ARE A TYPE OF INVESTOR (INCLUDING INSURANCE COMPANIES, TAX-EXEMPT ORGANIZATIONS, FINANCIAL INSTITUTIONS OR BROKER DEALERS, FOREIGN CORPORATIONS AND PERSONS WHO ARE NOT CITIZENS OR RESIDENTS OF THE UNITED STATES) WHO IS SUBJECT TO SPECIAL TREATMENT UNDER THE FEDERAL INCOME TAX LAWS. IF YOU WISH TO PARTICIPATE IN THE PLAN, YOU ARE STRONGLY URGED TO CONSULT WITH YOUR TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES (INCLUDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES) THAT MAY AFFECT YOU IF YOU PARTICIPATE IN THE PLAN, AND OF POTENTIAL CHANGES IN APPLICABLE TAX LAWS. SEE "MATERIAL FEDERAL INCOME TAX CONSEQUENCES ASSOCIATED WITH AN INVESTMENT IN COMMON STOCK" BELOW.

OTHER PROVISIONS.

24. What happens if I sell or transfer shares of stock or acquire additional shares of stock?

If you elect to have dividends automatically reinvested in the plan and subsequently sell or transfer all or any part of the shares registered in your name, we will continue to reinvest your dividends as long as shares are registered in your name or until you terminate your participation in the plan. Similarly, if you elect the full or partial dividend reinvestment option under the plan and subsequently acquire additional shares registered in your name, we will continue to reinvest your dividends until you terminate your participation in the plan. If, however, you elect the optional cash purchases only option and subsequently acquire additional shares that are registered in your name, we will not reinvest your dividends paid on such shares.

25. How will my shares be voted?

For any meeting of stockholders, you will receive proxy materials in order to vote all shares held by the plan for your account. The plan will vote all shares as you direct or you may vote in person at the meeting of stockholders. If you do not provide instructions or return an executed proxy, the plan will not vote your shares. If you hold your shares through a broker, bank or nominee, that person will receive the proxy materials and you will need to contact that person in order to vote your shares.

26. Who pays the expenses of the plan?

We will pay all of the costs of administrating the plan other than trading fees or brokerage commissions. We will pass on to you the fees and commissions associated with the purchase and sale of shares of common stock attributable to you under the plan.

27. What are the responsibilities of the company or the agent under the plan?

Neither we nor the agent will be liable for any act done in good faith or for any good faith omission to act, including, without limitation, any claims of liability arising out of a failure to terminate your account upon your death or adjudication of incompetence prior to the receipt of notice in writing of such death or adjudication of incompetence, the prices at which shares are purchased for your account, the times when purchases are made or fluctuations in the market value of the common stock. Neither we nor the agent has any duties, responsibilities or liabilities except as expressly set forth in the plan or as imposed by applicable laws, including, without limitation, Federal securities laws. YOU SHOULD RECOGNIZE THAT WE CANNOT ASSURE YOU A PROFIT OR PROTECT YOU AGAINST A LOSS ON THE SHARES YOU PURCHASE UNDER THE PLAN AND WE TAKE NO POSITION ON WHETHER YOU OR OTHER STOCKHOLDERS OR INVESTORS SHOULD PARTICIPATE IN THE PLAN.

28. What happens if the company issues a stock dividend, subscription rights, declares a stock split or makes any other similar distribution in respect of shares of common stock?

You will automatically receive credit to your plan account for any stock dividend, stock split or other similar distribution in respect of shares of common stock that we may declare. In the event that we make available to stockholders subscription rights to purchase additional shares of common stock or other securities, the agent will sell the rights accruing to all shares held in your name when rights become separately tradable and will apply the net proceeds from the sale of the rights to the purchase of common stock with the next quarterly optional cash purchase. If you do not want the agent to sell the rights and invest the proceeds, you can notify the agent by submitting an updated Enrollment Form and request that the distribution of subscription or other purchase rights be made directly to you. This will permit you to personally exercise, transfer or sell the rights on your shares.

29. May shares in my account be pledged?

You may not pledge shares credited to your account, and any purported pledge will be void. If you wish to pledge shares, you must withdraw those shares from the plan.

30. May I transfer all or a part of my shares held in the plan to another person?

You may transfer ownership of all or part of your shares held in the plan through gift, private sale or otherwise, by mailing to the agent at the address listed above a properly executed stock assignment, along with a letter requesting the transfer and a Form W-9 -- Certification of Taxpayer Identification Number completed by the transferee. Requests for transfer of shares held in the plan are subject to the same requirements as the transfer of common stock certificates, including the requirement of a medallion signature guarantee on the stock assignment. The agent will provide you with the appropriate forms upon request. If any stock certificates bearing a restrictive legend are contained in the your plan account, the agent will comply with the provisions of such restrictive legend before effecting a sale or transfer of such restricted shares. All transfers will be subject to the limitations on ownership and transfer provided in our charter which are summarized below and which are incorporated into the prospectus by reference.

31. May the plan be changed or terminated?

We may amend, modify, suspend or terminate the plan at any time. The agent will notify you in writing of any material modifications made to the plan. The agent may appoint, by plan amendment, a successor agent to take its place under the terms and conditions set forth in the plan. If the agent appoints a successor agent, we are authorized to pay the successor agent for your account, and all dividends and distributions payable on common stock you hold under the plan for application by such successor.

DESCRIPTION OF CAPITAL STOCK

We have summarized certain terms and provisions of our capital stock in this section. This summary is not complete. For more detail you should refer to the Maryland General Corporation Law (the "MGCL"), our charter and our bylaws, which we have filed as exhibits to the registration statement of which this prospectus is a part. See "Where You Can Find More Information."

COMMON STOCK.

Our charter provides that we are authorized to issue 500,000,000 shares of common stock, $.01 par value per share. As of March 31, 1999, we had 86,026,271 shares of common stock issued and outstanding. Each outstanding share of common stock entitles the holder to one vote on all matters presented to stockholders generally for a vote, including the election of directors. Except as otherwise required by law and except as provided in any resolution adopted by the board of directors establishing any other class or series of stock, the holders of common stock possess the exclusive voting power, subject to the provisions of the charter regarding the ownership of shares of common stock in excess of the ownership limit or any other limit specified in the charter, or otherwise permitted by the board of directors. Holders of shares of common stock do not have any conversion, exchange, sinking fund, redemption or appraisal rights or any preemptive rights to subscribe for any of our securities or cumulative voting rights in the election of directors. All shares of common stock that are issued and outstanding are duly authorized, fully paid and nonassessable. Subject to the preferential rights

of any other shares or series or classes of stock, including the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock (see "-- Preferred Stock"), and to the provisions of the charter regarding

ownership of shares of common stock in excess of the ownership limit, or such other limit specified in the charter or as otherwise permitted by the board of directors, we may pay distributions to the holders of shares of common stock if and when authorized and declared by the board of directors out of funds legally available for distribution. We intend to continue to make quarterly distributions on outstanding shares of common stock. Under the MGCL, stockholders are generally not liable for our debts or obligations. If we liquidate, subject to the right of any holders of preferred stock, including the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock (see "-- Preferred Stock") to receive preferential distributions, each outstanding share of common stock will be entitled to participate pro rata in the assets remaining after payment of, or adequate provision for, all of our known debts and liabilities, including debts and liabilities arising out of our status as general partner of the Operating Partnership.

Subject to the provisions of our charter regarding the ownership of shares of common stock in excess of the ownership limit, or such other limit specified in the charter, or as otherwise permitted by the board of directors as described below, all shares of common stock have equal distribution, liquidation and voting rights, and have no preference or exchange rights.

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless approved by the affirmative vote of at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. Under the MGCL, the term "substantially all of the Company's assets" is not defined and is, therefore, subject to Maryland common law and to judicial interpretation and review in the context of the unique facts and circumstances of any particular transaction. Our charter does not provide for a lesser percentage in any of the above situations.

Our charter authorizes the board of directors to reclassify any unissued shares of common stock into other classes or series of classes of stock and to establish the number of shares in each class or series and to set the preferences, conversion and other rights, voting powers, restrictions, limitations and restrictions on ownership, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series.

PREFERRED STOCK.

Our charter provides that we are authorized to issue 100,000,000 shares of preferred stock, $.01 par value per share, of which 4,600,000 shares are of a separate class designated as Series A Preferred Stock, 1,300,000 shares are of a separate class designated as Series B Preferred Stock and 2,200,000 shares are of a separate class designated as Series C Preferred Stock. The Series B Preferred Stock is issuable in exchange, on a one for one basis, subject to adjustment, for the Series B Preferred Units. The Series C Preferred Stock is issuable in exchange, on a one for one basis, subject to adjustment, for the AMB Property II Series C Preferred Units. We have 4,000,000 shares of Series A Preferred Stock issued and outstanding. We have 1,300,000 shares of Series B Preferred Stock and 2,200,000 shares of Series C Preferred Stock reserved for issuance but not issued or outstanding. We may issue additional shares of preferred stock from time to time, in one or more classes, as authorized by the board of directors. Prior to the issuance of shares of each class of preferred stock, the board of directors is required by the MGCL and the charter to fix for each class the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms or conditions of redemption, as permitted by Maryland law. Because the board of directors has the power to establish the preferences, powers and rights of each class of preferred stock, it may afford the holders of any class of preferred stock preferences, powers and rights, voting or otherwise, senior to the rights of holders of shares of common stock. The issuance of preferred stock could have the effect of delaying or preventing a change of control that might involve a premium price for holders of shares of common stock or otherwise be in their best interest.

Series A Preferred Stock. The Series A Preferred Stock ranks, with respect to dividends and in the event we voluntarily or involuntarily liquidate, dissolve or wind up:

- senior to all classes or series of common stock and to all of our equity securities that provide that they rank junior to the Series A Preferred Stock;

- junior to all equity securities issued by us which rank senior to the Series A Preferred Stock; and

- on a parity with all equity securities issued by us (including the Series B Preferred Stock and the Series C Preferred Stock) other than those

referred to in the bullet points above. The term "equity securities" does not include convertible debt securities.

Holders of the Series A Preferred Stock are entitled to receive, when and as authorized by the board of directors out of funds legally available for dividends, cumulative preferential cash dividends at the rate of 8 1/2% of the liquidation preference per annum (equivalent to $2.125 per annum per share of Series A Preferred Stock). Dividends on the Series A Preferred Stock accumulate on a daily basis and are payable quarterly in arrears on the 15th day of each January, April, July and October. Except as provided below, unless full cumulative dividends on the Series A Preferred Stock have been or at the same time are declared and paid or declared and a sum sufficient for payment set apart for payment for all past dividend periods and the then current dividend period, no dividends (other than in common stock or other equity securities ranking junior to the Series A Preferred Stock) may be declared or paid or set aside for payment or other dividend be declared or made upon the common stock or any other equity securities ranking junior to or on a parity with the Series A Preferred Stock (including the Series B Preferred Stock and the Series C Preferred Stock), nor may any common stock or any other equity securities ranking junior to or on a parity with the Series A Preferred Stock (including 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 us (except by conversion into or exchange for other equity securities ranking junior to the Series A Preferred Stock and pursuant to the provisions of our charter providing for limitations on ownership and transfer in order to ensure that we remain qualified as a REIT). When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series A Preferred Stock and any other equity securities ranking on a parity with the Series A Preferred Stock (including the Series B Preferred Stock and the Series C Preferred Stock), all dividends declared upon the Series A Preferred Stock and any other equity securities ranking on a parity with the Series A Preferred Stock (including the Series B Preferred Stock and the Series C Preferred Stock) will be declared pro rata so that the amount of dividends declared per share of Series A Preferred Stock and each such other equity securities shall bear to each other the same ratio that accumulated dividends per share of Series A Preferred Stock 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. Dividends on the Series A Preferred Stock will accumulate whether or not we have funds legally available for the payment of dividends and whether or not we declare dividends. If we designate any portion of a dividend as a "capital gain dividend," a holder's share of the capital gain dividend will be an amount that bears the same ratio to the total amount of dividends (as determined for federal income tax purposes) paid to the holder for the year as the aggregate amount designated as a capital gain dividend bears to the aggregate amount of all dividends (as determined for federal income tax purposes) paid on all classes of shares for the year.

In the event that we voluntarily or involuntarily liquidate, dissolve or wind up, the holders of the Series A Preferred Stock are entitled to receive out of our assets legally available for distribution to our stockholders remaining after payment or provision for payment of all of our debts and liabilities, a liquidation preference, in cash, of $25.00 per share, plus an amount equal to any accumulated 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 that rank junior to the Series A Preferred Stock. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the Series A Preferred Stock will have no right or claim to any of our remaining assets. Our consolidation or merger with or into any other entity, a merger of another entity with or into us, a statutory share exchange or the sale, lease, transfer or conveyance of all or substantially all of our property or business do not constitute a liquidation, dissolution or winding up for purposes of triggering the liquidation preference.

If we voluntarily or involuntarily liquidate, dissolve or wind up and our assets are insufficient to make full payment to holders of the Series A Preferred Stock and the corresponding amounts payable on all shares of other classes or series of equity securities ranking on a parity with the Series A Preferred Stock, then the holders of the Series A Preferred Stock and all other such classes or series of equity securities will share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be entitled.

The Series A Preferred Stock has no stated maturity and is not subject to mandatory redemption or any sinking fund. We cannot redeem the Series A Preferred Stock prior to July 27, 2003. On and after July 27, 2003, we can redeem the Series A Preferred Stock for cash at our option, in whole or from time to time in part, at a redemption price of $25.00 per share, plus accumulated and unpaid dividends, if any, to the redemption date. We must pay the redemption price (other than the portion of the redemption price consisting of accumulated and unpaid dividends) solely out of the sale proceeds of other equity securities, which may include other classes or series of preferred stock.

In certain circumstances related to our maintenance of our ability to qualify as a REIT for federal income tax purposes, we may redeem shares of Series A Preferred Stock. See "Restrictions on Ownership and Transfer of Capital Stock."

Holders of Series A Preferred Stock have no voting rights, except as described below. If we do not pay dividends on the Series A Preferred Stock for six or more quarterly periods (whether or not consecutive), holders of the Series A Preferred Stock (voting separately as a class with all other classes or series of equity securities upon which like voting rights have been conferred and are exercisable) will be entitled to vote for the election of two additional directors to serve on our board of directors until we have eliminated all dividend arrearages with respect to the Series A Preferred Stock. So long as any shares of Series A Preferred Stock remain outstanding, we may not, without the affirmative vote or consent of at least two-thirds of the votes entitled to be cast by the holders of outstanding shares of Series A Preferred Stock (the Series A Preferred Stock voting separately as a class):

- authorize or create, or increase the authorized or issued amount of, any class or series of stock ranking senior to the Series A Preferred Stock;

- reclassify any of our authorized stock into any class or series of stock ranking senior to the Series A Preferred Stock;

- create, authorize or issue any obligation or security convertible into, exchangeable or exercisable for, or evidencing the right to purchase, any class or series of stock ranking senior to the Series A Preferred Stock; or

- amend, alter or repeal the provisions of our charter, whether by merger or consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series A Preferred Stock.

With respect to the occurrence of any of the events set forth in the fourth bullet point above, so long as shares of Series A Preferred Stock (or shares issued by a surviving entity in substitution for shares of the Series A Preferred Stock) remain outstanding with the terms materially unchanged, taking into account that upon the occurrence of such an event, we may not be the surviving entity, 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 A Preferred Stock. Any increase in the amount of the authorized preferred stock, the creation or issuance of any other class or series of preferred stock or any increase in the amount of authorized Series A Preferred Stock or any other class or series of preferred stock, in each case ranking on a parity with or junior to the Series A Preferred Stock will not be considered to materially and adversely affect such rights, preferences, privileges or voting powers.

In accordance with the terms of the Partnership Agreement, we contributed the net proceeds of the sale of the Series A Preferred Shares to the Operating Partnership and the Operating Partnership issued to us Series A Preferred Units that mirror the rights, preferences and other terms of the Series A Preferred Stock. The Operating Partnership is required to make all required distributions on the Series A Preferred Units prior to any distribution of cash or assets to the holders of any other Units or any other equity interests in the Operating Partnership, except for any other series of preferred Units ranking on a parity with the Series A

Preferred Units as to dividends or voluntary or involuntary liquidation, dissolution or winding up of the Operating Partnership. The Operating Partnership has no preferred Units, other than the Series A Preferred Units and the Series B Preferred Units, outstanding or any other equity interests ranking prior to any other Units or any other equity interests in the Operating Partnership.

Series B Preferred Stock. We currently have no shares of Series B Preferred Stock issued or outstanding. The Series B Preferred Stock is issuable upon exchange of the Series B Preferred Units, as described under The Series B Preferred Stock ranks, with respect to dividends and in the event we voluntarily or involuntarily liquidate, dissolve or wind up:

- senior to all classes or series of common stock and to all of our equity securities that provide that they rank junior to the Series B Preferred Stock;

- junior to all equity securities issued by us which rank senior to the Series B Preferred Stock; and

- on a parity with all equity securities issued by us (including the Series A Preferred Stock and the Series C Preferred Stock) other than those referred to in the bullet points above. The term "equity securities" does not include convertible debt securities.

