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Cox, Castle & Nicholson LLP
2049 Century Park East, 28th Floor
Los Angeles, California 90067
Attention: Adam B. Weissburg, Esq.

Mortgage Loan No.: 08703

MORTGAGE AND SECURITY AGREEMENT AND FIXTURE FILING (AMB Lunt Property)

Cover Sheet

Date: As of April 25th, 2008

Borrower: **AMB INSTITUTIONAL ALLIANCE FUND III, L.P.**, a
Delaware limited partnership

Borrower's State
Of Organization: Delaware

Borrower's Organizational
ID Number 3704339 (Delaware)

Lender: **MASSACHUSETTS MUTUAL LIFE
INSURANCE COMPANY**, a Massachusetts corporation

Amount of Notes: \$54,000,000

Maturity Date: May 1, 2018

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MORTGAGE AND SECURITY AGREEMENT AND FIXTURE FILING (AMB LUNT PROPERTY)

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MORTGAGE AND SECURITY AGREEMENT AND FIXTURE FILING (AMB LUNT PROPERTY)

THIS MORTGAGE AND SECURITY AGREEMENT AND FIXTURE FILING (AMB LUNT PROPERTY) (this "**Mortgage**") is made as of April ~~25th~~, 2008, by and between **AMB INSTITUTIONAL ALLIANCE FUND III, L.P.**, having an address at c/o AMB Property Corporation, Pier 1, Bay 1, San Francisco, California 94111 ("**Borrower**"), and **MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY**, a Massachusetts corporation, having an address c/o Babson Capital Management LLC, 1500 Main Street, Suite 2100, Springfield, Massachusetts 01115-5189, Attention: Managing Director, Real Estate Finance Group ("**Lender**").

RECITALS

1. On even date herewith Lender has made a loan (the "**Loan**") to Borrower in the principal amount of Fifty Four Million and 00/100 Dollars (\$54,000,000.00).

2. The Loan is evidenced by a certain Promissory Note A of even date herewith (said Promissory Note A, as the same may hereafter be amended, modified, consolidated or extended from time to time, "**Note A**") in the stated principal amount of \$27,000,000, and a certain Promissory Note B of even date herewith (said Promissory Note B, as the same may hereafter be amended, modified, consolidated or extended from time to time, "**Note B**", and together with Note A, the "**Notes**") in the stated principal amount of \$27,000,000, each from Borrower and governed by a certain Loan Agreement of even date herewith (said Loan Agreement, as the same may be amended or modified from time to time, the "**Loan Agreement**") between Borrower and Lender. The Loan matures on May 1, 2018.

GRANTING CLAUSES

For good and valuable consideration and to secure the payment of the Loan and all other obligations and liabilities due or to become due to Lender, all amounts, sums and expenses paid hereunder by or payable to Lender according to the terms hereof, and all other covenants, obligations and liabilities of Borrower under the Loan Agreement, the Notes, his Mortgage, the Other Mortgages (as hereinafter defined), the Assignment (as hereinafter defined), the Other Assignments (as hereinafter defined) and any other instrument executed by Borrower evidencing, securing or delivered in connection with the Loan evidenced by the Notes (all of the foregoing instruments, collectively, the "**Loan Documents**"), and together with all interest on said indebtedness, obligations, liabilities, amounts, sums, Advances (as hereinafter defined) and expenses (all of the foregoing, collectively, the "**Indebtedness**"), Borrower has created a security interest in and mortgaged, warranted, granted, bargained, sold, conveyed, assigned, pledged, transferred and set over, and does by these presents create a security interest in and MORTGAGE, WARRANT, GRANT, BARGAIN, SELL, CONVEY, ASSIGN, PLEDGE, TRANSFER AND SET OVER unto Lender, its successors and assigns forever, WITH MORTGAGE COVENANTS and with all POWERS OF SALE and other STATUTORY RIGHTS AND COVENANTS in the State (as hereinafter defined), together with all interest and estate which Borrower may hereafter acquire in, the following property:

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The parcel or parcels of land described in Exhibit A attached hereto and by this reference made a part hereof (the "Land");

TOGETHER with the buildings, foundations, structures and improvements (including fixtures) now or hereafter located on or in the Land (collectively, the "Improvements");

TOGETHER with all right, power, privilege, option, title and interest, if any, of Borrower in and to the streets and roads, opened or proposed, abutting the Land, all strips and gores within or adjoining the Land, the air space and right to use the air space above the Land, all rights of ingress and egress to and from the Land, all easements, rights of way, reversions, remainders, estates, rights, titles, interests, privileges, servitudes, tenements, hereditaments, and appurtenances now or hereafter affecting the Land or the Improvements, all royalties and rights and privileges appertaining to the use and enjoyment of the Land or the Improvements, including all air, lateral support, streets, alleys, passages, vaults, drainage, water, oil, gas and mineral rights, development rights, all leases and licenses and options to purchase or lease, and all other interests, estates or claims in law or in equity, which Borrower now has or hereafter may acquire in or with respect to the Land or the Improvements (collectively, the "Appurtenances");

The Land, the Improvements and the Appurtenances are hereinafter collectively referred to as the "Premises";

TOGETHER with all equipment, fittings, furniture, furnishings, appliances, apparatus, and machinery in which Borrower now or hereafter has a possessory or title interest and now or hereafter installed in or located upon the Premises and all building materials, supplies and equipment now or hereafter delivered to the Premises and intended to be installed therein or located thereon; all fixtures, inventory, other goods and personal property of whatever kind and nature now contained on or in or hereafter placed on or in the Premises and used or to be used in connection with the letting or operation thereof, in which Borrower now has or hereafter may acquire a possessory or title interest and all renewals or replacements of any of the foregoing property or articles in substitution thereof, including beds, bureau, chiffonniers, chests, chairs, desks, lamps, mirrors, bookcases, tables, rugs, carpeting, drapes, draperies, curtains, shades, venetian blinds, screens, paintings, hangings, pictures, divans, couches, luggage carts, luggage racks, stools, sofas, chinaware, linens, pillows, blankets, glassware, silverware, foodcarts, cookware, dry cleaning facilities, dining room wagons, keys or other entry systems, bars, bar fixtures, liquor and other drink dispensers, ice makers, radios, television sets, intercom and paging equipment, electric and electronic equipment, dictating equipment, private telephone systems, medical equipment, potted plants, heating, lighting and plumbing fixtures, fire prevention and extinguishing apparatus, cooling and air-conditioning systems, elevators, escalators, fittings, plants, apparatus, stoves, ranges, refrigerators, tools, machinery, engines, dynamos, motors, boilers, incinerators, switchboards, conduits, compressors, vacuum cleaning systems, floor cleaning, waxing and polishing equipment, call systems, brackets, electrical signs, bulbs, bells, ash and fuel, conveyors, cabinets, lockers, shelving, spotlighting equipment, dishwashers, garbage disposals, washers and dryers, and other equipment used in the operation of the Premises (collectively, the "Equipment");

TOGETHER with all right, power, privilege, option, title and interest of Borrower in and under all present or future accounts, deposit accounts, documents, instruments, chattel paper, and

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general intangibles (including "payment intangibles"), as the foregoing terms are defined in the Code (as hereinafter defined), all deposits, monies or escrows held by Lender or Lender's agent or any accounts established pursuant hereto or pursuant to any other Loan Documents, and all contract rights, equipment leases, operating leases and licenses, Operating Agreements (as hereinafter defined), derivative investments, letters of credit, and rate cap agreements, including casualty insurance policies and liability insurance policies (irrespective of whether such policies are required to be obtained or maintained in force pursuant to this Mortgage or other Loan Documents), trade names, trademarks, servicemarks, logos, copyrights, goodwill, franchises, books, records, plans, specifications, permits, licenses, approvals, actions, claims under the Federal Bankruptcy Code (as hereinafter defined) and causes of action which now or hereafter relate to, are derived from or are used in connection with the Premises or the use, operation, maintenance, occupancy or enjoyment thereof or the conduct of any business or activities thereon (collectively, the "**Intangibles**");