If ever issued, the Series B Preferred Stock will entitle the holders to receive, when and as authorized by the board of directors out of funds legally available for dividends, cumulative preferential cash dividends at the rate of 8 5/8% of the liquidation preference per annum (equivalent to $4.3125 per annum per share of Series B Preferred Stock). Dividends on the Series B Preferred Stock accumulate on a daily basis and are payable quarterly in arrears on the 15th day of each January, April, July and October. Except as provided below, unless full cumulative dividends on the Series B Preferred Stock have been or at the same time are declared and paid or declared and a sum sufficient for payment set apart for payment for all past dividend periods and the then current dividend period, no distributions (other than in common stock or other equity securities ranking junior to the Series B Preferred Stock) may be declared or paid or set aside for payment or other dividend be declared or made upon the common stock or any other equity securities ranking junior to or on a parity with the Series B Preferred Stock (including the Series A Preferred Stock and the Series C Preferred Stock), nor may any common stock or any other equity securities ranking junior to or on a parity with the Series B Preferred Stock (including the Series A 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 us (except by conversion into or exchange for other equity securities ranking junior to the Series B Preferred Stock and pursuant to the provisions of our charter providing for limitations on ownership and transfer in order to ensure that we remain qualified as a REIT). When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series B Preferred Stock and any other equity securities ranking on a parity with the Series B Preferred Stock (including the Series A Preferred Stock and the Series C Preferred Stock), all dividends declared upon the Series B Preferred Stock and any other equity securities ranking on a parity with the Series B Preferred Stock (including the Series A Preferred Stock and the Series C Preferred Stock) will be declared pro rata so that the amount of dividends declared per share of Series B Preferred Stock and each such other equity securities shall bear to each other the same ratio that accumulated dividends per share of Series B Preferred Stock 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. Dividends on the Series B Preferred Stock will accumulate whether or not we have funds legally available for the payment of dividends and whether or not we declare dividends. If we designate any portion of a dividend as a "capital gain dividend," a holder's share of the capital gain dividend will be an amount that bears the same ratio to the total amount of dividends (as determined for federal income tax purposes) paid to the holder for the year as the aggregate amount designated as a capital gain dividend bears to the aggregate amount of all dividends (as determined for federal income tax purposes) paid on all classes of shares for the year.

In the event that we voluntarily or involuntarily liquidate, dissolve or wind up following the issuance of the Series B Preferred Stock, the holders of the Series B Preferred Stock will be entitled to receive out of our assets legally available for distribution to our stockholders remaining after payment or provision for payment of all of our debts and liabilities, a liquidation preference, in cash, of $50.00 per share, plus an amount equal to any accumulated 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 that rank junior to the Series B Preferred Stock. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the Series B Preferred Stock will have no right or claim to any of our remaining assets. Our consolidation or merger with or into any other entity, a merger of another entity with or into us, a statutory share exchange or the sale, lease, transfer or conveyance of all or substantially all of our property or business do not constitute a liquidation, dissolution or winding up for purposes of triggering the liquidation preference.

If we voluntarily or involuntarily liquidate, dissolve or wind up following the issuance of Series B Preferred Stock and our assets are insufficient to make full payment to the holders of the Series B Preferred Stock and the corresponding amounts payable on all shares of other classes or series of equity securities ranking on a parity with the Series B Preferred Stock as to liquidation rights (including the Series A Preferred Stock and the Series C Preferred Stock) then the holders of the Series B Preferred Stock and all other such classes or series of equity securities will share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be entitled.

The Series B Preferred Stock has no stated maturity and is not subject to mandatory redemption or any sinking fund. If issued, we cannot redeem the Series B Preferred Stock prior to November 12, 2003. On and after November 12, 2003, we can redeem the Series B Preferred Stock for cash at our option, in whole or from time to time in part, at a redemption price of $50.00 per share, plus accumulated and unpaid dividends, if any, to the redemption date. We must pay the redemption price (other than the portion of the redemption price consisting

of accumulated and unpaid dividends) solely out of the sale proceeds of other equity securities, which may include other classes or series of preferred stock. In certain circumstances related to our maintenance of our ability to qualify as a REIT for federal income tax purposes, we may redeem shares of Series B Preferred Stock. See "Restrictions on Ownership and Transfer of Capital Stock."

Holders of Series B Preferred Stock will have no voting rights, except as described below. If we do not pay dividends on the Series B Preferred Stock for six or more quarterly periods (whether or not consecutive), holders of the Series B Preferred Stock (voting separately as a class with all other classes or series of equity securities upon which like voting rights have been conferred and are exercisable) will be entitled to vote for the election of two additional directors to serve on our board of directors until we have eliminated all dividend arrearages with respect to the Series B Preferred Stock. So long as any shares of Series B Preferred Stock remain outstanding, we may not, without the affirmative vote or consent of at least two-thirds of the votes entitled to be cast by the holders of the outstanding shares of Series B Preferred Stock (the Series B Preferred Stock voting separately as a class):

- authorize or create, or increase the authorized or issued amount of, any class or series of stock ranking senior to the Series B Preferred Stock;

- reclassify any of our authorized stock into any class or series of stock ranking senior to the Series B Preferred Stock;

- designate or create, or increase the authorized or issued amount of, or reclassify, any authorized shares into, any preferred stock ranking on a parity with the Series B Preferred Stock or create, authorize or issue any obligations or securities convertible into any such shares, but only to the extent such stock is issued to one of our affiliates; or

- either consolidate, merge into or with, or convey, transfer or lease our assets substantially as an entirety, to any corporation or other entity, or amend, alter or repeal the provisions of our charter, whether by merger or consolidation or otherwise, in each case so as to materially and adversely affect the powers, special rights, preferences, privileges or voting power of the Series B Preferred Stock.

With respect to the occurrence of any of the events set forth in the fourth bullet point above, so long as we are either the surviving entity and shares of Series B Preferred Stock remain outstanding with the terms materially unchanged or the resulting, surviving or transferee entity is a corporation organized under the laws of any state and substitutes for the Series B Preferred Stock other preferred stock having substantially the same terms and rights as the Series B 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 B 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 B Preferred Stock will not be considered to materially and adversely affect such rights, preferences, privileges or voting powers.

We have granted certain registration rights with respect to any shares of Series B Preferred Stock that we may issue upon exchange of the Series B Preferred Units.

Series C Preferred Stock. We currently have no shares of Series C Preferred Stock issued or outstanding. The Series C Preferred Stock is issuable upon exchange of the AMB Property II Series C Preferred Units. The AMB Property II Series C Preferred Units are exchangeable in whole at any time on or after November 24, 2008, at the option of 51% of the holders of all outstanding AMB Property II Series C Preferred Units, on a one for one basis, subject to adjustment, for shares of our Series C Preferred Stock. In addition, the AMB Property II Series C Preferred Units are exchangeable in whole at any time at the option of 51% of the holders of all outstanding AMB Property II Series C Preferred Units if:

- any AMB Property II Series C Preferred Unit shall not have received full distributions with respect to six prior quarterly distribution periods (whether or not consecutive); or

- AMB Property Holding Corporation, the general partner of AMB Property II, or one of its subsidiaries takes the position, and a holder or holders of AMB Property II Series C Preferred Units receive an opinion of independent counsel that AMB Property II is, or upon the happening of a certain event likely will be, a "publicly traded partnership" within the meaning of the Internal Revenue Code.

- The AMB Property II Series C Preferred Units are exchangeable in whole for shares of Series C Preferred Stock at any time after November 24, 2001 and prior to November 24, 2008 at the option of 51% of the holders

of all outstanding AMB Property II Series C Preferred Units if those holders deliver to AMB Property Holding Corporation a private letter ruling or an opinion of independent counsel to the effect that an exchange of the AMB Property II Series C Preferred Units at that time would not cause the AMB Property II Series C Preferred Units to be considered "stock and securities" within the meaning of the Internal Revenue Code for purposes of determining whether the holder of AMB Property II Series C Preferred Units is an "investment company" under the Internal Revenue Code.

The AMB Property II Series C Preferred Units are also exchangeable in whole at any time for shares of Series C Preferred Stock, if initial purchasers of the AMB Property II Series C Preferred Units holding 51% of all outstanding AMB Property II Series C Preferred Units determine, (regardless of whether held by the initial purchasers) if:

- AMB Property II reasonably determines that the assets and income of AMB Property II for a taxable year after 1998 would not satisfy the income and assets tests of the Internal Revenue Code for such taxable year if AMB Property II were a REIT; or

- any holder of AMB Property II Series C Preferred Units delivers to AMB Property II and AMB Property Holding Corporation an opinion of independent counsel to the effect that (based on the assets and income of AMB Property II for a taxable year after 1998) AMB Property II would not satisfy the income and assets tests of the Internal Revenue Code for such taxable year if AMB Property II were a REIT and that such failure would create a meaningful risk that a holder of AMB Property II Series C Preferred Units would fail to maintain qualification as a REIT.

In lieu of an exchange for Series C Preferred Stock, AMB Property II may redeem AMB Property II Series C Preferred Units for cash in an amount equal to the original capital account balance of the holder of AMB Property II Series C Preferred Units. A holder of AMB Property II Series C Preferred Units will not be entitled to exchange the units for Series C Preferred Stock if the exchange would result in a violation of the ownership limit. See "Restrictions on Ownership and Transfer of Capital Stock."

The Series C Preferred Stock ranks, with respect to dividends and in the event we voluntarily or involuntarily liquidate, dissolve or wind up:

- senior to all classes or series of common stock and to all of our equity securities that provide that they rank junior to the Series C Preferred Stock;

- junior to all equity securities issued by us which rank senior to the Series C Preferred Stock; and

- on a parity with all equity securities issued by us (including the Series A Preferred Stock and the Series B Preferred Stock) other than those referred to in the bullet points above. The term "equity securities" does not include convertible debt securities until converted into equity securities.

If ever issued, the Series C Preferred Stock will entitle the holders to receive, when and as authorized by the board of directors out of funds legally available for dividends, cumulative preferential cash dividends at the rate of 8.75% of the liquidation preference per annum (equivalent to $4.375 per annum per share of Series C Preferred Stock). Dividends on the Series C Preferred Stock accumulate on a daily basis and are payable quarterly in arrears on the 15th day of each January, April, July and October. Except as provided below, unless full cumulative dividends on the Series C Preferred Stock have been or at the same time are declared and paid or declared and a sum sufficient for payment set apart for payment for all past dividend periods and the then current dividend period, no distributions (other than in common stock or other equity securities ranking junior to the Series C Preferred Stock) may be declared or paid or set aside for payment or other dividend be declared or made upon the common stock or any other equity securities ranking junior to or on a parity with the Series C Preferred Stock (including the Series A Preferred Stock and the Series B Preferred Stock), nor may any common stock or any other equity securities ranking junior to or on a parity with the Series C Preferred Stock (including the Series A Preferred Stock and the Series B 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 us (except by conversion into or exchange for other equity securities ranking junior to the Series C Preferred Stock and pursuant to the provisions of our charter providing for limitations on ownership and transfer in order to ensure that we remain qualified as a REIT). When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series C Preferred Stock and any other equity securities ranking on a parity with the Series C Preferred Stock (including the Series A Preferred Stock and the Series C Preferred Stock), all dividends declared upon the Series C Preferred Stock and any other equity securities ranking on a parity with the

Series C Preferred Stock (including the Series A Preferred Stock and the Series B Preferred Stock) will be declared pro rata so that the amount of dividends declared per share of Series C Preferred Stock and each such other equity securities shall bear to each other the same ratio that accumulated dividends per share of Series C Preferred Stock 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. Dividends on the Series C Preferred Stock will accumulate whether or not we have funds legally available for the payment of dividends and whether or not we declare dividends. If we designate any portion of a dividend as a "capital gain dividend," a holder's share of the capital gain dividend will be an amount that bears the same ratio to the total amount of dividends (as determined for federal income tax purposes) paid to the holder for the year as the aggregate amount designated as a capital gain dividend bears to the aggregate amount of all dividends (as determined for federal income tax purposes) paid on all classes of shares for the year.

In the event that we voluntarily or involuntarily liquidate, dissolve or wind up following the issuance of Series C Preferred Stock, the holders of the Series C Preferred Stock will be entitled to receive out of our assets legally available for distribution to our stockholders remaining after payment or provision for payment of all of our debts and liabilities, 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 that rank junior to the Series C Preferred Stock. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the Series C Preferred Stock will have no right or claim to any of our remaining assets. Our consolidation or merger with or into any other entity, a merger of another entity with or into us, a statutory share exchange or the sale, lease, transfer or conveyance of all or substantially all of our property or business do not constitute a liquidation, dissolution or winding up for purposes of triggering the liquidation preference.

If we voluntarily or involuntarily liquidate, dissolve or wind up following the issuance of Series C Preferred Stock and our assets are insufficient to make full payment to holders of the Series C Preferred Stock and the corresponding amounts payable on all shares of other classes or series of equity securities ranking on a parity with the Series C Preferred Stock as to liquidation rights (including the Series A Preferred Stock and the Series B Preferred Stock) then the holders of the Series C Preferred Stock and all other such classes or

series of equity securities will share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be entitled.

The Series C Preferred Stock has no stated maturity and is not subject to mandatory redemption or any sinking fund. If issued, we cannot redeem the Series C Preferred Stock prior to November 24, 2003. On and after November 24, 2003, we can redeem the Series C Preferred Stock for cash at our option, in whole or from time to time in part, at a redemption price of $50.00 per share, plus accumulated and unpaid dividends, if any, to the redemption date. We must pay the redemption price (other than the portion of the redemption price consisting of accumulated and unpaid dividends) solely out of the sale proceeds of other equity securities, which may include other classes or series of preferred stock. In certain circumstances related to our maintenance of our ability to qualify as a REIT for federal income tax purposes, we may redeem shares of Series C Preferred Stock. See "Restrictions on Ownership and Transfer of Capital Stock."

Holders of Series C Preferred Stock will have no voting rights, except as described below. If we do not pay dividends on the Series C Preferred Stock for six or more quarterly periods (whether or not consecutive), holders of the Series C Preferred Stock (voting separately as a class with all other classes or series of equity securities upon which like voting rights have been conferred and are exercisable) will be entitled to vote for the election of two additional directors to serve on our board of directors until we have eliminated all dividend arrearages with respect to the Series C Preferred Stock. So long as any shares of Series C Preferred Stock remain outstanding, we may not, without the affirmative vote or consent of at least two-thirds of the votes entitled to be cast by the holders of the outstanding shares of Series C Preferred Stock (the Series C Preferred Stock voting separately as a class):

- authorize or create, or increase the authorized or issued amount of, any class or series of stock ranking senior to the Series C Preferred Stock;

- reclassify any of our authorized stock into any class or series of stock ranking senior to the Series C Preferred Stock;

- designate or create, or increase the authorized or issued amount of, or reclassify, any authorized shares into, any preferred stock ranking on a parity with the Series C Preferred Stock or create, authorize or issue any obligations or securities convertible into any such shares, but only to the extent such stock is issued to one of our affiliates; or

- either consolidate, merge into or with, or convey, transfer or lease our assets substantially, as an entirety, to any corporation or other entity, or amend, alter or repeal the provisions of our charter, whether by merger or consolidation or otherwise, in each case so as to materially and adversely affect the powers, special rights, preferences, privileges or voting power of the Series C Preferred Stock.

With respect to the occurrence of any of the events set forth in the fourth bullet point above, so long as we are either the surviving entity and shares of Series C 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 C Preferred Stock other preferred stock or preferred shares having substantially the same terms and rights as the Series C 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 C 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 C Preferred Stock will not be considered to materially and adversely affect such rights, preferences, privileges or voting powers.

We have agreed to file a registration statement registering the resale of the shares of Series C Preferred Stock issuable to the holders of AMB Property II Series C Preferred Units as soon as practicable but not later than 60 days after the date the AMB Property II Series C Preferred Units are exchanged for shares of Series C Preferred Stock. We have also agreed to use our best efforts to cause the registration statement to be declared effective within 120 days after the date of the exchange.

RESTRICTIONS ON OWNERSHIP AND TRANSFER OF CAPITAL STOCK

In order for us to qualify as a REIT under the Internal Revenue Code, no more than 50% in value of all classes of our outstanding shares of capital stock may be owned, actually or constructively, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the last half of a taxable year (other than the first year for which we have made an election to be treated as a REIT). In addition, if we, or an owner of 10% or more of our capital stock, actually or constructively own 10% or more of one of our tenants (or a tenant of any partnership or limited liability company in which we are a partner or member), the rent received by us (either directly or through the partnership or limited liability company) from the tenant will not be qualifying income for purposes of the gross income tests for REITs contained in the Internal Revenue Code. A REIT's stock also must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year (other than the first year for which an election to be treated as a REIT has been made).

Because our board of directors believes it is desirable for us to qualify as a REIT, our charter, subject to certain exceptions as discussed below, provides that no person may own, or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code, more than 9.8% (by value or number of shares, whichever is more restrictive) of either our issued and outstanding common stock or our issued and outstanding Series A Preferred Stock. Our charter also prohibits the ownership, actually or constructively, of any shares of our Series A Preferred Stock, Series B Preferred Stock and any shares of our Series C Preferred Stock by any single person so that no such person, taking into account all of our stock so owned by such person, may own in excess of 9.8% of our issued and outstanding capital stock. The constructive ownership rules under the Internal Revenue Code are complex and may cause stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% of our common stock, Series A Preferred Stock or capital stock (or the acquisition of an interest in an entity that owns, actually or constructively, common stock, Series A Preferred Stock or capital stock) by an individual or entity, could, nevertheless cause that individual or entity, or another individual or entity, to own constructively in excess of 9.8% of our outstanding common stock, Series A Preferred Stock or capital stock, as the case may be, and thereby subject the common stock, Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock to the applicable ownership limit. Shares held in your account are attributed to you for purposes of determining percentage ownership. The board of directors may, but in no event will be required to, waive the applicable ownership limit with respect to a particular stockholder if it determines that such ownership will not jeopardize our status as a REIT and the board of directors otherwise decides such action would be in our best interest. As a condition of such waiver, the board of directors may require an opinion of counsel satisfactory to it and/or undertakings or representations from the applicant with respect to preserving our REIT status. The board of directors has waived the ownership limit applicable to our common stock with respect to Ameritech Pension Trust, allowing it to own up to 14.9% of our common stock and, under some circumstances,

allowing it to own up to 19.6%. However, we conditioned this waiver upon the receipt of undertakings and representations from Ameritech Pension Trust which we believed were reasonably necessary in order for us to conclude that the waiver would not cause us to fail to qualify as a REIT.