TOGETHER with all right, power, privilege, option, title and interest of Borrower in and under all existing and future leases, lettings, tenancies, occupancy agreements, licenses to occupy and other similar arrangements affecting the Premises or any part thereof now or hereafter entered into and all amendments, extensions, renewals and guaranties thereof, all security therefor, including letter of credit rights, guaranties and other supporting obligations, and all moneys payable thereunder, whether entered into before or after the filing by or against Borrower of any petition for relief under the Federal Bankruptcy Code (collectively, the "**Leases**");

TOGETHER with all rents, income, accounts, receivables, issues, profits, security deposits, including the proceeds from letters of credit, guaranties and other supporting obligations, all other payments and profits from the Leases and the use and occupation of the Premises, including fixed and additional rents, cancellation payments, option payments, all revenues and otherwise, all receivables, customer obligations, installment payment obligations and other obligations now existing or hereafter arising or created out of sale, lease, sublease, license, concession or other grant of the right of the possession, use or occupancy of all or any portion of the Premises, or personalty located thereon, or rendering of services by Borrower or any operator or manager of any commercial space located in the Premises or acquired from others including from the rental of any office space, retail space, commercial space or other space, halls, stores or offices, including any deposits securing reservations of such space, exhibit or sales space of every kind, license, lease, sublease and concession fees and rentals, food and beverage wholesale and retail sales, the provision or sale of other goods and services, service charges, vending machine sales, and any other items of revenue, receipts or other income, and other payments and benefits to which Borrower may now or hereafter be entitled from the Premises, the Equipment or the Intangibles or under or in connection with the Leases (collectively, the "**Property Income**"), including the immediate and continuing right to make claim for, receive, collect and receipt for Property Income, including the right to make claim in a proceeding under the Federal Bankruptcy Code and to apply the same to the payment of the Indebtedness, all whether before or after the filing by or against Borrower of any petition for relief under the Federal Bankruptcy Code; and

TOGETHER with all proceeds, judgments, claims, compensation, awards of damages and settlements pertaining to or resulting from or in lieu of any condemnation or taking of the Premises by eminent domain or any casualty loss or damage to any of the Premises, the

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Equipment, the Intangibles, the Leases or the Property Income, and including also, the right to assert, prosecute and settle claims arising out of or pertaining to such condemnation or taking or such casualty loss under insurance policies constituting an Intangible and to apply for and receive payments of proceeds under such insurance policies and in any condemnation or taking, the right to apply for and receive all refunds with respect to the payment of property taxes and assessments and all other proceeds from the conversion, voluntary or involuntary, of the Premises, the Equipment, the Intangibles, the Leases or the Property Income, or any part thereof, into cash or liquidated claims. Collectively, all of the foregoing, are herein referred to as the "**Proceeds**".

The Equipment, the Intangibles, the Leases, the Property Income and the Proceeds are hereinafter collectively referred to as the "**Collateral**". The Premises and the Collateral are hereinafter collectively referred to as the "**Mortgaged Property**".

TO HAVE AND TO HOLD the Mortgaged Property, with all the privileges and appurtenances to the same belonging, and with the possession and right of possession thereof, unto Lender and its successors and assigns forever.

ARTICLE I Definition of Terms

As used in this Mortgage, the terms set forth below shall have the following meanings:

"**Advances**" means all sums, amounts or expenses advanced or paid and all costs incurred by Lender, as provided in this Mortgage or in any other Loan Document, upon failure of Borrower and/or AMB Sherwick to pay or perform any obligation or covenant contained herein or in such other Loan Document.

"**AMB Sherwick**" means AMB Sherwick II, LLC, a Maryland limited liability company.

"**Appurtenances**" has the meaning assigned in the Granting Clauses.

"**Assignment**" means the Assignment of Leases and Rents (AMB Lunt Property) from Borrower to Lender of even date herewith.

"**Bankruptcy Proceeding**" means any proceeding, action, petition or filing under the Federal Bankruptcy Code or any similar state or federal law now or hereafter in effect relating to bankruptcy, reorganization or insolvency, or the arrangement or adjustment of debts.

"**Borrower**" means the party or parties identified and defined as Borrower on the Cover Sheet and in the preamble of this Mortgage, any subsequent owner of the Mortgaged Property, and its or their respective heirs, executors, legal representatives, successors and assigns.

"**Business Day**" has the meaning assigned in the Loan Agreement.

"**Code**" means the Uniform Commercial Code of the State of Illinois, as the same may be amended from time to time or any successor statute thereto.

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“Collateral” has the meaning assigned in the Granting Clauses.

“Cover Sheet” shall mean the cover page to this Mortgage.

“Equipment” has the meaning assigned in the Granting Clauses.

“Event of Default” has the meaning assigned to such term in the Loan Agreement.

“Federal Bankruptcy Code” means Title 11 of the United States Code, as the same may be amended from time to time or any successor statute thereto.

“Impositions” means all taxes or payments in lieu of taxes of every kind and nature, sewer rents, charges for water, for setting or repairing meters and for all other utilities serving the Premises, and assessments, levies, inspection and license fees and all other charges imposed upon or assessed against the Mortgaged Property or any portion thereof (including the Property Income), and any stamp or other taxes which might be required to be paid, or with respect to any of the Loan Documents, any of which might, if unpaid, affect the enforceability of any of the remedies provided in this Mortgage or result in a lien on the Mortgaged Property or any portion thereof, regardless of to whom assessed.

“Indebtedness” has the meaning assigned in the Granting Clauses.

“Intangibles” has the meaning assigned in the Granting Clauses.

“Land” has the meaning assigned in the Granting Clauses.

“Leases” has the meaning assigned in the Granting Clauses.

“Lender” means Massachusetts Mutual Life Insurance Company, the lender identified as such on the Cover Sheet and in the preamble of this Mortgage and its successors and assigns (including any other holders from time to time of the Notes).

“Loan” has the meaning assigned in the Recitals.

“Loan Agreement” has the meaning assigned in the Recitals.

“Loan Documents” has the meaning assigned in the Granting Clauses.

“Mortgaged Property” has the meaning assigned in the Granting Clauses.

“Notes” has the meaning assigned in the Recitals.

“Operating Agreements” means the management agreements and leasing commission agreements for the Premises and the agreements, licenses and leases set forth in Exhibit C.

“Other Assignments” means various assignments of leases and rents, in addition to the Assignment, now or hereafter executed by Borrower for the benefit of Lender and as security for the Loan.

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“Other Mortgages” means various mortgages and deeds of trust, in addition to this Mortgage (including, those certain Substitute Mortgages, if any), now or hereafter executed by Borrower for the benefit of Lender and as security for the Loan, and any amendments, modifications, renewals, substitutions or replacements thereof.

“Permitted Encumbrances” has the meaning assigned to such term in the Loan Agreement.

“Person” means and includes any individual, corporation, partnership, joint venture, limited liability company, association, bank, joint-stock company, trust, unincorporated organization or government, or an agency or political subdivision thereof.

“Premises” has the meaning assigned in the Granting Clauses.

“Principals” has the meaning assigned in the Loan Agreement.

“Proceeds” has the meaning assigned in the Granting Clauses.

“Properties” has the meaning assigned in the Loan Agreement.

“Property Income” has the meaning assigned in the Granting Clauses.

“State” means the State or Commonwealth in which the Land is situated.

“Substitute Mortgages” has the meaning assigned in the Loan Agreement.

ARTICLE II

Covenants, Warranties and Representations of Borrower

Borrower covenants, warrants, represents and agrees as follows:

Section 2.01 Payment of the Indebtedness. Borrower shall punctually pay the Indebtedness at the times and in the manner provided in the Notes, the Loan Agreement, this Mortgage and the other Loan Documents, all in lawful money of the United States of America.

Section 2.02 Title to the Mortgaged Property.

(a) Borrower has fee simple title (or such lesser estate therein as may be specified in Exhibit A) to the Premises and good indefeasible title to the balance of the Mortgaged Property, free and clear of liens and encumbrances except Permitted Encumbrances.

(b) Borrower has full power and lawful authority to encumber the Mortgaged Property in the manner and form herein set forth.

(c) This Mortgage is and will remain a valid and enforceable lien on and security interest in the Mortgaged Property.

(d) Borrower will preserve such title and will forever warrant and defend the same and the validity and priority of the lien hereof to Lender against all claims whatsoever.

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Section 2.03 Maintenance of the Mortgaged Property. Borrower shall not, without the prior consent of Lender: (a) change the use of the Premises; (b) cause or permit the use or occupancy of any part of the Premises to be discontinued if such discontinuance would violate any zoning or other law, ordinance or regulation; (c) consent to any zoning reclassification, modification or restriction affecting the Premises; (d) threaten, commit or permit any physical waste, structural or material alteration, demolition or removal of the Mortgaged Property or any portion thereof (provided that the Equipment included within the Collateral may be removed if replaced with similar items of equal or greater usefulness); or (e) take any steps whatsoever to convert the Mortgaged Property, or any portion thereof, to a condominium or cooperative form of ownership. No provision of this Section 2.03 shall prohibit Borrower from undertaking and completing tenant improvement work authorized under Leases previously approved by Lender or not requiring Lender's prior approval.

Section 2.04 Payment of Liens. Subject to Borrower's right of contest as provided in the Loan Agreement, Borrower shall pay when due all payments and charges due under or in connection with any liens and encumbrances on and security interests in the Mortgaged Property or any portion thereof, all rents and charges under any ground leases and other leases forming a part of the Mortgaged Property, and all claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in or permit the creation of a lien on the Mortgaged Property or any portion thereof, and shall cause the prompt (but in no event later than 30 days after notice of imposition), full and unconditional discharge of all liens imposed on or against the Mortgaged Property or any portion thereof. Borrower shall do or cause to be done, at the sole cost of Borrower, everything necessary to fully preserve the initial priority of the lien of this Mortgage. If Borrower fails to make any such payment or if a lien attaches to the Mortgaged Property or any portion thereof, Lender may (but shall not be obligated to) make such payment or discharge such lien and Borrower shall reimburse Lender on demand for all such Advances. Notwithstanding the foregoing, after prior written notice to Lender, Borrower may contest by appropriate legal proceeding promptly initiated and conducted in good faith and with due diligence, the validity or amount of any such payments, charges and liens provided that (a) no Event of Default has occurred and is continuing; (b) the Mortgaged Property will not be in danger of being sold, forfeited, terminated, cancelled or lost; and (c) Borrower shall have deposited with Lender, and shall deposit such additional amounts as are necessary to keep on deposit at all times, an amount equal to at least 110% of the total of: (i) the outstanding balance payable under such liens; plus (ii) all interest, penalties, costs and charges accrued or accumulated thereon.

Section 2.05 Intentionally Omitted.

Section 2.06 Other Covenants. All of the covenants in the Loan Agreement are incorporated herein by reference and, together with covenants in this Article 2, shall be covenants running with the land. The covenants set forth in the Loan Agreement include, among other provisions: (a) the prohibition against the further sale, transfer or encumbering of any of the Mortgaged Property except as otherwise permitted under the Loan Agreement, (b) the obligation to pay when due all taxes on the Mortgaged Property or certain taxes assessed against Lender with respect to the Loan, (c) the right of Lender to inspect the Mortgaged Property, (d) the obligation to keep the Mortgaged Property insured as required pursuant to the Loan Agreement, (e) the obligation to comply with all legal requirements (including environmental

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laws), maintain the Mortgaged Property in good condition, and promptly repair any damage or casualty, and (f) except as otherwise permitted under the Loan Agreement, the obligation of Borrower to obtain Lender's consent prior to entering into, modifying or taking other actions with respect to the Leases.

ARTICLE III Condemnation Awards and Insurance Proceeds.

Section 3.01 Condemnation Awards. Borrower assigns all awards and compensation for any condemnation or other taking of the Mortgaged Property or any portion thereof, or any purchase in lieu thereof, to Lender subject to the terms of the Loan Agreement. Borrower authorizes Lender to collect and receive such awards and compensation and to give proper receipts and acquittances therefor, subject to the terms of the Loan Agreement.

Section 3.02 Insurance Proceeds. Borrower assigns to Lender all proceeds of any insurance policies insuring against loss or damage to the Mortgaged Property, subject to the terms of the Loan Agreement. Borrower authorizes Lender to collect and receive such proceeds and authorizes and directs the issuer of each of such insurance policies to make payment for all such losses directly to Lender, instead of to Borrower and Lender jointly, subject to the terms of the Loan Agreement.

ARTICLE IV Assignment of Leases

Section 4.01 Assignment of Leases and Property Income. Borrower hereby absolutely, presently, unconditionally and irrevocably assigns, transfers and sets over to Lender all of the right, title and interest of Borrower in and to the Leases and the Property Income. Borrower shall not otherwise assign, transfer or encumber in any manner the Leases or the Property Income or any portion thereof. Borrower shall have a license, revocable by Lender, to collect and use the Property Income as the same becomes due and payable so long as no Event of Default has occurred and is continuing, but may not collect any Property Income more than 30 days in advance of the date the same becomes due. The assignment in this Section 4.01 shall constitute an absolute, irrevocable and present assignment of the Leases and the Property Income, and not an additional assignment for security, and the existence or exercise of Borrower's revocable license to collect Property Income shall not operate to subordinate this assignment to any subsequent assignment. The exercise by Lender of any of its rights or remedies under this Section 4.01 shall not be deemed or construed to make Lender: (i) a mortgagee-in-possession; (ii) responsible for the payment of any taxes or assessments with respect to the Premises, (iii) liable to perform any obligation of the lessor under any Lease(s) or under applicable law, (iv) liable to any person for any dangerous or defective condition in the Premises or for any negligence in the management, upkeep, repair, or control of the Premises resulting in loss or injury or death to any Person, or (v) be liable in any manner for the remediation of any environmental impairment.