Our charter also provides that:

- no person may actually or constructively own common stock, Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock that would result in us being "closely held" under Section 856(h) of the Internal Revenue Code or otherwise cause us to fail to qualify as a REIT;

- no person may transfer common stock, Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock if a transfer would result in shares of our capital stock being owned by fewer than 100 persons;and

- any person who acquires or attempts or intends to acquire actual or constructive ownership of common stock, Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock that will or may violate any of the foregoing restrictions on transferability and ownership is required to notify us immediately and provide us with such other information as we may request in order to determine the effect of the transfer on our status as a REIT. The foregoing restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interest to

attempt to qualify, or to continue to qualify, as a REIT. Except as otherwise described above, any change in the applicable ownership limit would require an amendment to our charter, which requires the affirmative vote of holders owning at least two-thirds of the shares of our outstanding capital stock entitled to vote on the amendment.

Under our charter, if any attempted transfer of shares of stock or any other event would otherwise result in any person violating an ownership limit, any other limit imposed by our board of directors or the other restrictions in the charter, then any such attempted transfer will be void and of no force or effect with respect to the purported transferee (the "Prohibited Transferee") as to that number of shares that exceeds the applicable ownership limit or such other limit (referred to as "Excess Shares"). Under those circumstances, the Prohibited Transferee will acquire no right or interest (or, in the case of any event other than an attempted transfer, the person or entity holding record title to any shares in excess of the applicable ownership limit (the "Prohibited Owner") will cease to own any right or interest) in the Excess Shares. Any Excess Shares described above will be transferred automatically, by operation of law, to a trust, the beneficiary of which will be a qualified charitable organization selected by us (the "Beneficiary"). This automatic transfer will be considered to be effective as of the close of business on the business day prior to the date of the violating transfer or event. Within 20 days of receiving notice from us of the transfer of shares to the trust, the trustee of the trust will be required to sell the Excess Shares to a person or entity who could own the shares without violating the applicable ownership limit, or any other limit imposed by our board of directors, and distribute to the Prohibited Transferee an amount equal to the lesser of the price paid by the Prohibited Transferee for the Excess Shares or the sales proceeds received by the trust for the Excess Shares. In the case of any Excess Shares resulting from any event other than a transfer, or from a transfer for no consideration (such as a gift), the trustee will be required to sell Excess Shares to a qualified person or entity and distribute to the Prohibited Owner an amount equal to the lesser of the applicable market price of the Excess Shares as of the date of the event or the sales proceeds received by the trust for the Excess Shares. In either case, any proceeds in excess of the amount distributable to the Prohibited Transferee or Prohibited Owner will be distributed to the Beneficiary. Prior to a sale of any Excess Shares by the trust, the trustee will be entitled to receive, in trust for the Beneficiary, all dividends and other distributions paid by us with respect to the Excess Shares, and also will be entitled to exercise all voting rights with respect to the Excess Shares. Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee will have the authority (at the trustee's sole discretion) to rescind as void any vote cast by a Prohibited Transferee or Prohibited Owner prior to the time that we discover that the shares have been automatically transferred to the trust and to recast the vote in accordance with the desires of the trustee acting for the benefit of the Beneficiary. However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast the vote. If we pay the Prohibited Transferee or Prohibited Owner any dividend or other distribution before we discover that the shares were transferred to the trust, the Purported Transferee or Prohibited Owner will be required to repay the dividend to the trustee upon demand for distribution to the Beneficiary. If the transfer to the trust is not automatically effective (for any reason), to prevent violation of the applicable ownership limit or any other limit provided in our charter or imposed by the board of directors, then our charter provides that the transfer of the Excess Shares will be void ab initio.

In addition, shares of stock held in the trust will be considered to have been offered for sale to us, or our designee, at a price per share equal to the lesser of (1) the price per share in the transaction that resulted in the transfer to the trust (or, in the case of a devise or gift, the market price at the time of such devise or gift) and (2) the applicable market price on the date that we, or our designee, accept the offer. We have the right to accept the offer until the trustee has sold the shares held in the trust. Upon that sale to us, the interest of the Beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the Prohibited Transferee or Prohibited Owner.

If any attempted transfer of shares would cause us to be beneficially owned by fewer than 100 persons, our charter provides that the transfer will be null and void in its entirety and the intended transferee will acquire no rights to the stock.

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

Under our charter, owners of outstanding shares must, upon our demand, provide us with a completed questionnaire containing information regarding ownership of the shares, as set forth in the treasury regulations. In addition, each stockholder must upon demand disclose to us in writing such information that we may request in order to determine the effect, if any, of the stockholder's actual and constructive ownership of shares of common stock, Series A Preferred Stock, Series B Preferred Stock and/or Series C Preferred Stock on our status as a REIT and to ensure compliance with each ownership limit, or any other limit specified in the charter or required by the board of directors.

TRANSFER AGENT, REGISTRAR, CONVERSION AGENT AND DIVIDEND DISBURSING AGENT

The transfer agent, registrar and dividend disbursing agent for our common stock, Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock is BankBoston, N.A., an affiliate of First National Bank of Boston.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES ASSOCIATED WITH AN INVESTMENT IN COMMON STOCK

The following summary of material federal income tax consequences associated with an investment in the common stock we are registering is based on current law, is for general information only and is not tax advice. The tax treatment to holders of common stock will vary depending on a holder's particular situation. and this discussion does not purport to deal with all aspects of taxation that may be relevant to a holder of common stock in light of his or her personal investments or tax circumstances, or to certain types of stockholders, subject to special treatment under the federal income tax laws except to the extent discussed under the headings "-- Taxation of Tax-Exempt Stockholders" and "-- Taxation of Non-U.S. Stockholders." Stockholders subject to special treatment include, without limitation:

- insurance companies;

- financial institutions or broker-dealers;

- tax-exempt organizations;

- stockholders holding securities as part of a conversion transaction, or a hedge or hedging transaction, or as a position in a straddle for tax purposes;

- foreign corporations or partnerships; and

- persons who are not citizens or residents of the United States.

In addition, the summary below does not consider the effect of any foreign, state, local or other tax laws that may be applicable to holders of our common stock.

The information in this section is based on:

- the Internal Revenue Code,

- current, temporary and proposed Treasury Regulations promulgated under the Internal Revenue Code,

- the legislative history of the Internal Revenue Code,

- current administrative interpretations and practices of the Internal

Revenue Service (including its practices and policies as expressed in certain private letter rulings which are not binding on the Internal Revenue Service except with respect to the particular taxpayers who requested and received such rulings), and

- court decisions,

all as of the date of this prospectus. Future legislation, Treasury Regulations, administrative interpretations and practices and/or court decisions may adversely affect, perhaps retroactively, the tax considerations

described herein. We have not requested, and do not plan to request, any rulings from the Internal Revenue Service concerning our tax treatment and the statements in this prospectus are not binding on the Internal Revenue Service or any court. Thus, we can provide no assurance that these statements will not be challenged by the Internal Revenue Service or sustained by a court if challenged by the Internal Revenue Service.

YOU ARE ADVISED TO CONSULT YOUR TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES TO YOU OF THE ACQUISITION, OWNERSHIP AND SALE OF OUR COMMON STOCK, INCLUDING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF SUCH DISPOSITION, ACQUISITION, OWNERSHIP AND SALE AND OF POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

TAXATION OF THE COMPANY.

General. We elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code, commencing with our taxable year ended December 31, 1997. We believe we have been organized and have operated in a manner which allows us to qualify for taxation as a REIT under the Internal Revenue Code commencing with our taxable year ended December 31, 1997. We intend to continue to operate in this manner. However, our qualification and taxation as a REIT depends upon our ability to meet (through actual annual operating results, asset diversification, distribution levels and diversity of stock ownership) the various qualification tests imposed under the Internal Revenue Code. Accordingly, there is no assurance that we have operated or will continue to operate in a manner so as to qualify or remain qualified as a REIT. See "Material Federal Income Tax Consequences Associated with An Investment in Common Stock -- Failure to Qualify."

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

If we qualify for taxation as a REIT, we generally will not be subject to federal corporate income taxes on our net income that is currently distributed to our stockholders. This treatment substantially eliminates the "double taxation" (once at the corporate level when earned and once again at the stockholder level when distributed) that generally results from investment in a corporation. However, the Company will be subject to federal income tax as follows:

First, we will be taxed at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains.

Second, we may be subject to the "alternative minimum tax" on our items of tax preference under certain circumstances.

Third, if we have (a) net income from the sale or other disposition of "foreclosure property" (defined generally as property acquired through foreclosure or after a default on a loan secured by the property or a lease of the property) which is held primarily for sale to customers in the ordinary course of business; or (b) other nonqualifying income from foreclosure property, we will be subject to tax at the highest corporate rate on this income.

Fourth, we will be subject to a 100% tax on any net income from prohibited transactions (which are, in general, certain sales or other dispositions of property held primarily for sale to customers in the ordinary course of business other than foreclosure property).

Fifth, we will be subject to a 100% tax on an amount equal to (a) the gross income attributable to the greater of the amount by which we fail the 75% or 95% gross income test multiplied by (b) a fraction intended to reflect our profitability, if we fail to satisfy the 75% gross income test or the 95% gross income test (as discussed below) but have maintained our qualification as a REIT because we satisfied certain other requirements.

Sixth, we will be subject to a 4% excise tax on the excess of the required distribution over the amounts actually distributed if we fail to distribute during each calendar year at least the sum of (i) 85%

of our REIT ordinary income for the year, (ii) 95% of our REIT capital gain net income for the year, and (iii) any undistributed taxable income from prior periods.

Seventh, if we acquire any asset (a "Built-In Gain Asset") from a corporation which is or has been a C corporation (i.e., generally a corporation subject to full corporate-level tax) in a transaction in which the basis of the Built-In Gain Asset in our hands is determined by reference to the basis of the asset in the hands of the C corporation, and we subsequently recognize gain on the disposition of the asset during the ten-year period (the "Recognition Period") beginning on the date on which we acquired the asset, then we will be subject to tax at the highest regular corporate tax rate on this gain to the extent of the Built-In Gain (i.e., the excess of (a) the fair market value of the asset over (b) our adjusted basis in the asset, in each case determined as of the beginning of the Recognition Period). The results described in this paragraph with respect to the recognition of Built-In Gain assume that we will make an election pursuant to Internal Revenue Service Notice 88-19 and the availability or nature of such election is not modified as proposed in President Clinton's Year 2000 Federal Budget Proposal.

Requirements for Qualification as a REIT. The Internal Revenue Code defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) that issues transferable shares or transferable certificates to evidence its beneficial ownership;

(3) that would be taxable as a domestic corporation, but for Sections 856 through 859 of the Internal Revenue Code;

(4) that is not a financial institution or an insurance company within the meaning of certain provisions of the Internal Revenue Code;

(5) that is beneficially owned by 100 or more persons;

(6) not more than 50% in value of the outstanding stock of which is owned, actually or constructively, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the last half of each taxable year; and

(7) that meets certain other tests, described below, regarding the nature of its income and assets and the amount of its distributions.

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

We believe that we have satisfied each of the above conditions. In addition, our charter provides for restrictions regarding ownership and transfer of shares. These restrictions are intended to assist us in continuing to satisfy the share ownership requirements described in (5) and (6) above. These ownership and transfer restrictions are described in "Restrictions on Ownership and Transfer of Capital Stock." These restrictions, however, may not ensure that we will, in all cases, be able to satisfy the share ownership requirements described in (5) and (6) above. If we fail to satisfy these share ownership requirements, our status as a REIT will terminate. However, if we comply with the rules contained in applicable Treasury Regulations that require us to ascertain the actual ownership of our shares and we do not know, or would not have known through the exercise of reasonable diligence, that we failed to meet the requirement described in condition (6) above, we will be treated as having met this requirement. See "Material Federal Income Tax Consequences Associated with An Investment in Common Stock -- Failure to Qualify."

In addition, a corporation may not elect to become a REIT unless its taxable year is the calendar year. We have and will continue to have a calendar taxable year.

Termination of S Status. Prior to its merger into the Company in connection with our formation transactions, AMB Institutional Realty Advisors, Inc. believed that it validly elected to be taxed as an

S corporation and that such election had not been revoked or otherwise terminated (except as provided below). In order to allow us to become a REIT, AMB Institutional Realty Advisors, Inc. revoked its S election shortly before its merger into the Company. If AMB Institutional Realty Advisors, Inc. was not an S corporation in 1997 (the calendar year in which our formation transactions occurred), we likely would not qualify as a REIT for our taxable year ended December 31, 1997 and perhaps subsequent years. See "Material Federal Income Tax Consequences Associated with An Investment in Common Stock -- Failure to Qualify." In connection with our initial public offering, Latham & Watkins rendered an opinion regarding AMB Institutional Realty Advisors, Inc.'s federal income tax status as an S corporation, which opinion was based upon certain representations made by AMB Institutional Realty Advisors, Inc. as to factual matters and upon the opinion of counsel for certain shareholders of AMB Institutional Realty Advisors, Inc., with respect to matters relating to the tax status of such shareholders.

Ownership of Interests in Partnerships and Qualified REIT Subsidiaries. In the case of a REIT which is a partner in a partnership, Internal Revenue Service regulations provide that the REIT will be deemed to own its proportionate share of the assets of the partnership. Also, the REIT will be deemed to be entitled to the income of the partnership attributable to its proportionate share. The character of the assets and gross income of the partnership retains the same character in the hands of the REIT for purposes of Section 856 of the Internal Revenue Code, including satisfying the gross income tests and the asset tests. Thus, our proportionate share of the assets and items of income of the Operating Partnership (including the Operating Partnership's share of these items for any partnership in which it owns an interest) are treated as our assets and items of income for purposes of applying the requirements described in this prospectus (including the income and asset tests described below). We have included a brief summary of the rules governing the federal income taxation of partnerships and their partners below in "-- Tax Aspects of the Operating Partnerships and the Joint Ventures." We have direct control of the Operating Partnership and will continue to operate it consistent with the requirements for qualification as a REIT. However, we are a limited partner or non-managing member in certain of our joint ventures. If a joint venture takes or expects to take actions which could jeopardize our status as a REIT or subject us to tax, we may be forced to dispose of our interest in such joint venture. In addition, it is possible that a joint venture could take an action which could cause us to fail a REIT income or asset test, and that we would not become aware of such action in a time frame which would allow us to dispose of our interest in the joint venture or take other corrective action on a timely basis. In such a case, we could fail to qualify as a REIT. The Company owns 100% of the stock of two subsidiaries that are qualified REIT subsidiaries (each, a "QRS") and may acquire stock of one or more new subsidiaries. A corporation will qualify as a QRS if 100% of its stock is held by the Company. A QRS will not be treated as a separate corporation, and all assets, liabilities and items of income, deduction and credit of a QRS will be treated as assets, liabilities and such items (as the case may be) of the Company for all purposes of the Internal Revenue Code, including the REIT qualification tests. For this reason, references under "Certain Federal Income Tax Considerations" to our income and assets shall include the income and assets of any QRS. A QRS will not be subject to federal income tax, and our ownership of the voting stock of a QRS will not violate the restrictions against ownership of securities of any one issuer which constitute more than 10% of such issuer's voting securities or more than 5% of the value of our total assets, as described below under "-- Asset Tests."

Income Tests. We must satisfy two gross income requirements annually to maintain our qualification as a REIT. First, in each taxable year we must derive directly or indirectly at least 75% of our gross income (excluding gross income from prohibited transactions) from investments relating to real property or mortgages on real property (including "rents from real property" and, in certain circumstances, interest) or from certain types of temporary investments. Second, each taxable year we must derive at least 95% of our gross income (excluding gross income from prohibited transactions) from these real property investments, dividends, interest and gain from the sale or disposition of stock or securities (or from any combination of the foregoing). The term "interest" generally does not include any amount received or accrued (directly or indirectly) if the determination of the amount depends in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "interest" solely by reason of being based on a fixed percentage or percentages of receipts or sales.

Rents we receive will qualify as "rents from real property" in satisfying the gross income requirements for a REIT described above only if the following conditions are met:

- the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of receipts or sales;

- the Internal Revenue Code provides that rents received from a tenant will not qualify as "rents from real property" in satisfying the gross income tests if the REIT, or an actual or constructive owner of 10% or more of the REIT, actually or constructively owns 10% or more of the interests in such tenant (a "Related Party Tenant");

- if rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to personal property will not qualify as "rents from real property;" and

- for rents received to qualify as "rents from real property," the REIT generally must not operate or manage the property or furnish or render services to the tenants of the property (subject to a 1% de minimis exception), other than through an independent contractor from whom the REIT derives no revenue. The REIT may, however, directly perform certain services that are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not otherwise considered "rendered to the occupant" of the property.

We do not and will not, and as general partner of the Operating Partnership, will not permit the Operating Partnership to:

- charge rent for any property that is based in whole or in part on the income or profits of any person (except by reason of being based on a percentage of receipts or sales, as described above);

- rent any property to a Related Party Tenant;

- derive rental income attributable to personal property (other than personal property leased in connection with the lease of real property, the amount of which is less than 15% of the total rent received under the lease); or

- perform services considered to be rendered to the occupant of the property, other than through an independent contractor from whom we derive no revenue.

Notwithstanding the foregoing, we may have taken and may continue to take certain of the actions set forth above to the extent these actions will not, based on the advice of our tax counsel, jeopardize our status as a REIT.

AMB Investment Management is the sole general partner of, and conducts its operations through, AMB Investment Management Limited Partnership (the "Investment Management Partnership.") The Investment Management Partnership conducts the asset management business and receives fees (including incentive fees) in exchange for the provision of certain services to asset management clients. In addition, Headlands Realty Corporation may provide certain services in exchange for a fee or derive other income which would not qualify under the REIT gross income tests. Such fees and other income do not accrue to us, but we derive our allocable share of dividend income from the Preferred Stock Subsidiaries through our interest in the Operating Partnership. Such dividend income qualifies under the 95%, but not the 75%, REIT gross income test. The Operating Partnership may provide certain management or administrative services to the Investment Management Partnership and Headlands Realty Corporation. The fees derived by the Operating Partnership as a result of the provision of such services will be nonqualifying income to us under both the 95% and 75% REIT income tests. The amount of such dividend and fee income will depend on a number of factors which cannot be determined with certainty, including the level of services provided by the Investment Management Partnership, Headlands Realty Corporation and the Operating Partnership. We will monitor the amount of the dividend income from the Preferred Stock Subsidiaries and the fee income described above, and will take actions intended to keep this income (and any other nonqualifying income) within the limitations of the REIT income tests. However, there can be no assurance that such actions will in all cases prevent us from violating a REIT income test.

If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for the year if we are entitled to relief under certain provisions of the Internal Revenue Code. Generally, we may avail ourselves of the relief provisions if:

- our failure to meet these tests was due to reasonable cause and not due to willful neglect;

- we attach a schedule of the sources of our income to our federal income tax return; and

- any incorrect information on the schedule was not due to fraud with intent to evade tax.

It is not possible, however, to state whether in all circumstances we would

be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because nonqualifying income that we intentionally incur exceeds the limits on nonqualifying income, the Internal Revenue Service could conclude that our failure to satisfy the tests was not due to reasonable cause. If these relief provisions do not apply to a particular set of circumstances, we will not qualify as a REIT. As discussed above in "-- Taxation of the Company -- General," even if these relief provisions apply, and we retain our status as a REIT, a tax would be imposed with respect to our excess net income. We may not always be able to maintain compliance with the gross income tests for REIT qualification despite our periodic monitoring of our income.

Asset Tests. At the close of each quarter of our taxable year, we also must satisfy three tests relating to the nature and diversification of our assets. First, at least 75% of the value of our total assets must be represented by real estate assets, cash, cash items and government securities. For purposes of this test, real estate assets include stock or debt instruments that are purchased with the proceeds of a stock offering or a long-term (at least five years) public debt offering, but only for the one-year period beginning on the date we receive such proceeds. Second, not more than 25% of our total assets may be represented by securities, other than those securities includable in the 75% asset test. Third, of the investments included in the 25% asset class, the value of any one issuer's securities may not exceed 5% of the value of our total assets and we may not own more than 10% of any one issuer's outstanding voting securities.

The Operating Partnership owns 100% of the non-voting preferred stock of each of the Preferred Stock Subsidiaries, and by virtue of its ownership of interests in the Operating Partnership, the Company is considered to own its pro rata share of such stock. The stock of each of the Preferred Stock Subsidiaries held by us is not a qualifying real estate asset. The Operating Partnership does not and will not own any of the voting securities of either of the Preferred Stock Subsidiaries, and therefore we will not be considered to own more than 10% of the voting securities of either of the Preferred Stock Subsidiaries. In addition, we believe that the value of our pro rata share of the securities of each of the Preferred Stock Subsidiaries held by the Operating Partnership does not, in either case, exceed 5% of the total value of our assets, and will not exceed such amount in the future. No independent appraisals have been obtained to support this conclusion. There can be no assurance that the Internal Revenue Service will not contend that the value of the securities of one or both of the Preferred Stock Subsidiaries held by us exceeds the 5% value limitation. The 5% value test must be satisfied not only on the date that we (directly or through the Operating Partnership) acquire securities in the applicable Preferred Stock Subsidiary, but also each time we increase our ownership of securities of such Preferred Stock Subsidiary, including as a result of increasing our interest in the Operating Partnership. For example, our indirect ownership of securities of each Preferred Stock Subsidiary will increase as a result of our capital contributions to the Operating Partnership or as limited partners exercise their redemption/exchange rights. Although we believe that we presently satisfy the 5% value test and plan to take steps to ensure that we satisfy such test for any quarter with respect to which retesting is to occur, there can be no assurance that such steps will always be successful, or will not require a reduction in the Operating Partnership's overall interest in either or both of the Preferred Stock Subsidiaries.

President Clinton's Year 2000 Federal Budget Proposal, announced February 1, 1999, includes a proposal that would limit a REIT's ability to own more than 10%, by vote or value, of the stock of another corporation. As discussed above, a REIT cannot currently own more than 10% of the outstanding voting securities of any one issuer. The budget proposal would allow a REIT to own all or a portion of the voting stock and value of a "taxable REIT subsidiary," provided all of a REIT's taxable subsidiaries do not represent more than 15% of the REIT's total assets. In addition, under the budget proposal, a "taxable REIT subsidiary" would not be entitled to deduct any interest on debt funded directly or indirectly by the REIT. The budget proposal, if

enacted in its current form, may require that we restructure our interests in the Preferred Stock Subsidiaries, because we currently own more than 10% of the value of both of the Preferred Stock Subsidiaries and because we have loaned funds to one of the Preferred Stock Subsidiaries. The budget proposal, if enacted in its current form, would be effective after the date of its enactment and would provide transition rules to allow corporations, like the Preferred Stock Subsidiaries, to convert into "taxable REIT subsidiaries" tax-free. It is presently uncertain whether any proposal regarding REIT subsidiaries, including the budget proposal, will be enacted, or if enacted, what the terms of such proposal, including its effective date, will be.

After initially meeting the asset tests at the close of any quarter, we will not lose our status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If we fail to satisfy the asset tests because we acquire securities or other property during a quarter (including an increase in our interests in the Operating Partnership), we can cure this failure by disposing of sufficient nonqualifying

assets within 30 days after the close of that quarter. We believe we have maintained and intend to continue to maintain adequate records of the value of our assets to ensure compliance with the asset tests and to take such other actions within the 30 days after the close of any quarter as may be required to cure any noncompliance. If we fail to cure noncompliance with the asset tests within this time period, we would cease to qualify as a REIT.

Annual Distribution Requirements. To maintain our qualification as a REIT, we are required to distribute dividends (other than capital gain dividends) to our stockholders in an amount at least equal to the sum of 95% of our "REIT taxable income" (computed without regard to the dividends paid deduction and our net capital gain) and 95% of our net income (after tax), if any, from foreclosure property, minus the excess of the sum of certain items of noncash income (i.e., income attributable to leveled stepped rents, original issue discount on purchase money debt, or a like-kind exchange that is later determined to be taxable) over 5% of "REIT taxable income" as described above.

These distributions must be paid in the taxable year to which they relate, or in the following taxable year if they are declared before we timely file our tax return for such year and if paid on or before the first regular dividend payment after such declaration. Except as provided below, these distributions are taxable to our stockholders (other than tax-exempt entities, as discussed below) in the year in which paid. This is so even though these distributions relate to the prior year for purposes of our 95% distribution requirement. The amount distributed must not be preferential -- e.g., every stockholder of the class of stock to which a distribution is made must be treated the same as every other stockholder of that class, and no class of stock may be treated otherwise than in accordance with its dividend rights as a class. To the extent that we do not distribute all of our net capital gain or distribute at least 95%, but less than 100%, of our "REIT taxable income," as adjusted, we will be subject to tax thereon at regular ordinary and capital gain corporate tax rates. We believe we have made and intend to continue to make timely distributions sufficient to satisfy these annual distribution requirements. In this regard, the Partnership Agreement authorizes us, as general partner of the Operating Partnership, to take such steps as may be necessary to cause the Operating Partnership to distribute to its partners an amount sufficient to permit us to meet these distribution requirements.

We expect that our REIT taxable income will be less than our cash flow due to the allowance of depreciation and other non-cash charges in computing REIT taxable income. Accordingly, we anticipate that we will generally have sufficient cash or liquid assets to enable us to satisfy the distribution requirements described above. However, from time to time, we may not have sufficient cash or other liquid assets to meet these distribution requirements due to timing differences between the actual receipt of income and actual payment of deductible expenses, and the inclusion of income and deduction of expenses in arriving at our taxable income. If these timing differences occur, in order to meet the distribution requirements, we may need to arrange for short-term, or possibly long-term, borrowings or need to pay dividends in the form of taxable stock dividends.

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

Furthermore, we would be subject to a 4% excise tax on the excess of the required distribution over the amounts actually distributed if we should fail to distribute during each calendar year (or in the case of distributions with declaration and record dates falling in the last three months of the calendar year, by the end of January immediately following such year) at least the sum of 85% of our REIT ordinary income for such year, 95% of our REIT capital gain income for the year and any undistributed taxable income from prior periods. Any REIT taxable income and net capital gain on which this excise tax is imposed for any year is treated as an amount distributed during that year for purposes of calculating such tax.

Earnings and Profits Distribution Requirement. In order to qualify as a REIT, we cannot have at the end of any taxable year any undistributed "earnings and profits" that are attributable to a "C corporation" taxable year (i.e., a year in which a corporation is neither a REIT nor an S corporation). In connection with our formation transactions, we succeeded to various tax attributes of AMB Institutional Realty Advisors, Inc., AMB Current Income Fund, Inc. ("CIF") and AMB Value Added Fund, Inc. ("VAF") (if the mergers of CIF and VAF into AMB Institutional Realty Advisors, Inc. (the "Private REIT Mergers") were treated as tax-free reorganizations under the Internal Revenue Code), including any undistributed C corporation earnings and profits of such corporations. If AMB Institutional Realty Advisors, Inc. qualified as an S corporation for each year in which its activities would have created earnings and profits, and each of CIF and VAF qualified as a REIT during its existence

and its merger into us was treated as a tax-free reorganization under the Internal Revenue Code, then those corporations would not have any undistributed C corporation earnings and profits. If, however, either CIF or VAF failed to qualify as a REIT throughout the duration of its existence, or AMB Institutional Realty Advisors, Inc. failed to qualify as an S corporation for any year in which its activities would have created earnings and profits, then we would have acquired undistributed C corporation earnings and profits that, if not distributed by us prior to the end of its first taxable year, would prevent us from qualifying as a REIT.

We believe that each of CIF and VAF qualified as a REIT throughout the duration of its existence and that, in any event, neither CIF nor VAF had any undistributed C corporation earnings and profits at the time of the applicable Private REIT Merger. We believe that AMB Institutional Realty Advisors, Inc. qualified as an S corporation since its 1989 taxable year and that its activities prior to such year did not create any earnings and profits. In addition, in connection with our initial public offering, counsel to CIF and VAF rendered opinions with respect to the qualification of those corporations as REITs for federal income tax purposes, and Latham & Watkins rendered an opinion with respect to AMB Institutional Realty Advisors, Inc.'s status as an S corporation for federal income tax purposes. Those opinions were based on certain representations and assumptions. However, the Internal Revenue Service may contend otherwise on a subsequent audit of AMB Institutional Realty Advisors, Inc., CIF or VAF.

Property Transfers. If the transfers by the Operating Partnership and its subsidiaries of the 34 retail properties to BPP and BPP Retail are consummated, the proceeds from many of the properties transferred would exceed their tax bases, resulting in gains that would be allocable to the partners of the Operating Partnership, including the Company, in accordance with the terms of the Partnership Agreement. The Operating Partnership currently expects to defer recognition of a substantial portion of these gains by acquiring replacement properties pursuant to the like-kind-exchange provisions of Section 1031 of the Internal Revenue Code. However, there can be no assurance that the transactions will close as scheduled or close at all, and it is possible that these transactions may close with respect to just a portion of the properties currently under agreement.

Any gain realized by us on the sale of any property held as inventory or other property held primarily for sale to customers in the ordinary course of business (including our share of any such gain realized by the Operating Partnership, either directly or through its subsidiary partnerships) will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. This prohibited transaction income may also adversely affect our ability to satisfy the income tests for qualification as a REIT. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. The Operating Partnership intends to hold its properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing and owning its properties and to make occasional sales of the

properties as are consistent with the Operating Partnership's investment objectives. However, the Internal Revenue Service may successfully contend that some or all of the sales made by the Operating Partnership or its subsidiary partnerships (including some or all of the sales to BPP Retail and BPP), are prohibited transactions. We would be subject to the 100% penalty tax on our allocable share of the gains resulting from any such sales.

FAILURE TO QUALIFY.

If we fail to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, we will be subject to tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. Distributions to stockholders in any year in which we fail to qualify will not be deductible by us and we will not be required to distribute any amounts to our stockholders. As a result, our failure to qualify as a REIT would reduce the cash available for distribution by us to our stockholders. In addition, if we fail to qualify as a REIT, all distributions to stockholders will be taxable as ordinary income to the extent of our current and accumulated earnings and profits, and subject to certain limitations of the Internal Revenue Code, corporate distributees may be eligible for the dividends received deduction. Unless entitled to relief under specific statutory provisions, we will also be disqualified from taxation as a REIT for the four taxable years following the year during which we lost our qualification. It is not possible to state whether in all circumstances we would be entitled to this statutory relief. In addition, President Clinton's Year 2000 Federal Budget Proposal contains a provision which, if enacted in its present form, would result in the immediate taxation of all gain inherent in a C corporation's assets upon an election by the corporation to become a REIT in taxable years beginning after January 1, 2000. If enacted, this provision could effectively preclude us from re-electing to be taxed as a REIT following a loss of our status as a REIT.

TAX ASPECTS OF THE OPERATING PARTNERSHIP AND THE JOINT VENTURES.

General. Substantially all of our investments will be held indirectly through the Operating Partnership. In addition, the Operating Partnership holds certain of its investments indirectly through joint ventures. In general, partnerships are "pass-through" entities which are not subject to federal income tax. Rather, partners are allocated their proportionate shares of the items of income, gain, loss, deduction and credit of a partnership, and are potentially subject to tax thereon, without regard to whether the partners receive a distribution from the partnership. We will include in our income our proportionate share of the foregoing partnership items for purposes of the various REIT income tests and in the computation of our REIT taxable income. Moreover, for purposes of the REIT asset tests, we will include our proportionate share of assets held by the Operating Partnership and joint ventures. See "-- Taxation of the Company."

Entity Classification. Our interests in the Operating Partnership and the joint ventures involve special tax considerations, including the possibility of a challenge by the Internal Revenue Service of the status of the Operating Partnership or a partnership as a partnership (as opposed to an association taxable as a corporation) for federal income tax purposes. If the Operating Partnership or a partnership were treated as an association, it would be taxable as a corporation and therefore be subject to an entity-level tax on its income. In such a situation, the character of our assets and items of gross income would change and preclude us from satisfying the asset tests and possibly the income tests (see "-- Taxation of the Company -- Asset Tests" and "-- Income Tests"). This, in turn, would prevent us from qualifying as a REIT. See "Material Federal Income Tax Consequences Associated with an Investment in Common Stock -- Failure to Qualify" for a discussion of the effect of our failure to meet these tests for a taxable year. In addition, a change in the Operating Partnership's or a partnership's status for tax purposes might be treated as a taxable event. If so, we might incur a tax liability without any related cash distributions.

Treasury Regulations that apply for tax periods beginning on or after January 1, 1997 provide that a domestic business entity not otherwise classified as a corporation and which has at least two members (an "Eligible Entity") may elect to be taxed as a partnership for federal income tax purposes. Unless it elects otherwise, an Eligible Entity in existence prior to January 1, 1997 will have the same classification for federal income tax purposes that it claimed under the entity classification Treasury Regulations in effect prior to this date. In addition, an Eligible Entity which did not exist, or did not claim a classification, prior to January 1, 1997, will be classified as a partnership for federal income tax purposes unless it elects otherwise. The

Operating Partnership and each of our joint ventures intend to claim classification as a partnership under the Final Regulations, and, as a result, we believe such partnerships will be classified as partnerships for federal income tax purposes.

Allocations of Operating Partnership Income, Gain, Loss and Deduction. The Partnership Agreement provides for preferred distributions of cash and preferred allocations of income to the Company with respect to its Series A Preferred Units and to the holders of Series B Preferred Units. In addition, to the extent the Company issues Series C Preferred Stock in exchange for AMB Property II Series C Preferred Units, the Operating Partnership will issue Series C Preferred Units to the Company, and the Partnership Agreement will be amended to provide for similar preferred distributions of cash and preferred allocations of income to the Company with respect to its Series C Preferred Units. As a consequence, the Company will receive distributions from the Operating Partnership and attributable to its other assets that we would use to pay dividends on shares of Series A Preferred Stock and any shares of Series B Preferred Stock or Series C Preferred Stock issued by the Company before any other partner in the Operating Partnership (other than a holder of Series B Preferred Units, if such units are not then held by the Company) receives a distribution. In addition, if necessary, income will be specially allocated to the Company, and losses will be allocated to the other partners of the Operating Partnership, in amounts necessary to ensure that the balance in the capital account of the Company will at all times be equal to or in excess of the amount payable by the Company on the Series A Preferred Stock and any Series B Preferred Stock or Series C Preferred Stock then issued by the Company upon liquidation or redemption. As long as the Company does not hold the Series B Preferred Units, similar preferred distributions and allocations will be made for the benefit of the holders of such units. All remaining items of operating income and loss will be allocated to the holders of common Units in proportion to the number of Units or Performance Units held by each such unitholder. All remaining items of gain or loss relating to the disposition of the Operating Partnership's assets upon liquidation will be allocated first to the partners in the amounts necessary, in general, to equalize the Company's and the limited partners' per unit capital accounts, with any special allocation of gain to the holders of Performance Units being offset by a reduction in the gain allocation to the Company and unitholders which were Performance Investors. Certain limited partners have agreed to guarantee debt of the Operating Partnership, either directly or indirectly through an agreement to make capital contributions to the

Operating Partnership under limited circumstances. As a result of these guarantees or contribution agreements, and notwithstanding the foregoing discussion of allocations of income and loss of the Operating Partnership to holders of common Units, such limited partners could under limited circumstances be allocated a disproportionate amount of net loss upon a liquidation of the Operating Partnership, which net loss would have otherwise been allocable to the Company.

If an allocation is not recognized for federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership. This reallocation will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. The Operating Partnership's allocations of taxable income and loss are intended to comply with the requirements of Section 704(b) of the Internal Revenue Code and the Treasury Regulations promulgated under this section of the Internal Revenue Code.

Tax Allocations with Respect to the Properties. Under Section 704(c) of the Internal Revenue Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership, must be allocated in a manner so that the contributing partner is charged with the unrealized gain or benefits from the unrealized loss associated with the property at the time of the contribution. The amount of the unrealized gain or unrealized loss is generally equal to the difference between the fair market value of contributed property at the time of contribution and the adjusted tax basis of the property at the time of contribution (a "Book-Tax Difference"). These allocations are solely for federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. The Operating Partnership was formed by way of contributions of appreciated property. Moreover, subsequent to the formation of the Operating Partnership, additional appreciated property has been contributed to the Operating Partnership in exchange for interests in the Operating Partnership. The Partnership Agreement requires that these allocations be made in a manner consistent with Section 704(c) of the Internal Revenue Code.