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ARTICLE V Security Agreement

Section 5.01 Warranties, Representations and Covenants of Borrower. Borrower covenants, warrants, represents and agrees with and to Lender as follows:

- (a) This Mortgage constitutes a security agreement under the Code and serves as a fixture filing in accordance with the Code. This Mortgage creates, and Borrower hereby grants to Lender, a security interest in favor of Lender as secured party under the Code with respect to all property (specifically including the Collateral) included in the Mortgaged Property which is covered by the Code. The mention of any portion of the Mortgaged Property in a financing statement filed in the records normally pertaining to personal property shall not derogate from or impair in any manner the intention of Borrower and Lender hereby declared that all items of the Collateral are part of the real property encumbered hereby to the fullest extent permitted by law, regardless of whether any such item is physically attached to the Improvements or whether serial numbers are used for the better identification of certain items. Specifically, the mention in any such financing statement of: (i) the rights in or the Proceeds of any policy of insurance; (ii) any condemnation Proceeds; (iii) Borrower's interest in any Leases or Property Income; or (iv) any other item included in the Mortgaged Property, shall not be construed to alter, impair or impugn any rights of Lender as determined by this Mortgage or the priority of Lender's lien upon and security interest in the Mortgaged Property. Any such mention shall be for the protection of Lender in the event that notice of Lender's priority of interest as to any portion of the Mortgaged Property is required to be filed in accordance with the Code to be effective against or take priority over the interest of any particular class of Persons, including the federal government or any subdivision or instrumentality thereof.
- (b) Except for the security interest granted by this Mortgage, Borrower is and, as to portions of the Collateral to be acquired after the date hereof, will be the sole owner of the Collateral, free from any lien, security interest, encumbrance or adverse claim thereon of any kind whatsoever except Permitted Encumbrances. Borrower shall notify Lender of, and shall defend the Collateral against, all claims and demands of all Persons at any time claiming the same or any interest therein.
- (c) Except as otherwise provided in this Mortgage or the Loan Agreement, Borrower shall not lease, sell, convey or in any manner transfer the Collateral without the prior consent of Lender.
- (d) The Collateral is not used or bought for personal, family or household purposes.
- (e) The Collateral shall be kept on or at the Premises, and Borrower shall not remove the Collateral from the Premises without the prior consent of Lender, except such portions or items of the Collateral as are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Borrower with items of equal or greater usefulness.
- (f) Borrower shall provide Lender upon Lender's request from time to time with an inventory of the Collateral by serial number and account number, as appropriate.

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(g) Borrower shall not change its place of formation or its entity name without providing Lender with 60 days prior notice. In the event of any change in name, identity or structure of Borrower, Borrower shall notify Lender thereof and promptly after request shall execute, file and record such Code forms as are necessary to maintain the priority of Lender's lien upon and security interest in the Collateral, and shall pay all expenses and fees in connection with the filing and recording thereof. If Lender shall require the filing or recording of additional Code forms or continuation statements, Borrower shall, promptly after request, execute, file and record such Code forms or continuation statements as Lender shall deem necessary (subject to Lender's right to sign such statements on behalf of Borrower as provided in Section 5.01(h)), and shall pay all expenses and fees in connection with the filing and recording thereof. If Lender shall initially pay such expenses, Borrower shall promptly reimburse Lender for the expenses.

(h) Borrower hereby authorizes Lender to file with the appropriate public office, at Borrower's expense, any initial financing statements, amendments or continuations thereof, evidencing Borrower as debtor, and Lender, as secured party, in connection with the Collateral covered by this Mortgage.

(i) Borrower represents that its exact legal name is as set forth on the Cover Sheet of this Mortgage.

(j) Borrower's Federal Tax Identification Number is 20-0285177 and Borrower's Organizational Number is 3704339.

(k) Borrower shall not file any termination statements concerning the Mortgaged Property without Lender's prior consent unless the Indebtedness has been repaid and this Mortgage has been released.

(l) Where Collateral is in possession of a third party, Borrower will join with Lender in notifying the third party of Lender's interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of Lender.

(m) Borrower will cooperate with Lender in obtaining control with respect to Collateral consisting of deposit accounts, investment property, letter of credit rights and electronic chattel paper.

Section 5.02 Financing Statements. A CARBON, PHOTOGRAPHIC OR OTHER REPRODUCTION OF THIS MORTGAGE OR ANY FINANCING STATEMENT RELATING TO THIS MORTGAGE SHALL BE SUFFICIENT AS A FINANCING STATEMENT.

Section 5.03 Addresses. The state of organization, organizational ID number and mailing address of Borrower and the address of Lender from which information concerning the security interest granted hereby may be obtained are set forth on the Cover Sheet and in the preamble of this Mortgage. Borrower maintains its sole place of business or its chief executive office at the address shown in said preamble, and Borrower shall immediately notify Lender in writing of any change in said place of business or chief executive office.

Section 5.04 Fixture Filing. This Mortgage shall constitute a fixture filing under the Code as to any goods and other personal property included in the Mortgaged Property in which

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Borrower has granted to Lender a security interest as provided in this Article V which are or may become fixtures under applicable law. Borrower is the "debtor" and Lender is the "secured party" as such terms are defined in the Code. This fixture filing is to be recorded in the real property records of Cook County, Illinois.

ARTICLE VI Default and Remedies

Section 6.01 Remedies. Upon the occurrence of any Event of Default, Lender may take such actions against Borrower and/or the Mortgaged Property or any portion thereof as it deems advisable to protect and enforce its rights against Borrower and in and to the Mortgaged Property, without notice or demand except as set forth herein. Any such actions taken by Lender shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law, equity or contract or as set forth herein or in the other Loan Documents. Such actions may include the following:

(a) Lender may declare the entire principal balance of the Loan then unpaid, together with all accrued and unpaid interest thereon, prepayment fees thereunder, and all other unpaid Indebtedness, to be immediately due and payable.

(b) Lender may enter into or upon the Mortgaged Property, personally or by its agents, nominees or attorneys, and may dispossess Borrower and its agents and servants therefrom, and thereupon Lender at its sole discretion may: (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every portion of the Mortgaged Property and conduct business thereon, in any case either in the name of Lender or in such other name as Lender shall deem best; (ii) complete any construction on the Mortgaged Property in such manner and form as Lender deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Mortgaged Property; (iv) exercise all rights and powers of Borrower with respect to the Mortgaged Property, whether in the name of Borrower or otherwise, including the right to make, cancel, enforce or modify Leases, obtain and evict tenants, and demand, sue for, collect and receive all Property Income; and (v) apply the receipts of Property Income to the payment of the Indebtedness (including any prepayment fee payable under the Loan Agreement) in such order as Lender shall determine in its sole discretion, after deducting therefrom all expenses (including reasonable attorneys' fees, costs and expenses) incurred in connection with the aforesaid operations and all amounts necessary to pay the Impositions, insurance and other charges in connection with the Mortgaged Property, as well as just and reasonable compensation for the services of Lender, its agents, nominees and attorneys.

(c) With or without entry, personally or by its agents, nominees or attorneys, Lender may sell all or any portion of the Mortgaged Property and all or any portion of Borrower's estate, right, title, interest, claim and demand therein and right of redemption thereof at one or more private or public sales in the manner and to the extent permitted by law, as an entirety or in parcels or portions, and Lender shall have any statutory power of sale as may be provided by law in the State.

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- (d) Lender may institute proceedings for the complete foreclosure of this Mortgage, in which case the Mortgaged Property may be sold for cash or upon credit, as an entirety or in parcels or portions.
- (e) Lender may institute proceedings for the partial foreclosure of this Mortgage for the portion of the Indebtedness then due and payable, subject to the continuing lien of this Mortgage for the balance of the Indebtedness not then due.
- (f) Lender may institute an action, suit or proceeding at law or in equity for the specific performance of any covenant, condition or agreement contained in the Loan Agreement, the Notes, this Mortgage or any other Loan Document, or in aid of the execution of any power granted hereunder or for the enforcement of any other appropriate legal or equitable remedy.
- (g) Lender shall have the rights and may take such actions as are set forth, described or referred to in any rider entitled "Rider - Applicable State Law Provisions" attached hereto and made a part hereof, or as are permitted by the laws of the State.
- (h) Lender may recover judgment on the Notes or the Loan Agreement, either before, during or after any proceedings for the foreclosure or enforcement of this Mortgage.
- (i) Lender may secure the appointment of a receiver, trustee, liquidator or similar official of the Mortgaged Property or any portion thereof, and Borrower hereby consents and agrees to such appointment, without notice to Borrower and without regard to the adequacy of the security for the Indebtedness and without regard to the solvency of Borrower or any other Person liable for the payment of the Indebtedness, and such receiver or other official shall have all rights and powers permitted by applicable law and such other rights and powers as the court making such appointment may confer, but the appointment of such receiver or other official shall not impair or in any manner prejudice the rights of Lender to receive the Property Income pursuant to this Mortgage or the Assignment.
- (j) Lender may exercise any or all of the remedies available to a secured party under the Code.
- (k) Lender may pursue any other rights and remedies of Lender permitted by law, equity or contract or as set forth herein or in the other Loan Documents.
- (l) Lender may apply any funds then on deposit with Lender for payment of Impositions, ground rent or insurance premiums in the manner provided for in Section 5.3(c) of the Loan Agreement.
- (m) Lender in its sole discretion may surrender any insurance policies and collect the unearned premiums and apply such sums against the Indebtedness.
- (n) To the extent permitted by law, exercise any power of sale.