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

Treasury Regulations issued under Section 704(c) of the Internal Revenue Code provide partnerships with a choice of several methods of accounting for Book-Tax Differences, including retention of the "traditional method" or the election of certain methods which would permit any distortions caused by a Book-Tax Difference to be entirely rectified on an annual basis or with respect to a specific taxable transaction such as a sale. We and the Operating Partnership have determined to use the "traditional method" for accounting for Book-Tax Differences for the properties initially contributed to the Operating Partnership and for certain assets contributed subsequently. We and the Operating Partnership have not yet decided what method will be used to account for Book-Tax Differences for properties acquired by the Operating Partnership in the future.

Any property acquired by the Operating Partnership in a taxable transaction will initially have a tax basis equal to its fair market value, and Section 704(c) of the Internal Revenue Code will not apply.

TAXATION OF TAXABLE U.S. STOCKHOLDERS.

As used below, the term "U.S. Stockholder" means a holder of shares of common stock who (for United States federal income tax purposes):

- is a citizen or resident of the United States;

- is a corporation, partnership, or other entity created or organized in or under the laws of the United States or of any state thereof or in the

District of Columbia, unless, in the case of a partnership, Treasury Regulations provide otherwise;

- is an estate the income of which is subject to United States federal income taxation regardless of its source; or

- is a trust whose administration is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust.

Notwithstanding the preceding sentence, to the extent provided in Treasury Regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to this date that elect to continue to be treated as United States persons, shall also be considered U.S. Stockholders.

Distributions Generally. As long as we qualify as a REIT, distributions out of our current or accumulated earnings and profits, other than capital gain dividends discussed below, will constitute dividends taxable to our taxable U.S. Stockholders as ordinary income. These distributions will not be eligible for the dividends-received deduction in the case of U.S. Stockholders that are corporations. For purposes of determining whether distributions to holders of common stock are out of current or accumulated earnings and profits, our earnings and profits will be allocated first to the outstanding preferred stock (if any) and then to the common stock.

To the extent that we make distributions in excess of our current and accumulated earnings and profits, these distributions will be treated first as a tax-free return of capital to each U.S. Stockholder. This treatment

will reduce the adjusted basis which each U.S. Stockholder has in his shares of stock for tax purposes by the amount of the distribution (but not below zero). Distributions in excess of a U.S. Stockholder's adjusted basis in his shares will be taxable as capital gains (provided that the shares have been held as a capital asset) and will be taxable as long-term capital gain if the shares have been held for more than one year. Dividends we declare in October, November, or December of any year and payable to a stockholder of record on a specified date in any of these months shall be treated as both paid by us and received by the stockholder on December 31 of that year, provided we actually pay the dividend on or before January 31 of the following calendar year. Stockholders may not include in their own income tax returns any of our net operating losses or capital losses.

Capital Gain Distributions. Distributions that we properly designate as capital gain dividends will be taxable to taxable U.S. Stockholders as gains (to the extent that they do not exceed our actual net capital gain for the taxable year) from the sale or disposition of a capital asset. Depending on the period of time we have held the assets which produced these gains, and on certain designations, if any, which we may make, these gains may be taxable to non-corporate U.S. stockholders at a 20% or 25% rate. U.S. Stockholders that are corporations may, however, be required to treat up to 20% of certain capital gain dividends as ordinary income. For a discussion of the manner in which that portion of any dividends designated as capital gain dividends will be allocated among the holders of our preferred stock and common stock, see "Description of Capital Stock."

Passive Activity Losses and Investment Interest Limitations. Distributions we make and gain arising from the sale or exchange by a U.S. Stockholder of our shares will not be treated as passive activity income. As a result, U.S. Stockholders generally will not be able to apply any "passive losses" against this income or gain. Distributions we make (to the extent they do not constitute a return of capital) generally will be treated as investment income for purposes of computing the investment interest limitation. Gain arising from the sale or other disposition of our shares, however, will not be treated as investment income under certain circumstances.

Retention of Net Long-Term Capital Gains. We may elect to retain, rather than distribute as a capital gain dividend, our net long-term capital gains. If we make this election, we would pay tax on our retained net long-term capital gains. In addition, to the extent we designate, a U.S. Stockholder generally would:

- include its proportionate share of our undistributed long-term capital gains in computing its long-term capital gains in its return for its taxable year in which the last day of our taxable year falls (subject to certain limitations as to the amount that is includable);

- be deemed to have paid the capital gains tax imposed on us on the designated amounts included in the U.S. Stockholder's long-term capital gains;

- receive a credit or refund for the amount of tax deemed paid by it;

- increase the adjusted basis of its common stock by the difference between

the amount of includable gains and the tax deemed to have been paid by it; and

- in the case of a U.S. Stockholder that is a corporation, appropriately adjust its earnings and profits for the retained capital gains in accordance with Treasury Regulations to be prescribed by the Internal Revenue Service.

DISPOSITIONS OF COMMON STOCK.

If you are a U.S. Stockholder and you sell or dispose of your shares of common stock, you will recognize gain or loss for federal income tax purposes in an amount equal to the difference between the amount of cash and the fair market value of any property you receive on the sale or other disposition and your adjusted basis in the shares for tax purposes. This gain or loss will be capital if you have held the common stock as a capital asset and will be long-term capital gain or loss if you have held the common stock for more than one year. However, if you are a U.S. Stockholder and you recognize loss upon the sale or other disposition of common stock that you have held for six months or less (after applying certain holding period rules), the loss you recognize will be treated as a long-term capital loss, to the extent you received distributions from us which were required to be treated as long-term capital gains.

BACKUP WITHHOLDING.

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

TAXATION OF TAX-EXEMPT STOCKHOLDERS.

The Internal Revenue Service has ruled that amounts distributed as dividends by a qualified REIT do not constitute unrelated business taxable income ("UBTI") when received by a tax-exempt entity. Based on that ruling, provided that a tax-exempt stockholder (except certain tax-exempt stockholders described below) has not held its shares as "debt financed property" within the meaning of the Internal Revenue Code (generally, shares of common stock, the acquisition of which was financed through a borrowing by the tax exempt stockholder) and the shares are not otherwise used in a trade or business, dividend income from us will not be UBTI to a tax-exempt stockholder. Similarly, income from the sale of shares will not constitute UBTI unless a tax-exempt stockholder has held its shares as "debt financed property" within the meaning of the Internal Revenue Code or has used the shares in its trade or business.

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

Notwithstanding the above, however, a portion of the dividends paid by a "pension held REIT" shall be treated as UBTI as to certain types of trusts which hold more than 10% (by value) of the interests in the REIT.

A REIT will not be a "pension held REIT" if it is able to satisfy the "not closely held" requirement without relying upon the "look-through" exception with respect to certain trusts. As a result of certain limitations on the transfer and ownership of stock contained in our charter, we do not expect to be classified as a "pension held REIT," and, as a result, the tax treatment described above should be inapplicable to our stockholders.

TAXATION OF NON-U.S. STOCKHOLDERS.

The preceding discussion does not address the rules governing United States federal income taxation of the ownership and disposition of common stock by persons that are not U.S. Stockholders ("Non-U.S. Stockholders"). In general, Non-U.S. Stockholders may be subject to special tax withholding requirements on

distributions from the Company and with respect to their sale or other disposition of common stock of the Company, except to the extent reduced or eliminated by an income tax treaty between the United States and the Non-U.S. Stockholder's country. A Non-U.S. Stockholder who is a stockholder of record and is eligible for reduction or elimination of withholding must file an appropriate form with the Company in order to claim such treatment. Non-U.S. Stockholders should consult their own tax advisors concerning the federal income tax consequences to them of an acquisition of shares of Common Stock, including the federal income tax treatment of dispositions of interests in, and the receipt of distributions from, the Company.

OTHER TAX CONSEQUENCES.

We may be subject to state or local taxation in various state or local jurisdictions, including those in which we transact business and our stockholders may be subject to state or local taxation in various state or local jurisdictions, including those in which they reside. Our state and local tax treatment may not conform to the federal income tax consequences discussed above. In addition, your state and local tax treatment may not conform to the federal income tax consequences discussed above. Consequently, you should consult your own tax advisors regarding the effect of state and local tax laws on an investment in our shares.

PLAN OF DISTRIBUTION

Pursuant to the plan, we may be requested to approve optional cash purchases in excess of the allowable maximum amounts pursuant to requests for waiver on behalf of you or any another participant that may be engaged in the securities business. In deciding whether to approve such a request, we will consider relevant factors including, but not limited to:

- our need for additional funds,

- the attractiveness of obtaining such additional funds through the sale of common stock as compared to other sources of funds,

- the purchase price likely to apply to any sale of common stock, and

- the aggregate amount of optional cash purchases in excess of $30,000 for which requests for waiver have been submitted by all participants.

Persons who acquire shares of common stock through the plan and resell them shortly after acquiring them, including coverage of short positions, under certain circumstances, may be participating in a distribution of securities that would require compliance with Regulation M under the Securities Exchange Act of 1934, as amended, and may be considered to be underwriters within the meaning of the Securities Act. We will not extend to any such person any rights or privileges other than those to which it would be entitled as a participant, nor will we enter into any agreement with any such person regarding such person's purchase of such shares or any resale or distribution thereof. We may, however, approve requests for optional cash purchases by such persons in excess of allowable maximum limitations. If such requests are submitted for any WDP investment date for an aggregate amount in excess of the amount we are willing to accept, we may honor such requests in order of receipt, pro rata or by any other method which we determine to be appropriate.

EXPERTS

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

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Ballard Spahr Andrews & Ingersoll, LLP, Baltimore, Maryland.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

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

- Annual Report on Form 10-K for the year ended December 31, 1998;

- the reports, financial statements and pro forma financial statements for the Amberjack Portfolio, the Willow Lake Portfolio, the Willow Park Portfolio, National Distribution Portfolio and the Mahwah Portfolio from our Form 8-K filed on December 2, 1998;

- Current Report on Form 8-K filed on January 7, 1999;

- Current Report on Form 8-K filed on April 8, 1999;

- the reports and financial statements for the AMB Contributed Properties, the Boston Industrial Portfolio, the Jamesburg Property, Orlando Central Park, Totem Lake Malls, Dallas Warehouse Portfolio (Garland Industrial Portfolio), Twin Cities Office/Showroom Portfolio (Minnetonka Industrial Portfolio), Crysen Corridor Warehouse, Cabot Industrial Portfolio, Cabot Business Park, Manhattan Village Shopping Center, Weslayan Plaza and Silicon Valley R&D Portfolio from our Registration Statement on Form S-11 (No. 333-58107);

- the pro forma financial statements from our Registration Statement on Form S-11 (no. 333-58107);

- the description of our common stock contained in our Registration Statement on Form 8-A filed with the SEC on October 28, 1997; and

- all documents filed by us with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") after the date of this prospectus and prior to the termination of the offering.

To receive a free copy of any of the documents incorporated by reference in this prospectus (other than exhibits, unless they are specifically incorporated by reference in the documents), call or write AMB Property Corporation, 505 Montgomery Street, San Francisco, CA, Attention: Secretary (415/394-9000).

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus to "we," "us," "our" or the "Company" mean AMB Property Corporation and its subsidiaries, including AMB Property, L.P., and its subsidiaries and, with respect to the period prior to the Company's initial public offering, the Company's predecessor, AMB Institutional Realty Advisors, Inc., and certain real estate investment funds, trusts, corporations and partnerships that prior to the Company's initial public offering owned properties that they contributed to the Operating Partnership. In some instances, in order to avoid confusion between AMB Property Corporation and the Operating Partnership, we refer to AMB Property Corporation alone as the "Company." When we refer to our "charter" we mean the Company's Articles of Incorporation, as supplemented by the Articles Supplementary establishing the terms of our 8 1/2% Series A Cumulative Redeemable Preferred Stock (the "Series A Preferred Stock"), the Articles Supplementary establishing the terms of our 8 5/8% Series B Cumulative Redeemable Preferred Stock (the "Series B Preferred Stock") and the Articles Supplementary establishing the terms of our 8.75% Series C Cumulative Redeemable Preferred Stock (the "Series C Preferred Stock"). When we refer to "Units" we mean the Operating Partnership's common units and preferred units, including the 8 1/2% Series A Cumulative Redeemable Preferred Units (the "Series A Preferred Units"), the 8 5/8% Series B Cumulative Redeemable Preferred Units (the "Series B Preferred Units") and any 8 3/4% Series C Cumulative Redeemable Preferred Units (the "Series C Preferred Units"), and other partnership interests of the Operating Partnership of different classes and series with rights, preferences and privileges that the Company may determine in its capacity as general partner of the Operating Partnership.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and, accordingly, file reports, proxy statements and other information with the SEC. The registration statement, the exhibits and schedules forming a part thereof and the reports, proxy statements and other information we filed with the SEC in accordance with the Exchange Act can be inspected and copied at the SEC's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following regional offices of the SEC: Seven World Trade Center, 13th Floor, New York, New York 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the Public Reference Section of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. If available, such information also may be accessed through the SEC's electronic data gathering, analysis and retrieval system ("EDGAR") via electronic means, including the SEC's Internet web site (http://www.sec.gov). In addition, our common stock is listed on the New York Stock Exchange and similar information about us can be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We filed with the SEC a registration statement on Form S-3 together with all amendments and exhibits, of which this prospectus is a part, under the

Securities Act. This prospectus does not contain all of the information set forth in the registration statement, certain portions of which have been omitted as permitted by the rules and regulations of the SEC. Statements contained in this prospectus or in any document incorporated by reference herein, as to the contents of any contract or other document are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to, or incorporated by reference in, the registration statement, each such statement being qualified in all respects by such reference and the exhibits and schedules thereto. For further information about us and our common stock you are encouraged to refer to the registration statement and the exhibits and schedules which may be obtained from the SEC at its principal office in Washington, D.C. upon payment of the fees prescribed by the SEC.

ANNEX I

AMB PROPERTY CORPORATION

ESTIMATED DATES FOR OPTIONAL CASH PURCHASES

ESTIMATED THRESHOLD PRICE AND WAIVER DISCOUNT DETERMINATION DATE	ESTIMATED OPTIONAL CASH PAYMENT DUE DATE	ESTIMATED INVESTMENT PERIOD COMMENCEMENT DATE	ESTIMATED COPP INVESTMENT DATE
June 13, 1999	July 15, 1999	July 16, 1999	July 20, 1999
October 12, 1999	October 14, 1999	October 15, 1999	October 20, 1999
January 11, 2000	January 13, 2000	January 14, 2000	January 20, 2000
April 11, 2000	April 13, 2000	April 14, 2000	April 20, 2000
June 11, 2000	July 13, 2000	July 14, 2000	July 20, 2000
October 10, 2000	October 12, 2000	October 13, 2000	October 20, 2000
January 9, 2001	January 11, 2001	January 12, 2001	January 22, 2001
April 11, 2001	April 12, 2001	April 13, 2001	April 20, 2001
July 10, 2001	July 12, 2001	July 13, 2001	July 20, 2001
October 9, 2001	October 11, 2001	October 12, 2001	October 22, 2001

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The expenses, other than underwriting discounts and commissions, in connection with the offering of the securities being registered are set forth below. All of such expenses are estimates.

SEC Registration Fee	$ 17,462
NYSE Filing Fee	10,500
Printing	50,000
Legal Fees and Expenses	50,000
Accounting Fees and Expenses	10,000
Plan Administrator Fees and Expenses	7,500
Blue Sky Fees and Expenses	7,500
Miscellaneous Expenses	7,538
Total	$150,000

All of the costs identified above will be paid by us.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 2-418 of the Maryland General Corporation Law permits a corporation to indemnify its directors and officers and certain other parties against judgments, penalties, fines, settlements, and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and;

    ? was committed in bad faith or

    ? was the result of active and deliberate dishonesty;

- the director or officer actually received an improper personal benefit in

money, property or services; or

- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

Indemnification may be made against judgments, penalties, fines, settlements and reasonable expenses actually incurred by the director or officer in connection with the proceeding; provided, however, that if the proceeding is one by or in the right of the corporation, indemnification may not be made with respect to any proceeding in which the director or officer has been adjudged to be liable to the corporation. In addition, a director or officer may not be indemnified with respect to any proceeding charging improper personal benefit to the director or officer, whether or not involving action in the director's or officer's official capacity, in which the director or officer was adjudged to be liable on the basis that personal benefit was received. The termination of any proceeding by conviction, or upon a plea of nolo contendere or its equivalent, or an entry of any order of probation prior to judgment, creates a rebuttable presumption that the director or officer did not meet the requisite standard of conduct required for indemnification to be permitted.

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

Our charter and bylaws provide in effect that we will indemnify our directors and officers to the fullest extent permitted by applicable law. We have purchased directors' and officers' liability insurance for the benefit of its directors and officers.

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

ITEM 16. EXHIBITS.

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION
<C>	<S>
4.1	Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Registration Statement on Form S-11 (No. 333-35915)).
4.2	Articles Supplementary establishing and fixing the rights and preferences of the 8 1/2% Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.4(4) of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998).
4.3	Certificate of Correction of the Registrant's Articles Supplementary establishing and fixing the rights and preferences of the 8 1/2% Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.2 of the Company's Annual Report on Form 10-K for the year ended December 31, 1998).
4.4	Articles Supplementary establishing and fixing the rights and preferences of the 8 5/8% Series B Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of the Registrant's current report on Form 8-K filed on January 7, 1999).
4.5	Articles Supplementary establishing and fixing the rights and preferences of the 8.75% Series C Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.2 of the Registrant's current report on Form 8-K filed on January 7, 1999).
4.6	First Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.5 of theRegistrant's Annual Report for the year ended December 31, 1998).
4.7	Specimen common stock certificate (incorporated by reference to Exhibit 3.3 of the Registrant's Registration Statement on Form S-11 (No. 333-35915)).
4.8	Indenture dated as of June 30, 1998 by and among the Operating Partnership, the Company and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form S-11 (No. 333-49163)).
4.9	First Supplemental Indenture dated as of June 30, 1998 by

	and among the Operating Partnership, the Company and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-11 (No. 333-49163)).
4.10	Second Supplemental Indenture dated as of June 30, 1998 by and among the Operating Partnership, the Company and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-11 (No. 333-49163)).
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4.12	Specimen of 7.10% Notes due 2008 (included in the First Supplemental Indenture incorporated by reference as Exhibit 4.2 to the Company's Registration Statement on Form S-11 (No. 333-49163)).
4.13	Specimen of 7.50% Notes due 2018 (included in the Second Supplemental Indenture incorporated by reference as Exhibit 4.3 to the Company's Registration Statement on Form S-11 (No. 333-49163)).