Section 6.02 General Provisions Regarding Remedies.

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- (a) Proceeds of Sale. The proceeds of any sale of the Mortgaged Property received by Lender, or part thereof, shall be distributed and applied to the amounts set forth in Section 2.7(c) of the Loan Agreement in such order and priority as Lender deems appropriate in its sole discretion.
- (b) Effect of Judgment. No recovery of any judgment by Lender and no levy of an execution under any judgment upon the Mortgaged Property or upon any other property of Borrower shall affect in any manner or to any extent the lien of this Mortgage upon the Mortgaged Property or any portion thereof, or any rights, powers or remedies of Lender hereunder. Such lien, rights, powers and remedies of Lender shall continue unimpaired as before.
- (c) Continuing Power of Sale. The power of sale conferred upon Lender in this Mortgage shall not be exhausted by any one or more sales as to any portion of the Mortgaged Property remaining unsold, but shall continue unimpaired until all of the Mortgaged Property is sold or all of the Indebtedness is paid.
- (d) Right to Purchase. At any sale of the Mortgaged Property or any portion thereof pursuant to the provisions of this Mortgage, Lender shall have the right to purchase the Mortgaged Property being sold, and in such case shall have the right to credit against the amount of the bid made therefor (to the extent necessary) all or any portion of the Indebtedness then due.
- (e) Right to Terminate Proceedings. Lender may terminate or rescind any proceeding or other action brought in connection with its exercise of the remedies provided in Section 6.01 at any time before the conclusion thereof, as determined in Lender's sole discretion and without prejudice to Lender.
- (f) No Waiver or Release. Lender may resort to any remedies and the security given by the Loan Documents, in whole or in part, and in such portions and in such order as determined in Lender's sole discretion. No such action shall in any way be considered a waiver of any rights, benefits or remedies evidenced or provided by the Loan Documents. The failure of Lender to exercise any right, remedy or option provided in the Loan Documents shall not be deemed a waiver of such right, remedy or option or of any covenant or obligation secured by the Loan Documents. No acceptance by Lender of any payment after the occurrence of an Event of Default and no payment by Lender of any Advance or obligation for which Borrower is liable hereunder shall be deemed to waive or cure such Event of Default or Borrower's liability to pay such obligation. No sale of all or any portion of the Mortgaged Property, no forbearance on the part of Lender, and no extension of time for the payment of the whole or any portion of the Indebtedness or any other indulgence given by Lender to Borrower or any other Person, shall operate to release or in any manner affect Lender's interest in the Mortgaged Property or the liability of Borrower to pay the Indebtedness, except to the extent that such liability shall be reduced by Proceeds of the sale of all or any portion of the Mortgaged Property received by Lender. No waiver by Lender shall be effective unless it is in writing and then only to the extent specifically stated.
- (g) No Impairment; No Release. The interests and rights of Lender under the Loan Documents shall not be impaired by any indulgence, including: (i) any renewal, extension or modification which Lender may grant with respect to any of the Indebtedness; (ii) any surrender,

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compromise, release, renewal, extension, exchange or substitution which Lender may grant with respect to the Mortgaged Property or any portion thereof; or (iii) any release or indulgence granted to any maker, endorser, guarantor or surety of any of the Indebtedness. If the Mortgaged Property is sold and Lender enters into any agreement with the then owner of the Mortgaged Property extending the time of payment of the Indebtedness, or otherwise modifying the terms hereof or of any other Loan Document, Borrower shall continue to be liable to pay the Indebtedness according to the tenor of any such agreement unless expressly released and discharged in writing by Lender.

(h) Waivers and Agreements Regarding Remedies. To the fullest extent that Borrower may legally do so, Borrower:

- (i) agrees that Borrower will not at any time insist upon, plead, claim or take the benefit or advantage of any laws now or hereafter in force providing for any appraisal or appraisement, valuation, stay, extension or redemption, and waives and releases all rights of redemption, valuation, appraisal or appraisement, stay of execution, extension and notice of election to accelerate or declare due the whole of the Indebtedness;
- (ii) waives all rights to a marshalling of the assets of Borrower, Borrower's partners, if any, and others with interests in Borrower, including the Mortgaged Property, or to a sale in inverse order of alienation in the event of foreclosure of the interests hereby created, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Mortgaged Property for the collection of the Indebtedness without any prior or different resort for collection, or the right of Lender to the payment of the Indebtedness out of the Proceeds of sale of the Mortgaged Property in preference to every other claimant whatsoever;
- (iii) waives any right to bring or utilize any defense, counterclaim or setoff, other than one in good faith, which denies the existence or sufficiency of the facts upon which the foreclosure action is grounded or which is based on Lender's wrongful actions. If any defense, counterclaim or setoff (other than one permitted by the preceding sentence) is raised by Borrower in such foreclosure action, such defense, counterclaim or setoff shall be dismissed. If such defense, counterclaim or setoff is based on a claim which could be tried in an action for money damages, the foregoing waiver shall not bar a separate action for such damage (unless such claim is required by law or applicable rules of procedure to be pleaded in or consolidated with the action initiated by Lender), but such separate action shall not thereafter be consolidated with Lender's foreclosure action. The bringing of such separate action for money damages shall not be deemed to afford any grounds for staying any such foreclosure action;

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- (iv) waives and relinquishes any and all rights and remedies which Borrower may have or be able to assert by reason of the provisions of any laws pertaining to the rights and remedies of sureties;
- (v) waives the defense of laches and any applicable statutes of limitation; and
- (vi) waives any right to have any trial, action or proceeding tried by a jury.

(i) Lender's Discretion. Except as otherwise indicated herein or in any other Loan Document to the contrary, Lender may exercise its rights, options and remedies and may make all decisions, judgments and determinations under this Mortgage and the other Loan Documents in its sole unfettered discretion.

(j) Recitals of Facts. In the event of a sale or other disposition of the Mortgaged Property pursuant to Section 6.01 and the execution of a deed or other conveyance pursuant thereto, the recitals therein of facts (such as default, the giving of notice of default and notice of sale, demand that such sale should be made, postponement of sale, terms of sale, purchase, payment of purchase money and other facts affecting the regularity or validity of such sale or disposition) shall be conclusive proof of the truth of such facts. Any such deed or conveyance shall be conclusive against all Persons as to such facts recited therein.

(k) Lender's Right to Waive, Consent or Release. Lender may at any time, in writing: (i) waive compliance by Borrower with any covenant herein made by Borrower to the extent and in the manner specified in such writing; (ii) consent to Borrower's doing any act which Borrower is prohibited hereunder from doing, or consent to Borrower's failing to do any act which Borrower is required hereunder to do, to the extent and in the manner specified in such writing; or (iii) release any portion of the Mortgaged Property, or any interest therein, from this Mortgage and the lien of the other Loan Documents. No such act shall in any way impair the rights of Lender hereunder except to the extent specified by Lender in such writing.

(l) Possession of the Mortgaged Property. Upon the occurrence of any Event of Default hereunder and demand by Lender at its option, Borrower shall immediately surrender or cause the surrender of possession of the Premises to Lender. If Borrower or any other occupant is permitted to remain in possession, such possession shall be as tenant of Lender and such occupant: (i) shall on demand pay to Lender monthly, in advance, reasonable use and occupancy charges for the space so occupied; and (ii) in default thereof, may be dispossessed by the usual summary proceedings. Upon the occurrence of any Event of Default and demand by Lender, Borrower shall assemble the Collateral and make it available at any place Lender may designate to allow Lender to take possession and/or dispose of the Collateral. The covenants herein contained may be enforced by a receiver of the Mortgaged Property or any portion thereof. Nothing in this Section 6.02(l) shall be deemed a waiver of the provisions of this Mortgage prohibiting the sale or other disposition of the Mortgaged Property without the prior consent of Lender.

(m) Limitations on Liability. Subject to the provisions of Section 12 of the Loan Agreement, in any action or proceedings brought on the Notes, the Loan Agreement, this Mortgage or any other Loan Documents in which a money judgment is sought, Lender will look

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solely to the Mortgaged Property and other property described in the Loan Documents (including the Property Income and any other rents and profits from such property) for payment of the Indebtedness and, specifically and without limitation, Lender agrees to waive any right to seek or obtain a deficiency judgment against Borrower.

(n) Subrogation. If all or any portion of the proceeds of the Loan or any Advance shall be used directly or indirectly to pay off, discharge or satisfy, in whole or in part, any prior lien or encumbrance upon the Mortgaged Property or any portion thereof, then Lender shall be subrogated to, and shall have the benefit of the priority of, such other lien or encumbrance and any additional security held by the holder thereof.

(o) Multiple Security and Other Loan Documents. Borrower acknowledges that Lender is extending credit based upon the aggregate values of the real and personal property included in the Properties and that the Properties are located in different states and localities. Accordingly, Borrower agrees that Lender shall be allowed during the existence of an Event of Default, to the greatest extent permitted by applicable law and subject to the terms of the Loan Agreement, to pursue and realize upon all of the remedies available to Lender under any of the Loan Documents, at law, in equity or otherwise, simultaneously or consecutively, in Lender's sole discretion, including without limitation commencement of one or more actions in one or more jurisdictions for repayment of all or portions of the Indebtedness, for the separate or simultaneous sale or foreclosure of real and/or personal property or portions thereof, for the obtaining of judgments, for the seeking of injunctive relief and for maximum access to and realization from the Properties or portions thereof in such manner as Lender may deem in its interest, and Borrower hereby waives any requirement that any deficiency judgment proceeding be initiated or completed with respect to any property included in the Properties as a condition to commencing any enforcement proceedings against any party or any other portion of the Properties. In addition to any other consents, waivers and agreements set forth in any of the Loan Documents, and without limiting the foregoing, Borrower agrees that, to the maximum extent permitted by applicable law, Lender may foreclose on and/or sell all properties located in the same state in any one or more counties where any of the properties in that state are located, that any personal property located on real property encumbered by the Loan Documents may be foreclosed upon in the manner provided for, simultaneously with and as a part of the proceeding for foreclosure of the real property, and that Borrower hereby waives the benefits of any "one-action rule" of any state which may be applicable to it or to any of the Properties and waives marshaling of assets for itself and all other parties claiming by, through or under it. Borrower agrees that the actions, sales, proceedings and foreclosures described above may be commenced in any order determined by Lender in its sole discretion.

ARTICLE VII Miscellaneous

Section 7.01 Notices.

(a) All notices, consents, approvals and requests required or permitted hereunder or under any other Loan Document shall be given in writing and shall be effective for all purposes if hand delivered or sent by: (i) certified or registered United States mail, postage prepaid; (ii) expedited prepaid delivery service, either commercial or United States Postal Service, with

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proof of attempted delivery; or (iii) facsimile provided a confirming copy is sent the same day in the manner set forth in (ii) above, addressed in either case as follows:

If to Lender, at the following address:

Massachusetts Mutual Life Insurance Company
 c/o Babson Capital Management LLC
 1500 Main Street, Suite 2100
 Springfield, Massachusetts 01115-5189
 Attention: Managing Director, Real Estate Finance Group
 Facsimile: 413-226-1498

With a copy to:

Massachusetts Mutual Life Insurance Company
 c/o Babson Capital Management LLC
 1500 Main Street, Suite 2800
 Springfield, Massachusetts 01115-5189
 Attention: Vice President, Real Estate Law
 Facsimile: 413-226-1079

With a copy to:

Cox, Castle & Nicholson LLP
 2049 Century Park East, 28th Floor
 Los Angeles, California 90067
 Attention: Adam B. Weissburg, Esq.
 Facsimile: 310-277-7889

If to Borrower, at the following address:

AMB Property Corporation
 Pier 1, Bay 1
 San Francisco, California 94111
 Attention: Gayle P. Starr, Senior Vice President
 Facsimile: 415-477-2080

With a copy to:

Morrison & Foerster, LLP
 755 Page Mill Road
 Palo Alto, California 94304
 Attention: Philip J. Levine, Esq.
 Facsimile: 650-494-0792

or to such other address and person as shall be designated from time to time by Lender or Borrower, as the case may be, in a written notice to the other party in the manner provided for in

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this Section 7.01. A notice shall be deemed to have been given: in the case of hand delivery or by facsimile, at the time of delivery; in the case of registered or certified mail, three Business Days after deposit in the United States mail; or in the case of expedited prepaid delivery, upon the first attempted delivery on a Business Day. A party receiving a notice which does not comply with the technical requirements for notice under this Section 7.01 may elect to waive any deficiencies and treat the notice as having been properly given. All notices shall be accompanied by a notice by facsimile.

(b) Borrower acknowledges that Lender may elect to correspond or transmit information concerning the Loan or Borrower to Borrower, the Principals, guarantors, indemnitors, investors and other third parties via email or the internet. Such transmissions shall be for the convenience of the parties hereto and shall not replace or supplement the required methods of delivering notices provided for above.

(c) Borrower shall notify Lender promptly of the occurrence of any of the following: (i) receipt of notice from any governmental authority relating to the Mortgaged Property; (ii) any material change in the occupancy of the Mortgaged Property; (iii) receipt of any notice from the holder of any other lien or security interest in the Mortgaged Property; or (iv) commencement of any judicial or administrative proceedings by, against or otherwise affecting Borrower or any guarantor, the Mortgaged Property, or any Person controlling, controlled by or under common control with Borrower or any guarantor, or any other action by any creditor thereof as a result of any default under the terms of any loan.

Section 7.02 Binding Obligations; Joint and Several. The provisions and covenants of this Mortgage shall run with the land, shall be binding upon Borrower, its successors and assigns, and shall inure to the benefit of Lender, its successors and assigns. If there is more than one Borrower, all their obligations and undertakings hereunder are and shall be joint and several.

Section 7.03 Captions. The captions of the sections and subsections of this Mortgage are for convenience only and are not intended to be a part of this Mortgage and shall not be deemed to modify, explain, enlarge or restrict any of the provisions hereof.

Section 7.04 Further Assurances. Borrower shall do, execute, acknowledge and deliver, at its sole cost and expense, such further acts, instruments or documentation, including additional title insurance policies or endorsements, and title reinsurance, as Lender may reasonably require from time to time to better assure, transfer and confirm unto Lender the rights now or hereafter intended to be granted to Lender under this Mortgage or any other Loan Document.