</TABLE>

<TABLE>
<CAPTION>

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<C>	<S>
4.14	Specimen of 6.90% Reset Put Securities due 2015 (included in the Third Supplemental Indenture incorporated by reference as Exhibit 4.4 to the Company's Registration Statement on Form S-11 (No. 333-49163)).
*5.1	Opinion of Ballard, Spahr, Andrews & Ingersoll, LLP regarding the validity of the common stock being registered.
*8.1	Form of Opinion of Latham & Watkins regarding certain federal income tax matters.
*10.1	Form of Dividend Reinvestment and Direct Purchase Plan
*23.1	Consent of Arthur Andersen, LLP.
*23.2	Consent of Ballard, Spahr, Andrews & Ingersoll, LLP (included in Exhibit 5.1).
*23.3	Consent of Latham & Watkins (included in Exhibit 8.1).
24.1	Power of Attorney (included on signature page).
99.1	Third Amended and Restated Agreement of Limited Partnership of AMB Property, L.P. (incorporated by reference to Exhibit 99.1 of the Registrant's Registration Statement on Form S-3 (No. 333-35915)).
*99.2	Enrollment Form
*99.3	Request for Waiver Form

</TABLE>

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* Filed herewith

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes:

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

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

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

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

provided, however, that paragraphs (a)(i) and (a)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to

Section 13 or 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

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

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

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration statement shall be

deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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

The undersigned registrant hereby further undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance under Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

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

Insofar as indemnification for liabilities arising under the Securities Act, as amended, may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Exchange Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director. officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Exchange Act of 1934, as amended, and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned thereunto duly authorized in the City of San Francisco, State of California, on this 22 day of April 1999.

AMB PROPERTY CORPORATION

By: /s/ HAMID R. MOGHADAM

Hamid R. Moghadam

President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, THAT EACH PERSON WHOSE SIGNATURE APPEARS BELOW CONSTITUTES AND APPOINTS HAMID R. MOGHADAM, DAVID S. FRIES, JOHN T. ROBERTS, JR. AND MICHAEL A. COKE, AND EACH OF THEM, WITH FULL POWER TO ACT WITHOUT THE OTHER, SUCH PERSON'S TRUE AND LAWFUL ATTORNEYS-IN-FACT AND AGENTS, WITH FULL POWER OF SUBSTITUTION AND RESUBSTITUTION, FOR HIM AND IN HIS NAME, PLACE AND STEAD, IN ANY AND ALL CAPACITIES, TO SIGN THIS REGISTRATION STATEMENT, AND ANY AND ALL AMENDMENTS THERETO (INCLUDING POST-EFFECTIVE AMENDMENTS), AND TO FILE THE SAME, WITH EXHIBITS AND SCHEDULES THERETO, AND OTHER DOCUMENTS IN CONNECTION THEREWITH, WITH THE SECURITIES AND EXCHANGE COMMISSION, GRANTING UNTO SAID ATTORNEYS-IN-FACT AND AGENTS, AND EACH OF THEM, FULL POWER AND AUTHORITY TO DO AND PERFORM EACH AND EVERY ACT AND THING NECESSARY OR DESIRABLE TO BE DONE IN AND ABOUT THE PREMISES, AS FULLY TO ALL INTENTS AND PURPOSES AS HE MIGHT OR COULD DO IN PERSON, HEREBY RATIFYING AND CONFIRMING ALL THAT SAID ATTORNEYS-IN-FACT AND AGENTS, OR ANY OF THEM, OR THEIR OR HIS SUBSTITUTE OR SUBSTITUTES, MAY LAWFULLY DO OR CAUSE TO BE DONE BY VIRTUE HEREOF.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ T. ROBERT BURKE T. Robert Burke	Chairman of the Board and Director	April 22, 1999
/s/ HAMID R. MOGHADAM Hamid R. Moghadam	President, Chief Executive Officer and Director (Principal Executive Officer)	April 22, 1999
/s/ DOUGLAS D. ABBEY Douglas D. Abbey	Chairman of Investment Committee and Director	April 22, 1999
/s/ DANIEL H. CASE, III Daniel H. Case, III	Director	April 22, 1999
/s/ ROBERT H. EDELSTEIN, PH.D. Robert H. Edelstein, Ph.D.	Director	April 22, 1999
Lynn M. Sedway	Director	April 22, 1999
/s/ JEFFREY L. SKELTON, PH.D. Jeffrey L. Skelton, Ph.D.	Director	April 22, 1999
/s/ THOMAS W. TUSHER Thomas W. Tusher	Director	April 22, 1999

SIGNATURE	TITLE	DATE
/s/ CARYL B. WELBORN Caryl B. Welborn	Director	April 22, 1999
/s/ MICHAEL A. COKE Michael A. Coke	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	April 22, 1999

EXHIBIT INDEX

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*99.2	Enrollment Form
*99.3	Request for Waiver Form

</TABLE>

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* Filed herewith

EXHIBIT 5.1

[LETTERHEAD OF BALLARD SPAHR ANDREWS & INGERSOLL, LLP]

April 22, 1999

AMB Property Corporation
505 Montgomery Street
San Francisco, California 94111

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We have served as Maryland counsel to AMB Property Corporation, a Maryland corporation (the "Company"), in connection with the registration with the Securities and Exchange Commission (the "Commission") of up to 3,000,000 shares (the "Shares") of common stock, par value $.01 per share (the "Common Stock"), of the Company covered by the Registration Statement (as defined herein). The Shares are to be issued by the Company in accordance with the Dividend Reinvestment and Direct Purchase Plan (the "Plan").

In connection with our representation of the Company, and as a basis for the opinion hereinafter set forth, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the following documents (collectively, the "Documents"):

1. The Registration Statement on Form S-3 (the "Registration Statement"), in substantially the form filed or to be filed by the Company with the Commission (the "Commission") under the Securities Act of 1933, as amended, and the related form of prospectus, pursuant to which the Shares are to be issued;

2. The Plan;

3. The charter of the Company (the "Charter");

4. The Bylaws of the Company, certified as of a recent date by an officer of the Company;

5. Resolutions adopted by the Board of Directors of the Company on or as of December 4, 1998, authorizing, among other things, the Plan, the issuance of the Shares under the Plan and the filing of the Registration Statement with the Commission;

6. A certificate as of a recent date of the SDAT as to the good standing of the Company;

7. A certificate executed by an officer of the Company, dated as of a recent date; and

8. Such other documents and matters as we have deemed necessary or appropriate to express the opinion set forth in this letter, subject to the assumptions, limitations and qualifications stated herein.

In expressing the opinion set forth below, we have assumed, and so far as is known to us there are no facts inconsistent with, the following:

1. Each individual executing any of the Documents, whether on behalf of such individual or another person, is legally competent to do so.

2. Each individual executing any of the Documents on behalf of a party (other than the Company) is duly authorized to do so.

3. Any Documents submitted to us as originals are authentic. The form and content of any documents submitted to us as unexecuted drafts do not differ in any respect relevant to this opinion from the form and content of such documents as executed and delivered. Any Documents submitted to us as certified or photostatic copies conform to the original documents. All signatures on all Documents are genuine. All public records reviewed or relied upon by us or on our behalf are true and complete. All statements and information contained in the Documents are true and complete. There has been no modification of or amendment to any of the Documents, and there has been no waiver of any provision of any of the Documents, by action or omission of the parties or otherwise.

4. The Shares have not and will not be issued in violation of any restriction on transfer contained in the Charter.

The phrase "known to us" is limited to the actual knowledge, without independent inquiry, of the lawyers at our firm who have performed legal services in connection with the issuance of this opinion.

Based upon the foregoing, and subject to the assumptions, limitations and qualifications stated herein, it is our opinion that:

1. The Company is a corporation duly formed and existing under and by virtue of the laws of the State of Maryland and is in good standing with the SDAT.

2. The Shares have been duly authorized for issuance and, when and if issued and delivered in accordance with the Plan and the Resolutions in exchange for the consideration therefore, will be validly issued, fully paid and nonassessable.

The foregoing opinion is limited to the substantive laws of the State of Maryland and we do not express any opinion herein concerning any other law. We express no opinion as to the applicability or effect of any federal or state securities laws, including the securities laws of the State of Maryland, or as to federal or state laws regarding fraudulent transfers. To the extent that any matter as to which our opinion is expressed herein would be governed by any jurisdiction other than the State of Maryland, we do not express any opinion on such matter.

We assume no obligation to supplement this opinion if any applicable law changes after the date hereof or if we become aware of any fact that might change the opinion expressed herein after the date hereof.

This opinion is being furnished to you for submission to the Commission as an exhibit to the Registration Statement. We consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of the name of our firm in the section entitled "Legal Matters" in the Registration Statement. In giving this consent, we do not admit that we are

within the category of persons whose consent is required by Section 7 of the 1933 Act.

Very truly yours,

/s/ BALLARD SPAHR ANDREWS & INGERSOLL, LLP

EXHIBIT 8.1

DRAFT

[Letterhead of Latham & Watkins]

___________, 1999

AMB Property Corporation
505 Montgomery Street
San Francisco, California 94111

Re: AMB Property Corporation
Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as special counsel to AMB Property Corporation, a Maryland corporation (the "Company"), in connection with the registration statement on Form S-3 being filed by the Company on April 22, 1999 with the Securities and Exchange Commission in connection with the registration, under the Securities Act of 1933, as amended, of 3,000,000 shares of the Company's common stock, par value $.01 per share (together with all exhibits thereto and documents incorporated by reference therein, the "Registration Statement").

In our capacity as such counsel, we have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction of such documents, corporate records and other instruments, as we have deemed necessary or appropriate for purposes of this opinion. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures thereon,

the legal capacity of natural persons executing such documents and the conformity to authentic original documents of all documents submitted to us as copies.

We are opining herein as to the effect on the subject transaction only of the federal income tax laws of the United States and we express no opinion with respect to the applicability thereto, or the effect thereon, of other federal laws, the laws of any state or other jurisdiction or as to any matters of municipal law or the laws of any other local agencies with any state.

Based upon the facts set forth in the Registration Statement, it is our opinion that the information in the Registration Statement set forth under the captions "THE PLAN--Taxes" and "MATERIAL FEDERAL INCOME TAX CONSEQUENCES ASSOCIATED WITH AN INVESTMENT IN COMMON STOCK," to the extent that it constitutes matters of law, summaries of legal matters, documents or proceedings, or legal conclusions, has been reviewed by us and is correct in all material respects.

No opinion is expressed as to any matter not discussed herein.

This opinion is only being rendered to you as of the date of this letter, and we undertake no obligation to update this opinion subsequent to the date hereof. This opinion is based on various statutory provisions, regulations promulgated thereunder and interpretations thereof by the Internal Revenue Service and the courts having jurisdiction over such matters, all of which are subject to change either prospectively or retroactively. Also, any variation or difference in the facts from those set forth in the Registration Statement may affect the conclusions stated herein.

This opinion is rendered to you and is solely for your benefit in connection with the Registration Statement. We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. This opinion may not be relied upon by you for any other purpose, or furnished to, quoted to or

relied upon by any other person, firm or corporation for any purpose, without our prior written consent.

Very truly yours,

EXHIBIT 10.1

AMB PROPERTY CORPORATION

FORM OF DIVIDEND REINVESTMENT AND DIRECT PURCHASE PLAN

MAY __, 1999

1. PURPOSE AND ADMINISTRATION

AMB Property Corporation, a Maryland corporation (the "Company"), has adopted three plans for the direct purchase of shares of the Company's common stock, par value $.01 per share (the "Common Stock"): (i) the Dividend Reinvestment Program (the "DRIP"); (ii) the Discount Stock Purchase Plan (the "DSPP"); and (iii) the Waiver Discount Plan (the "WDP"). The DRIP, DSPP and WDP are collectively referred to as the "Plan." The purpose of the Plan is to provide existing stockholders of the Company with an opportunity to invest automatically the cash dividends paid upon shares of the Company's Common Stock held by them, as well as to permit existing and prospective stockholders to make voluntary cash purchases of such Common Stock. BankBoston N.A as agent, or such successor plan administrator as we may designate (the "Agent"), will administer the Plan. EquiServe L.L.C., a registered transfer agent, will provide certain administrative support to the Agent.

2. PARTICIPATION

Any existing holder of shares of Common Stock with any of such shares registered in his or her name on the records of the Agent and, with respect to the DSPP and WDP, certain other persons as described below, may enroll in the Plan (any such person so enrolled in the Plan is referred to herein as a "Participant"). Beneficial owners of shares of Common Stock registered in the name of another person or entity must make arrangements for that person or entity to handle investment or reinvestment with respect to dividends received upon such shares, or must arrange to have such shares registered in the beneficial owner's name in order to participate.

If a Participant holds shares registered in the name of another person, a Broker/Nominee Form ("B/N Form") provides the sole means whereby a broker, bank or other nominee holding shares on a Participant's behalf may request an Optional Cash Purchase for the Participant. In such case, the broker, bank or other nominee must use a B/N Form for transmitting Optional Cash Purchases on the Participant's behalf. A B/N Form must be delivered to the Agent each time that such broker, bank or other nominee transmits Optional Cash Purchases on the Participant's behalf. A Participant may request a B/N Form from the Agent in writing or by telephone.

To enroll in the Plan, a prospective Participant must complete and sign an enrollment form, substantially in the form attached hereto as Exhibit A (the "Enrollment Form")

and return it to the Agent and, if applicable, a Request for Waiver, substantially in the form attached hereto as Exhibit B (the "Request for Waiver"), and return it to the Company. If the shares of Common Stock are registered in the more than one name (such as joint tenants, trustees, etc.), all registered holders must sign an Enrollment Form and, if applicable, the Request for Waiver.

A prospective Participant may join the Plan at any time. Participation in the DRIP will begin with the first dividend payment after an Enrollment Form, designating the reinvestment of dividends, is received by the Agent, provided there is sufficient time for processing prior to the next dividend record date. Participation in the DSPP will begin concurrently with the first DSPP Investment Date after an Enrollment Form and the DSPP Payment (as defined below) are received by the Agent, provided the payment is received two full business days prior to the next DSPP Investment Date. Participation in the WDP will begin upon commencement of the first Investment Period (as defined below) after the Request for Waiver, approved by the Company, and the WDP Payment (as defined below) are received by the Agent, provided the payment is received two full business days prior to the next Investment Period.

By selecting the "Partial Reinvestment" option on the Enrollment Form, stockholders may elect to receive cash dividends on a specified number of their shares, and reinvest the dividends on the balance of such shares. A Participant may change the dividend reinvestment option at any time by submitting a newly executed Enrollment Form to the Agent or by writing to the Agent. Enrollment Forms may be obtained by contacting the Agent at the address set forth in Section 22. Any change in the number of shares with respect to which the Agent is authorized to reinvest dividends must be received by the Agent prior to the record date for a dividend to permit the new number of shares to apply to that dividend.

3. DIVIDEND REINVESTMENT

Purchases of shares of Common Stock with reinvested dividends shall occur on the dividend payment date or on the actual date of purchase if the Company directs the Agent to extend the period used to purchase shares in the open market or in privately negotiated transactions for up to an additional trading 15 days after the applicable dividend payment date. Shares of Common Stock purchased with such reinvested dividends shall be, at the Company's option, either from (i) authorized but unissued shares of Common Stock or (ii) shares of Common Stock purchased by the Agent in open market or privately negotiated transactions. In either case, such shares of Common Stock will be sold to the Participant at a price per share determined in accordance with Section 5 hereof.

4. VOLUNTARY CASH PURCHASES

A voluntary cash purchase may be made under either the DSPP or WDP (the "Optional Cash Purchase") at the time a Participant enrolls in the Plan, and thereafter from time to time as set forth below, as long as a Participant is enrolled in the Plan. Participants may make Optional Cash Purchases under

the DSPP by delivering a check or money order payable to AMB Investment Plan to the Agent at the address set forth herein. Participants may make Optional Cash Purchases under the WDP by transmitting immediately available funds to the Agent to the account referenced on the Request for Waiver. Participants should send all inquiries regarding other forms of payments and all other written inquiries directly to the Agent at its address set forth in Section 22.

A. Cash Option Purchase Plan.

Any Participant may purchase additional shares of Common Stock under the DSPP by delivering to the Agent a check or money order in U.S. currency made payable to AMB Investment Plan at the address set forth in Section 22. Wire transfers are not permitted for purchases under the DSPP. Under the DSPP, the purchase of shares of Common Stock by a Participant will occur on the next DSPP Investment Date following the date on which the Agent receives the DSPP Payment; provided, however, that if any DSPP Payment is received less than two full business days before the second DSPP Investment Date following the date the payment is received by the Agent, such DSPP Payment will be used to purchase shares of Common Stock on the next DSPP Investment Date following the date on which the Agent receives the DSPP Payment if the Agent determines, in its sole discretion, that insufficient time exists to process the DSPP Payment prior to the next DSPP Investment Date. The aggregate amount of any DSPP Payment of a Participant used to purchase shares of Common Stock during any calendar quarter shall not be less than $100 nor more than $30,000; provided, however, that the aggregate amount of any DSPP Payment of a Participant that is not an existing stockholder shall not be less than $750 nor more than $30,000. Shares of Common Stock purchased under the DSPP shall be, at the Company's option, either from (i) authorized but unissued shares of Common Stock or (ii) shares of Common Stock purchased by the Agent in open market or privately negotiated transactions. In either case, such shares of Common Stock will be sold to the Participant at a price per share determined in accordance with Section 5.

B. Waiver Discount Plan.

Any Participant may purchase additional shares of Common Stock under the WDP by transferring immediately available funds to the account referenced in the Request for Waiver. The Agent must also receive written approval from the Company of the Request for Waiver at least one full business day before the next Investment Period. Under the WDP, a Participant shall purchase the maximum number of shares of Common Stock that may be purchased on each trading day during the applicable Investment Period with 1/10th of the WDP Payment at a price per share equal to the average of the average high and low price per share on that particular trading day during the applicable Investment Period (as defined below) as reported by the New York Stock Exchange or, if the Common Stock is not then listed on the New York Stock Exchange, any other securities exchange or national quotation service on which the Common Stock is then traded or listed for quotation, less a discount of up to 5%, subject to any applicable Threshold Price (as defined below) established pursuant to Section 4.C below (the "Investment Period

Average Purchase Price"). "Investment Period" means the period of ten (10) consecutive trading days during any calendar quarter commencing on a date determined at the sole discretion of the Company. Under the WDP, the purchase of shares of Common Stock by a Participant will occur on each trading day during the Investment Period on which shares are traded on the NYSE and, if applicable, on which the average of the high and low sales price per share, as reported on the NYSE, exceeds the applicable Threshold Price. Under the WDP, a Participant will acquire, on each such trading day, all rights of ownership with respect to the shares of Common Stock purchased on such day, including without limitation,

the right to dispose of or vote such shares. The WDP Payment must be received by the Agent not less than two full business days before the commencement of the Investment Period; provided, however, that if any WDP Payment is received less than two full business days before the commencement of an Investment Period, such WDP Payment will be used to purchase shares of Common Stock on the second Investment Period following the date on which the Agent receives the WDP Payment if the Agent determines, in its sole discretion, that insufficient time exists to process the WDP Payment prior to commencement of the next Investment Period. The aggregate amount of any WDP Payment of a Participant used to purchase shares of Common Stock during any calendar quarter shall not be less than $30,000. Shares of Common Stock purchased under the WDP shall be only from authorized and unissued shares of Common Stock in accordance with Section 5.

C. Threshold Pricing.

The Company may elect to establish for any Investment Period a minimum threshold price (a "Threshold Price") applicable to Optional Cash Purchases made under the WDP not later than three business days prior to the first day of the applicable Investment Period. The Threshold Price, if any, shall be determined by the Company in its sole discretion after reviewing the current market conditions and shall be the per share price that the average of the high and low prices of the Common Stock as reported on the New York Stock Exchange must equal or exceed for each trading day of the relevant Investment Period. In the event that (i) the average per share sale price does not equal or exceed the Threshold Price for any particular trading day in the Investment Period or (ii) no trades of Common Stock are made on the New York Stock Exchange on a day in the Investment Period, then the Company shall exclude that trading day from the Investment Period. The Agent shall return to a Participant one-tenth of that Participant's Optional Cash Purchase for each trading day of an Investment Period that is excluded by the Company in accordance with the immediately preceding sentence. The Company's election whether to establish a Threshold Price for any particular Investment Period will not affect its rights to establish a Threshold Price in any other Investment Period. Neither the Company nor the Agent shall have any responsibility to notify any Participant regarding the Company's establishment of a Threshold Price for an Investment Period. Any Participant shall be able to confirm the existence of a Threshold Price by telephoning the Company's Managing Director of Capital Markets at (415) 394-9000 during the three business days preceding the applicable Investment Period.

D. Discount Pricing.

The Company may elect to establish, each quarter and in no event later than three business days prior to the dividend record date, DSPP Investment Date or the first day of the applicable Investment Period, as applicable, a discount from the market price applicable to reinvested dividends and Optional Cash Purchases with respect to the purchase of newly issued shares from the Company. Any discount set by the Company with respect to an Optional Cash Purchase shall apply to the entire Optional Cash Purchase, subject to the limitations set forth below. The Company's election whether to establish a discount for dividend reinvestment or Optional Cash Purchases for any dividend payment date, DSPP Investment Date or Investment Period, as applicable, will not affect its rights to establish a discount for any other dividend payment date, DSPP Investment Date or Investment Period in the future. Any Participant may obtain the discount applicable to the next dividend payment date, DSPP Investment Date or Investment Period by telephoning the Company's Managing Director of Capital Markets at (415) 394-9000 during the three business days prior to the applicable dividend payment date, DSPP Investment Date or Investment Period, as applicable. The discount, if any, shall be determined by the Company in its sole discretion after reviewing the current market conditions, the level of participation in the plan, and current and projected capital needs. Such discount may vary but shall at no time be more than 5% of the purchase price. Notwithstanding the foregoing, the discount may not be varied by the Company during an Investment Period, and shall apply uniformly to all Optional Cash Purchases made under the WDP for each day of the respective Investment Period, provided however, that such purchase price for each share purchased on any particular trading day during the applicable Investment Period, after giving effect to the applicable discount, less the per share amount of any brokerage commissions, trading fees and other costs of purchase paid by the Company on behalf of the Participants on such day, shall not be less than the Minimum Purchase Price as defined in Section 5 below.

E. Procedures Applicable to Voluntary Cash Purchases.

Participants shall not be obligated to make any DSPP investments or WDP investments, and the amount of such investments may vary, in the case of a purchase under the DSPP, among DSPP Investment Dates, and in the case of a purchase under the WDP, among Investment Periods. With respect to a purchase under the DSPP, if the "DSPP Investment Only" box on the Enrollment Form is checked, the Company will continue to pay cash dividends on the shares registered in the Participant's name in the usual manner, but any DSPP Payment received will be applied toward the purchase of additional shares of Common

Stock under the DSPP in accordance with the terms hereof. DSPP Payments shall be delivered to the Agent at the address set forth in Section 22.

In the event that any Participant's check with respect to a DSPP Payment is returned unpaid for any reason, the Agent will consider the request for investment of such money null and void and shall immediately remove from the Participant's account shares, if any, purchased upon the prior credit of such money. The Agent shall thereupon be entitled to sell these shares to satisfy any uncollected amounts. If the net proceeds of the sale of such shares are insufficient to satisfy the balance of such uncollected amounts, the Agent, in addition to any

other legal remedies it may have, shall be entitled to sell such additional shares from the Participant's account to satisfy the uncollected balance.

A Participant may obtain a refund of any DSPP Payment or WDP Payment not yet invested upon written request to the Agent at the address set forth in Section 22, provided such request is received not later than two business days prior to, in the case of a DSPP Payment, the next DSPP Investment Date, and in the case of a WDP Payment, the commencement of the next Investment Period. If the Agent receives the Participant's request for refund later than these specified times, the DSPP Payment or WDP Payment, as applicable, will be applied to the purchase of shares of Common Stock.

5. SHARE PURCHASES

As Agent for the Participants in the Plan, the Agent will receive cash dividends from the Company with respect to Common Shares held by the Participants and voluntary cash purchases from the Participants. Shares to be purchased under the DRIP and the DSPP with such cash dividends or voluntary cash purchases may be purchased in the open market by the Agent on the New York Stock Exchange or any securities exchange where shares of the Company's Common Stock are traded, in the over-the-counter market, or in negotiated transactions, and may be subject to such terms with respect to price, delivery and other matters as to which the Agent may agree. Alternatively, or in combination with open market purchases, the Company has the right to satisfy its obligations under the DRIP and the DSPP, and shall satisfy its obligations under the WDP, by registering and issuing additional shares of Common Stock, subject to compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder. We may, without giving you prior notice, change our determination as to whether the Agent will purchase shares of Common Stock directly from us or in the open market or in privately negotiated transactions from third parties (although we may not effect such a change more than once in any three-month period) in connection with the purchase of shares with reinvested dividends or from Optional Cash Purchases under the DSPP.

In the event that the Company satisfies its obligations hereunder by registering and issuing additional shares of Common Stock, the date of issuance of shares to be purchased with reinvested dividends will be the Dividend Payment Date, and the date of issuance of shares to be purchased with voluntary cash purchases will be the DSPP Investment Date or on each day on which shares are purchased during the applicable WDP Investment Period, as the case may be.

When the Company is issuing shares of Common Stock to satisfy its obligations under the DRIP or the DSPP, the purchase price will be the average of the highest and lowest price per share as reported by the New York Stock Exchange or, if the Common Stock is not then listed on the New York Stock Exchange, any other securities exchange or national quotation service on which the Common Stock is then traded or listed for quotation on such Dividend Payment Date or DSPP Investment Date. Shares of Common Stock purchased under the DRIP and the DSPP on the open market or in privately negotiated transactions shall occur on the applicable Dividend Payment Date or DSPP Investment Date, as the case may be; provided,

however, that the Company may in the future advise the Agent that the Agent may effect such purchases from time to time in its discretion over such longer period not to exceed the 15 trading days following the applicable Dividend Payment Date or DSPP Investment Date; provided, further, that in the case of such a purchase to be effected following a DSPP Investment Date, in no event shall any such purchase occur on a Dividend Payment Date. If the Company exercises its discretion to execute market purchases over an extended period, the date of issuance will be the actual date of purchase of the Common Stock. In making purchases for a Participant's account, the Agent may commingle a Participant's funds with those of other Participants. The price at which shares will be deemed to have been acquired for a Participant's account shall be the average price (on a day-by-day basis) of all shares purchased by the Agent for the Plan with reinvested dividends and/or DSPP Payments then being invested. No Participant shall have any authority or power to direct the time or price at which Common Stock may be purchased. No interest will be paid on funds held for

investment.

Notwithstanding anything to the contrary in this Plan, the amount per share paid by a Participant for any shares of Common Stock (whether from reinvested dividends or Optional Cash Purchases, and whether acquired from the Company or through open market or privately negotiated transactions) purchased on any particular trading day, less the amount per share of any brokerage commissions, trading fees and any other costs of purchase paid by the Company, shall not be less than 95% of the average of the high and low sales price of the Common Stock reported by the New York Stock Exchange on that particular trading day (the "Minimum Purchase Price").

The number of shares to be purchased for a Participant will depend on the net amount of the Participant's dividends available for reinvestment under the DRIP, and/or the aggregate amount of the DSPP Payment and/or WDP Payment and the price per share of the Common Stock. Each Participant's account will be credited with the number of shares, including fractions calculated to four decimal places, equal to the total of a Participant's funds available for investment, divided by the applicable per share purchase price of the shares purchased.

The Agent shall have no responsibility as to the value of the Common Stock acquired for a Participant's account. It is understood that for a number of reasons, including observance of the Rules and Regulations of the Securities and Exchange Commission requiring temporary curtailment or suspension of purchases and the limitations on ownership contained in the Company's charter, the whole amount of funds available in a Participant's account for the purchase of Common Stock might not be applied to such purchase. The Agent shall not be liable when conditions prevent the purchase of Common Stock or interfere with the timing of such purchases.

6. COSTS

The Company will pay all of the costs of administrating the Plan (other than brokerage commissions and trading fees). The Company will pass on to each Participant the fees

and commissions associated with the purchase and sale of shares of Common Stock attributable to each Participant under the Plan.

7. CUSTODIAL SERVICE

All shares of Common Stock that are purchased by Participants under the DRIP, DSPP or the WDP shall be held in the Participant's name and the shares shall be added to the Participants' balance in the Plan. The Agent shall act as custodian for all of the Participants' shares held in the Plan.

A Participant may send to the Agent for safekeeping all Common Stock certificates which the Participant holds. The Agent will keep all shares represented by such certificates for safekeeping in book entry form, combined with any full and fractional shares then held in the Plan in the name of the Participant. In order to deposit share certificates in the Plan, a Participant must submit a letter of instruction to the Agent. Shares certificates may be withdrawn from the Plan by instructing the Agent in writing.

8. STATEMENT OF ACCOUNT

As soon as practicable after the purchase of Common Stock is completed, the Agent will send each Participant a statement of account confirming the transaction and itemizing any previous investment activity for the calendar year. If a Participant participates in the Plan through a broker, bank or nominee, the Participant's statement of account will be sent to the respective broker, bank or nominee and the Participant must contact the broker, bank or nominee to obtain the statement.

9. DIVIDENDS ON PLAN SHARES

As the custodian for the Common Stock held in Participants' accounts under the Plan (whether such shares were purchased under the DRIP, the DSPP or the WDP) the Agent will receive dividends (less any applicable tax withholding requirements imposed on the Company) for all Plan shares held on the applicable record date, will credit such dividends to Participants' accounts on the basis of shares held in these accounts, and will automatically reinvest such dividends in additional Common Stock unless it is otherwise instructed in writing by the Participant.

If the Company distributes stockholders' subscription rights to purchase additional shares of common stock or other securities, the Agent shall sell the rights accruing to all shares held in a Participant's name when the rights become separately tradable. The Agent will apply the net proceeds from the sale of the rights to the purchase of Common Stock with the next monthly optional cash purchase. If a Participant does not want the subscription or such

other rights sold, such Participant may notify the Agent by submitting an updated Enrollment

Form which shall direct the Agent to distribute the rights directly to the Participant.

10. SALE OF PLAN SHARES

A Participant can instruct the Agent in writing to sell any or all of the whole shares of Common Stock held in the Plan. The written notification to the Agent must include the number of shares to be sold. Any such request that does not clearly indicate the number of shares to be sold will be returned to the Participant with no action taken. The Agent will make the sale as soon as practicable after receipt of a Participant's proper request and a check for the proceeds, less brokerage commission, transfer taxes (if any) and a $15.00 service fee, will be sent by the Agent promptly after the settlement date. No Participant shall have the authority or power to direct the date or sales price at which Common Stock may be sold. A withdrawal/termination form will be provided on the reverse side of the statement of account for this purpose. Participants should mail this form to the Agent at the address set forth in Section 22.

A Participant may transfer ownership of all or any part of their shares held in the Plan through gift, private sale or otherwise, by mailing to the Agent at the above address a properly executed stock assignment, along with a letter requesting the transfer and a Form W-9 completed by the transferee. If any stock certificates in such Participant's account contain a restrictive legend, the Agent will comply with the provisions of such restrictive legend before effecting a sale or transfer of such restricted shares. All transfers shall be subject to the limitations on ownership and transfer provided herein and in the Company's charter.

11. ISSUANCE OF SHARE CERTIFICATES

Share certificates will not be issued unless a request is made to the Agent. The number of shares held in the Plan by a Participant will be shown on the regular statement of account provided to such Participant. By contacting the Agent by telephone or in writing, a Participant may request, without charge, a share certificate for any or all of the whole shares held for such Participant in the Plan. Each certificate issued will be registered in the name or names in which the account is maintained, unless otherwise instructed in writing. If a certificate is to be issued in a name other than the name on the Plan Account, the Participant or Participants must have their signature(s) guaranteed by a commercial banker or broker. Certificates for fractional shares will not be issued under any circumstances.

12. TERMINATION OF PLAN PARTICIPATION

In order to terminate participation in the Plan, a Participant must notify the Agent in writing. The Company may also terminate the Plan by sending written notice to the Participants and to the Agent. After the Agent receives the termination notice, dividends will be sent to the stockholder in the usual manner, and no further voluntary cash purchases may be made. A termination notice will be effective upon receipt by the Agent, provided such notice is

received at least two business days prior to the next dividend record date, Optional Cash Purchase Payment Date or commencement of the next Investment Period. If a termination notice is not received by the Agent at least two business days prior to any dividend record date, in the case of the DRIP, and in the case of the DSPP and WDP, at least two business days prior to the commencement of the DSPP Investment Date or Investment Period respectively, it will not be processed until after purchases made from dividends paid have been completed and credited to Participants' accounts. Once termination has been effected, the Agent will issue to the Participant a certificate for all whole shares held by a Participant under the Plan. Alternatively, a Participant may specify in the termination notice that some or all of the shares be sold. The Agent will deliver a check to the Participant for the net proceeds.

If a Participant transfers shares represented by certificates registered in such Participant's name on the Company's books but does not notify the Agent, the Agent will continue to reinvest dividends on shares held in such Participant's account under the Plan until otherwise directed.

If a Participant's Plan account balance falls below one full share, the Agent reserves the right to sell the fractional share and remit the proceeds, less any applicable fees, to the Participant at the Participant's address appearing in the Agent's records.

13. PLAN ADMINISTRATION

The Agent, or a successor selected by the Company, will administer

the Plan for Participants, keep records, send statements of account to Participants, answer Participants' questions and perform other duties set forth herein or otherwise related to the Plan. All inquiries regarding the Plan should be sent to the Agent at the address set forth in Section 22.

As soon as practicable after each purchase for a Participant's account, a statement of account will be mailed to the Participant by the Agent. In addition, the Agent shall send to each Participant all communications sent to other stockholders, including, if applicable, any annual and quarterly reports to stockholders, proxy statements and dividend income information for tax reporting purposes.

The Company may remove the Agent upon 60 days prior written notice to the Agent (the "Termination Notice"). The Agent may resign as Agent upon 60 days prior written notice to the Company. Upon any such removal or resignation, the Agent shall be relieved and discharged of any further responsibilities with respect to its duties thereunder. Not later than 30 days after the date on which the Agent receives or delivers, as the case may be, the Termination Notice (the "Termination Notice Date"), the Company shall deliver to the Agent a written notice

instructing the Agent to deliver to the Company or its designee all of the statements of account, the shares of Common Stock held by the Agent under the Plan, and all other books and records in connection with the administration of the Plan (collectively, the "Plan Records"). The Agent shall comply with instruction and deliver the Plan Records to the Company or its designee not later than 10 business days following the date it receives such instruction; provided, however, that if no instruction is received by the Agent by the 30th day following the Termination Notice Date, the Agent shall deliver the Plan Records to the Company not later than 45 days after the Termination Notice Date. The Agent shall cooperate with and assist the Company or any successor agent with the transfer of the Plan Records.