Section 7.05 Severability. If any one or more of the provisions contained in this Mortgage shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Mortgage, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 7.06 Borrower's Obligations Absolute. All sums payable by Borrower hereunder shall be paid without notice, demand, counterclaim, setoff, deduction or defense and

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without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Borrower hereunder shall in no way be released, discharged, or otherwise affected (except as expressly provided herein) by reason of: (a) any damage to or destruction of or any condemnation or similar taking of the Mortgaged Property or any portion thereof; (b) any restriction or prevention of or interference with any use of the Mortgaged Property or any portion thereof; (c) any title defect or encumbrance or any eviction from the Premises or any portion thereof by title paramount or otherwise; (d) any Bankruptcy Proceeding relating to Borrower, any general partner of Borrower, or any guarantor or indemnitor, or any action taken with respect to this Mortgage or any other Loan Document by any trustee or receiver of Borrower or any such general partner, guarantor or indemnitor, or by any court, in any such proceeding; (e) any claim which Borrower has or might have against Lender; (f) any default or failure on the part of Lender to perform or comply with any of the terms hereof or of any other agreement with Borrower; or (g) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Borrower shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Borrower waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Borrower.

Section 7.07 Amendments; Consents. This Mortgage cannot be altered, amended, modified or discharged orally and no executory agreement shall be effective to modify or discharge it in whole or in part, unless in writing and signed by the party against which enforcement is sought. No consent or approval required hereunder or under any other Loan Document shall be binding unless in writing and signed by the party sought to be bound.

Section 7.08 Other Loan Documents and Exhibits. All of the agreements, conditions, covenants, provisions and stipulations contained in the Loan Agreement, the Notes and the other Loan Documents, and each of them, which are to be kept and performed by Borrower are hereby made a part of this Mortgage to the same extent and with the same force and effect as if they were fully set forth in this Mortgage, and Borrower shall keep and perform the same, or cause them to be kept and performed, strictly in accordance with their respective terms. The Cover Sheet and each exhibit, schedule and rider attached to this Mortgage are integral parts of this Mortgage and are incorporated herein by this reference. In the event of any conflict between the provisions of any such exhibit, schedule or rider and the remainder of this Mortgage, the provisions of such exhibit, schedule or rider shall prevail.

Section 7.09 Legal Construction.

(a) All terms contained herein shall be construed, whenever the context of this Mortgage so requires, so that the singular number shall include the plural, and the plural the singular, and the use of any gender shall include all genders.

(b) The terms "include" and "including" as used in this Mortgage shall be construed as if followed by the phrase "without limitation". The words "hereof", "herein" and "hereunder" and words of similar import when used in this Mortgage shall refer to this Mortgage as a whole and not to any particular provision of this Mortgage, and Article, Section and Exhibit references contained in this Mortgage are references to Articles, Sections and Exhibits in or to this Mortgage unless otherwise specified.

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(c) Any provision of this Mortgage or in the other Loan Documents permitting the recovery of “attorneys’ fees”, “attorneys’ fees and expenses”, “attorneys’ fees and costs” or “attorneys’ fees, costs and expenses” or any similar term shall be deemed: (i) to include such attorneys’ fees, costs and expenses; (ii) to include such fees, costs and costs incurred in all probate, appellate and bankruptcy proceedings, as well as any post-judgment proceedings to collect or enforce any judgment or order relating to the Indebtedness or any of the Loan Documents; and (iii) shall be deemed to be separate and several, and shall survive merger into judgment.

Section 7.10 Merger. So long as any Indebtedness shall remain unpaid, fee title to and any other estate in the Mortgaged Property shall not merge, but shall be kept separate and distinct, notwithstanding the union of such estates in any Person.

Section 7.11 Time of the Essence. Time shall be of the essence in the performance of all obligations of Borrower under this Mortgage.

Section 7.12 Deceasance. If all of the Indebtedness is paid in full in accordance with the Loan Agreement, the Notes, this Mortgage and the other Loan Documents and all of the covenants, warranties, conditions, undertakings and agreements made in the Loan Agreement, the Notes, this Mortgage and the other Loan Documents are fully kept and performed, then in that event only all rights of Lender under this Mortgage and the other Loan Documents shall terminate and the Mortgaged Property shall become wholly clear of the liens, grants, security interests, conveyances and assignments evidenced hereby and thereby, and Lender shall release or cause to be released such liens, grants, assignments, conveyances and security interests in due form at Borrower’s cost (to the extent permitted by the law of the State), and this Mortgage shall be void; provided, however, that no provision of this Mortgage or any other Loan Document which, by its own terms, is intended to survive such payment, performance, and release (nor the rights of Lender under any such provision) shall be affected in any manner thereby and such provision shall, in fact, survive. Recitals of any matters or facts in any release instrument executed by Lender under this Section 7.12 shall be conclusive proof of the truthfulness thereof. To the extent permitted by law, such an instrument may describe the grantee or releasee as “the person or persons legally entitled thereto” and Lender shall not have any duty to determine the rights of persons claiming to be rightful grantees or releases of any of the Mortgaged Property. When this Mortgage has been fully released or discharged by Lender, the release or discharge hereof shall operate as a release and discharge of the Assignment and as a reassignment of all future Leases and Property Income with respect to the Mortgaged Property to the person or persons legally entitled thereto, unless such release expressly provides to the contrary.

Section 7.13 Loan Agreement. If any conflict or inconsistency exists between this Mortgage and the Loan Agreement, the Loan Agreement shall govern.

Section 7.14 Intentionally Omitted.

Section 7.15 Governing Law. This Mortgage was negotiated in the State of California. Borrower agrees that the State of California has a substantial relationship to the parties and to the underlying transaction embodied hereby, and in all respects, including, without limiting the generality of the foregoing, matters of construction, validity and performance, this Mortgage and

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the obligations arising hereunder shall be governed by, and construed in accordance with, the laws of the State of California applicable to contracts made and performed in the State of California (without regard to principles of conflict laws) and any applicable law of the United States of America, except that at all times the provisions for the creation, perfection, and enforcement of the liens and security interests created pursuant hereto shall be governed by and construed according to the law of the State in which the Premises are located, it being understood that, to the fullest extent permitted by the law of such State, the law of the State of California shall otherwise govern the construction, validity and enforceability of all Loan Documents and all of the other obligations arising hereunder or thereunder. To the fullest extent permitted by law, Borrower hereby unconditionally and irrevocably waives any claim to assert that the law of any other jurisdiction governs this Mortgage.

Section 7.16 Non-Recourse Provision, Section 12.1 of the Loan Agreement is incorporated herein by reference and made a part hereof.

*(Remainder of page intentionally left blank;
Signatures appear on following page)*

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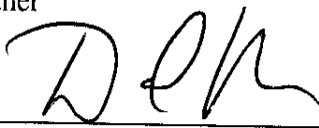
IN WITNESS WHEREOF, this Mortgage and Security Agreement and Fixture Filing (AMB Lunt Property) has been duly executed and delivered as of the day and year first above written.

BORROWER:

AMB INSTITUTIONAL ALLIANCE FUND III,
L.P., a Delaware limited partnership

By: AMB Property, L.P., a Delaware limited
partnership, its General Partner

By: AMB Property Corporation, a
Maryland corporation, its General
Partner

By: 
Name: David S. Mims
Its: Vice President

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ACKNOWLEDGMENT

State of California)
) SS.
 County of San Francisco)

On April 23, 2008, before me, Elise J. Krzyzkowski, a Notary Public, personally appeared David S. Mims, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand the official seal.