As Agent, BankBoston N.A. shall act in accordance with the Plan and in accordance with applicable laws, including without limitation the Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the Securities and Exchange Commission.

The Agent shall keep appropriate records concerning the Plan accounts, purchases and sales of the Company's securities made under the Plan and Participants' addresses of record and shall send statements of account and confirmations to each Participant in accordance with the provisions hereof. Without limiting the foregoing, the Agent shall maintain and retain for a period of not less than two years from the date of the event the following information: (i) the dates and substance of any materials distributed in connection with the Plan, (ii) the number of Participants as of the end of each month; (iii) the volume of Company securities purchased under the Plan by the Agent each month; and (iv) a record of any period during which the Company is engaged in any other distribution of shares of its Common Stock or other Company securities for purposes of Regulation M under the Exchange Act. The Company shall notify the Agent of the commencement and the termination of any such period on the date of any such commencement or termination:

The Agent:

(a) shall have no duties or obligations other than those specifically set forth herein or as may subsequently be agreed to in writing between the Agent and the Company. Without limiting the foregoing, nothing herein shall impose any fiduciary duty upon the Agent to any Participant, as such term is defined herein;

(b) shall be regarded as making no representation and having no responsibilities as to the validity, sufficiency, value, or genuineness of any of the Company's securities purchased or sold in connection herewith, and will not be required to or be responsible for and will make no representations as to, the validity, sufficiency, value or genuineness of any of the Company's securities;

(c) shall not be obligated to take any legal action hereunder; if, however, the Agent determines to take any legal action hereunder, and where the taking

of such action might, in its reasonable judgment, subject or expose it to any expense or liability, the Agent shall not be required to act unless it shall have been furnished with an indemnity reasonably satisfactory to it;

(d) may rely on and shall be fully authorized and protected in

acting or failing to act in good faith reliance upon any certificate, instrument, opinion, notice, letter, telegram, telex, facsimile transmission or other document or security delivered to and believed by the Agent to be genuine and to have been signed by the proper person or persons;

(e) shall not be liable or responsible for any failure on the part of the Company or any Participant to comply with any of their respective obligations relating to the Plan or under applicable law, including without limitation obligations under applicable securities laws;

(f) shall have no obligation to make any payment unless it has received the necessary funds as set forth herein to make such payments in full;

(g) may consult with counsel reasonably satisfactory to the Agent, including in-house counsel, if any, or counsel to the Company, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Agent in good faith and in accordance with the advice of such counsel;

(h) may perform any of its duties hereunder either directly or by or through agents or attorney which are not affiliates of the Company (except for purchase and sale orders submitted by Participants, including accompanying funds, all of which will be handled only by the Agent's personnel), provided that (i) any activities that constitute transfer agent functions, as defined in section 3(a)(25) of the Exchange Act, must be conducted either by the Agent itself or by a service organization that is a registered transfer agent under the Exchange Act, and (ii) no such agent or attorney shall receive compensation based on the number and type of orders or transactions processed through the Plan. The Agent shall not be liable or responsible for any misconduct or negligence on the part of any agent or attorney appointed with reasonable care by it hereunder; and

(i) is not authorized, and shall have no obligation, to pay any brokers, dealers, or soliciting fees to any person.

In exercising all of its duties and obligations hereunder, the Agent shall use the same degree of skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Notwithstanding the foregoing, the Agent may not be relieved from liability for its

own negligent action, its own negligent failure to act, or its own willful misconduct, except that the Agent shall not be liable for any error or judgment made in good faith unless it is proved that the Agent was negligent in ascertaining the pertinent facts.

The Agent may charge reasonable fees for its services in connection with the Plan (to the extent consistent with the provisions of the Plan) including without limitation fees for purchase and sale order processing, enrollment, custody, account maintenance and dividend reinvestment and shall be reimbursed for all its reasonable out-of-pocket costs and expenses. All such fees, costs and expenses shall be paid by the Company, except that Participants and other eligible book entry stockholders will be required to pay a nominal commission and fee for each sale order and a nominal fee for the issuance of duplicate statements of account or transaction notices. The Agent may from time to time by notice to the Company and the Participants establish the amount of any such fees.

The Agent shall have the authority to undertake any act reasonably necessary to fulfill its duties as set forth herein.

In administering the Plan, neither the Agent, the Company nor any agent for either will be liable for (i) any act done in good faith or for any good faith omission to act, including, without limitation, any claim of liability arising out of failure to terminate a Participant's account upon such Participant's death or adjudicated incompetence prior to the receipt of written notice of such death or adjudicated incompetence, (ii) the prices at which Common Stock are purchased for the Participant's account, (iii) the times when purchases are made or (iv) fluctuations in the per share market value of the Common Stock. The Agent shall not be liable for any failure or delays arising out of conditions beyond its reasonable control including, but not limited to, work stoppages, fires, civil disobedience, riots, rebellions, storms, electrical, mechanical, computer or communications facilities failures, acts of God or similar occurrences.

Neither the Agent, the Company nor any agent for either shall have any duties, responsibilities or liabilities except such as are expressly set forth herein and in the Agent Agreement. The Company specifically disclaims any responsibility for any of the Agent's actions or inactions in connection with the administration hereof.

The Company will indemnify and hold harmless the Agent and its officers, directors, shareholders, and agents from and against any loss, liability, damage or expense (including reasonable attorneys' fees and expenses) (a "Loss") incurred as a result of the performance of the Agent's duties hereunder, provided that such Loss is not (a) due to any negligent or bad faith act or omission by the Agent, (b) due to a failure by the Agent to act in accordance with the provisions hereof or the written instructions of the Company or (c) due to a breach by the Agent of its agreements set forth herein.

14. PLEDGE OF SHARES

Shares held in the Plan may not be pledged or assigned, and any such purported

pledge or assignment shall be void.

15. VOTING

The Agent will not vote any shares that it holds for a Participant's account except as directed by the Participant. If no instructions are received, the shares will not be voted. Each Participant that is a registered holder will receive a proxy voting card for the total of their whole shares, including shares that they hold in the Plan. Neither the Company nor the Agent shall be required to send proxy materials to any Participant that holds shares of Common Stock through a broker, bank or nominee and any such Participant must contact such broker, bank or nominee to vote their shares.

16. SHARE DIVIDENDS, ETC.

Any Common Stock dividend upon, or shares of Common Stock issued as a result of, splits of Common Stock, both full and fractional, will be credited by the Agent to Participants' accounts. Participation in any rights offering will be based upon both the Common Stock registered in Participants' names and the Common Stock credited to Participants' accounts. Rights applicable to Common Stock credited to a Participant's account under the Plan will be sold by the Agent and proceeds will be credited to the Participant's account under the Plan and applied to the purchase of Common Stock on the next investment date. Any Participant who wishes to exercise, transfer or sell the rights applicable to the Common Stock credited to the Participant's account under the Plan must request, prior to the record date for the issuance of any such rights, that the Common Stock credited to the Participant's account be transferred from the Participant's account and registered in the Participant's name.

17. OWNERSHIP LIMITATIONS

The Company's charter places certain restrictions upon the actual and constructive ownership of shares of each class or series of stock, applied to each class or series of stock separately. With respect to the Common Stock of the Company, any one person or entity is limited to owning, actually and constructively, no more than 9.8% of the outstanding Common Stock of the Company (the "Ownership Limit"). The percentage of ownership is measured by either value or absolute number of shares, whichever measurement is more restrictive. To the extent any transfer of Common Stock, reinvestment of dividends or Optional Cash Purchase elected by a stockholder would cause such stockholder or any other person or entity to exceed the Ownership Limit or otherwise violate the Company's charter, such transfer or investment will be void ab initio as to that stockholder or the other person or entity, and such stockholder or other person or entity will be entitled to receive cash dividends (without interest) in lieu of such reinvestment or to a return of such Optional Cash Purchase (without interest), as applicable.

In order to monitor the Ownership Limit and the limitation of cash purchases which may be made under the Plan, the Company has right to aggregate all plan accounts that it believes, in its sole discretion, are under common control or management or to have common ultimate beneficial ownership. If the Company exercises such right, it shall aggregate the accounts and return, without interest, within 35 days of receipt, any amounts in excess of the investment limitations applicable to a single account received in respect of all such accounts.

18. AMENDMENT OR TERMINATION OF PLAN

The Plan may be amended, modified, suspended, supplemented or terminated by the Company at any time, provided, however, that when necessary or appropriate to comply with law or the rules or policies of the Securities and

Exchange Commission or other applicable regulatory authority, such action shall be effective only by mailing appropriate written notice at least 30 days prior to the effective date of such action to each Participant. Any such action shall be deemed accepted by the Participant unless prior to the effective date thereof, the Agent receives written notice of the termination of the Participant's account. Any such amendment may include an appointment by the Company of a successor agent under the terms and conditions set forth herein, in which event the Company is authorized to pay such successor agent for the account of each Participant all dividends and distributions payable on Common Stock held by the Participant under the Plan for application by such successor agent as provided herein. Notwithstanding the foregoing, such action shall not have any retroactive effect that would prejudice the interests of the Participants. In the event of termination, certificates for whole shares held by each Participant in the Plan will be delivered to such Participant together with a check for the net proceeds of the value of any fractional shares, which value will be equal to the average of the highest and lowest price per share as then reported by the New York Stock Exchange or, if the Common Stock is not then listed on the New York Stock Exchange, any other securities exchange or national quotation service on which the Common Stock is then traded or listed for quotation on the date of such termination.

19. GOVERNING LAW

The terms and conditions of the Plan and its operation shall be governed by the internal laws of the State of Maryland, without regard to otherwise applicable principles of conflicts of law.

20. INTERPRETATION

Any question of interpretation arising under the Plan will be determined by the Company, and any such determination will be final.

21. EFFECTIVE DATE

The effective date of the Plan shall be May ____,1999.

22. CORRESPONDENCE AND QUESTIONS

All correspondence and questions regarding the Plan and any account thereunder should be directed to:

BankBoston N.A.
c/o EquiServe Limited Partnership
150 Royall Street
Canton, Massachusetts 02021
Telephone (___) ________

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our reports dated as follows:

AMB Property Corporation and subsidiaries	February 2, 1999
AMB Contributed Properties	March 27, 1998
Crysen Corridor Warehouse	February 24, 1998
Boston Industrial Portfolio	March 27, 1998
The Jamesburg Property	March 27, 1998
Orlando Central Park	March 27, 1998
Totem Lake Malls	March 27, 1998
Dallas Warehouse Portfolio (Garland Industrial Portfolio)	April 21, 1998
Twin Cities Office/Showroom Portfolio (Minnetonka Industrial Portfolio)	May 1, 1998
Willow Park Portfolio	June 8, 1998
Amberjack Portfolio	July 9, 1998
Willow Lake Portfolio	July 21, 1998
National Distribution Portfolio	July 31, 1998
Mawah Portfolio	July 31, 1998
Cabot Industrial Portfolio	October 29, 1997
Cabot Business Park	October 29, 1997
Manhattan Village Shopping Center	October 17, 1997
Weslayan Plaza	October 17, 1997
Silicon Valley R&D Portfolio	October 17, 1997

and to all references to our Firm included in this registration statement.

/s/ ARTHUR ANDERSEN LLP

ARTHUR ANDERSEN LLP

San Francisco, California

April 19, 1999

EXHIBIT 99.2

AMB PROPERTY CORPORATION

ENROLLMENT FORM FOR
AMB PROPERTY CORPORATION
COMMON STOCK
DIVIDEND REINVESTMENT AND DIRECT PURCHASE PLAN

This form when completed and signed, should be mailed in the courtesy envelope provided to: [Address]

Is this account for an existing shareholder? YES [ ] NO [ ]

1. ACCOUNT REGISTRATION Complete only ONE section. Print clearly in CAPITAL LETTERS.

[ ] INDIVIDUAL OR JOINT ACCOUNT

OWNER'S NAME

OWNER'S SOCIAL SECURITY NUMBER (used for tax reporting) - -

OWNER'S DATE OF BIRTH Month / Day / Year

JOINT OWNER'S NAME

The account will be registered "Joint Tenants with Rights of Survivorship" unless you check a box below:

[ ] Tenants in common [ ] Tenants by entirety [ ] Community property

JOINT OWNER'S SOCIAL SECURITY NUMBER

(used for tax reporting)

- -

GIFT TRANSFER TO A MINOR (UGMA/UTMA)

CUSTODIAN'S NAME

MINOR'S NAME

MINOR'S SOCIAL SECURITY NUMBER (required) - -

MINOR'S DATE OF BIRTH Month / Day / Year

DONOR'S STATE

TRUST (Please check only one of the trustee types)
PERSON AS TRUSTEE [ ] ORGANIZATION AS TRUSTEE [ ]

TRUSTEE: INDIVIDUAL OR ORGANIZATION NAME

AND CO-TRUSTEE'S NAME, IF APPLICABLE

NAME OF TRUST

FOR THE BENEFIT OF

TRUST TAXPAYER IDENTIFICATION NUMBER - -

DATE OF TRUST MONTH / DAY / YEAR

DONOR'S STATE

[ ]ORGANIZATION OR BUSINESS ENTITY
CHECK ONE: Corporation [ ] Partnership [ ] Other [ ]

NAME OF ENTITY

TAXPAYER IDENTIFICATION NUMBER

\- -

---

2. ADDRESS

MAILING ADDRESS (including apartment or box number)

CITY	STATE	ZIP
		-

HOME PHONE	WORK PHONE
( ) -	( ) -

FOR MAILING ADDRESS OUTSIDE THE U.S.:

COUNTRY OF RESIDENCE	PROVINCE	ROUTING OR POSTAL CODE

3. CASH PURCHASE (Make checks payable to AMB Investment Plan)

[ ] As a CURRENT registered shareholder I wish to make an additional investment. Enclosed is my check or money order for $ ______________. (Minimum $100 with the Maximum not to exceed $30,000 per quarter.)

[ ] As a NEW Investor I wish to enroll in the Program by making an initial investment for $ _______________. (Initial investment must be a least $750 not to exceed $30,000) AS A NEW INVESTOR YOU MUST COMPLETE SECTIONS 1, 2, & 6.

4. DIVIDEND REINVESTMENT You may choose to reinvest all or part of the dividends paid on AMB Property Corporation Common Stock. If neither box is selected, Mellon Bank will automatically remit any dividends to you.

[ ] Reinvest the dividends on ALL shares.

[ ] I would like a portion of my dividends reinvested. Please reinvest the dividends on __________ of my shares. 100% of your dividends will be reinvested if a number is not indicated.

5. SAFEKEEPING

Common stock certificates deposited for safekeeping in your account must be in the same registration as your program account.

[ ] Please accept the enclosed certificate(s) for deposit to my account.

[ ] Enclosed are ______________share certificates.
insert number

<TABLE>
<CAPTION>

CERTIFICATE NUMBER <S>	NUMBER OF SHARES <C>
	T O T A L

</TABLE>

---

6. ACCOUNT AUTHORIZATION SIGNATURE (required)

[ ] REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (SUBSTITUTE FORM W-9)

[ ] CERTIFICATE OF FOREIGN STATUS (SUBSTITUTE FORM W-8)

I am an exempt foreign citizen. I certify, under penalties of

perjury, that (1) the taxpayer identification number in Section 1 is correct (or I am waiting for a number to be issued to me) and (cross out the following if not true) (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of failure to report all interest of dividends, or (c) the Internal Revenue Service has notified me that I am no longer subject to backup withholding (or I am filing for a foreign corporation, partnership, estate, or trust) and I am an exempt foreign person. I have entered in Section 2 of this enrollment form the country where I reside permanently for income-tax purposes.

[ ] FOR ORGANIZATIONS AND BUSINESS ENTITIES
EXEMPT FROM BACKUP WITHHOLDING

I qualify for exemption and my account will not be subject to tax reporting and backup withholding.

MY/OUR SIGNATURES(S) BELOW INDICATES I/WE HAVE READ THE PROGRAM BROCHURE AND AGREE TO THE TERMS THEREIN AND HEREIN.

SIGNATURE OF OWNER	DATE (MONTH, DAY, YEAR)
--	------------------------
--	------------------------
SIGNATURE OF JOINT OWNER	
--	------------------------
--	------------------------

IF YOU NEED ASSISTANCE, PLEASE CALL THE AGENT AT ___________

EXHIBIT 99.3

REQUEST FOR WAIVER

DIVIDEND REINVESTMENT AND DIRECT PURCHASE PLAN

This form is to be used only by Participants in the AMB Property Corporation (the "Company") Dividend Reinvestment and Direct Purchase Plan (the "Plan") who are requesting authorization from the Company to make an optional cash investment under the Plan in excess of the $30,000 quarterly maximum.

A new form must be completed each quarter in which the Participant wishes to make an optional cash investment in excess of the $30,000 quarterly maximum. This form will not be accepted by the Agent, unless it is completed in its entirety.

The Participant submitting this form hereby certifies that (a) the information contained herein is true and correct as of the date of this form and (b) the Participant has received a current copy of the Prospectus relating to the Plan (the "Prospectus").

This form should be completed and returned via facsimile at (415) 394-9001, Attention: Managing Director of Capital Markets, by 2:00 p.m. San Francisco Time, on the day that is at least three business days prior to the first day of the applicable Investment Period. (See Annex 1 to the Prospectus.) For information regarding the discount (if any) and threshold price (if any) that may be applicable to optional cash investments made pursuant to an approved Request for Waiver, please call our Managing Director of Capital Markets at (415) 394-9000.

PARTICIPANT INFORMATION:

Please Fill Out Entirely. Bids with Incomplete Information will be rejected.

- --
Participant Name   Participant Signature   Date

- --
Tax I.D. Number   Phone Number   Fax Number

- --
Street Address   City   State   Zip

- --

PAYMENT INFORMATION:

Amount of Payment Request: $____________

*Wired funds should be directed to the following account: ABA # __________, account # _________, with a reference to AMB Investment Plan. The Agent must receive all funds at least two business days prior to the first day of the Investment Period for the applicable investment date.

FOR COMPANY USE ONLY:

- --
Amount Approved   Approved by

- --
Discount Approved   Title   Date

- --