Signature *Elise J. Krzyzkowski* (Seal)

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EXHIBIT A

DESCRIPTION OF LAND

Real property located in Cook County, Illinois, more particularly described as:

THE EAST 645.34 FEET OF THE WEST 1,162.02 FEET OF LOT 13 IN CENTEX INDUSTRIAL PARK UNIT 3, BEING A SUBDIVISION IN SECTION 35, TOWNSHIP 41 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

APN: 08-35-207-023-0000

Common Address of Premises: 2301 Lunt Avenue, Elk Grove Village, Illinois


Property of Cook County Clerk's Office

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EXHIBIT B

INTENTIONALLY OMITTED

Property of Cook County Clerk's Office



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EXHIBIT C

OPERATING AGREEMENTS

- 1.) Property Management Agreement between AMB Institutional Alliance Fund III Local, L.P., a Delaware limited partnership, on behalf of Borrower, and AMB Property, L.P., a Delaware limited partnership, dated November 27, 2007.

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RIDER

APPLICABLE STATE LAW PROVISIONS

ILLINOIS

The following provisions are incorporated by reference into this Mortgage. If any conflict or inconsistency exists between this Rider and the remainder of the attached Mortgage, this Rider shall govern.

(a) **Protective Advances.** Without limitation on anything contained in this Mortgage, all advances, disbursements and expenditures made by Lender before and during a foreclosure of this Mortgage, and before and after a judgment of foreclosure, and at any time prior to sale of the Mortgaged Property, and, where applicable, after sale of the Mortgaged Property and during the pendency of any related proceedings, for the following purposes, in addition to those otherwise authorized by this Mortgage or by the Illinois Mortgage Foreclosure Act, 735 ILCS 5/15-1101 *et seq.* (the "Act"), shall have the benefit of all applicable provisions of the Act, including those provisions of the Act referred to below (collectively, "Protective Advances"):

(i) all advances by Lender in accordance with the terms of this Mortgage to: (A) preserve or maintain, repair, restore or rebuild any improvements upon the Mortgaged Property; (B) preserve the lien of this Mortgage or the priority thereof; or (C) enforce this Mortgage, as referred to in Subsection (b)(5) of Section 5-1302 of the Act;

(ii) payments by Lender of: (A) when due installments of principal, interest or other obligations in accordance with the terms of any senior mortgage or other prior lien or encumbrance on the Mortgaged Property; (B) when due installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Mortgaged Property or any part hereof; (C) other obligations authorized by this Mortgage; or (D) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 15-1505 of the Act;

(iii) advances by Lender in settlement or compromise of any claims asserted by claimants under senior mortgages or any prior liens;

(iv) reasonable attorneys' fees and other expenses incurred: (A) in connection with the foreclosure of this Mortgage as referred to in Section 15-1504(d)(2) and 15-1510 of the Act; (B) in connection with any action, suit or proceeding brought by or against Lender for the enforcement of this Mortgage or arising from the interest of Lender hereunder; or (C) in the preparation for the commencement or defense of any such foreclosure or other action;

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(v) Lender's fees and costs, including reasonable attorneys' fees, arising between the entry of judgment of foreclosure and confirmation hearing as referred to in Subsection (b)(1) of Section 15-1508 of the Act;

(vi) expenses deductible from proceeds of sale as referred to in subsections (a) and (b) of Section 15-1512 of the Act;

(vii) expenses incurred and expenditures made by Lender for any one or more of the following: (A) if all or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof; (B) if any interest in the Mortgaged Property is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (C) premiums for casualty and liability insurance paid by Lender whether or not Lender or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining existing insurance in effect at the time any receiver or mortgagee takes possession of the Mortgaged Property as imposed by subsection (c)(1) of Section 15-1704 of the Act; (D) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (E) payments required or deemed by Lender to be for the benefit of the Mortgaged Property or required to be made by the owner of the Mortgaged Property under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Mortgaged Property; (F) shared or common expense assessments payable to any association or corporation in which the owner of the Mortgaged Property is a member if in any way affecting the Mortgaged Property; (G) costs incurred by Lender for demolition, preparation for and completion of construction; and (H) pursuant to any lease or other agreement, for occupancy of the Mortgaged Property.

All Protective Advances shall be so much additional Indebtedness secured by this Mortgage, and shall become immediately due and payable without notice and with interest thereon from the date of the advance until paid at the Default Rate (as defined in the Loan Agreement). This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to subsection (b) of Section 15-1302 of the Act. All Protective Advances shall, except to the extent, if any, that any of the same are clearly contrary to or inconsistent with the provisions of the Act, apply to and be included in: (A) determination of the amount of Indebtedness secured by this Mortgage at any time; (B) the amount of the Indebtedness found due and owing to Lender in a judgment of foreclosure and any subsequent, supplemental judgments, orders, adjudications or findings by any court of any additional Indebtedness becoming due after such entry of judgment (it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose); (C) if right of redemption is deemed not to be waived by this Mortgage, computation of any amounts required to redeem, pursuant to Subsections (d)(2) and (e) of Section 15-1603 of the Act; (D) determination of amounts deductible from sale proceeds pursuant to Section 15-1512 of the Act; (E) application of income in the hands of any receiver or Lender in possession; and (F) computation of any deficiency judgment pursuant to subsections (b) (2) and (e) of Sections 15-1508 and 15-1511 of the Act.

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(b) **Waiver of Right of Redemption and Reinstatement.** Without limiting the generality of Section 4.03(h)(i) of this Mortgage, the waiver by Borrower of its rights of redemption and reinstatement in such Section, include the waiver of such rights as provided under Sections 15-1601 and 15-1602 of the Act.

(c) **Business Loan Recital/Statutory Exemption.** (i) Borrower acknowledges and agrees that (A) the proceeds of the Loan will be used in conformance with subparagraph (1) of Section 4 of the Illinois Interest Act (815 ILCS 205/0.01, et seq., including Section 4(1) thereof); (B) the Indebtedness secured hereby has been incurred by Borrower solely for business purposes of Borrower and for Borrower's investment or profit, as contemplated by said Section 4(1); (C) the Indebtedness secured hereby constitutes a loan secured by real estate within the purview of and as contemplated by said Section 4(1); and (D) the secured Indebtedness is an exempted transaction under the Truth-In-Lending Act, 15 U.S.C. Sec. 1601 *et. seq.* and has been entered into solely for business purposes of Borrower and Borrower's investment or profit, as contemplated by said section.

(ii) Without limiting the generality of anything contained herein, Borrower acknowledges and agrees that the transaction of which this Mortgage is part is a transaction which does not include either agricultural real estate (as defined in 15-1201 of the Act) or residential real estate (as defined in 15-1219 of the Act).

(d) **Maximum Principal Amount/Future Advances.** This Mortgage shall secure the payment of any amounts advanced from time to time under the Loan Documents, or under other documents stating that such advances are secured hereby. This Mortgage also secures any and all future obligations and Indebtedness arising under or in connection with this Mortgage, which future obligations and Indebtedness shall have the same priority as if all such future obligations and Indebtedness were made on the date of execution hereof. Nothing in this Section or in any other provision of this Mortgage shall be deemed an obligation on the part of Lender to make any future advances of any sort. At all times, regardless of whether any Loan proceeds have been disbursed, this Mortgage shall secure (in addition to any Loan proceeds disbursed from time to time) the payment of any and all expenses and advances due to or incurred by Lender in connection with the Indebtedness to be secured hereby and which are to be reimbursed by Borrower under the terms of this Mortgage; provided, however, that in no event shall the total amount of Loan proceeds disbursed plus such additional amounts exceed \$100,000,000.

(e) **Lender in Possession.** In addition to any provision of the Mortgage authorizing the Lender to take or be placed in possession of the Mortgaged Property, or for the appointment of a receiver, Lender shall have the right, in accordance with Sections 15-1701 and 15-1702 of the Act, to be placed in possession of the Mortgaged Property or at its request to have a receiver appointed, and such receiver, or Lender, if and when placed in possession, shall have, in addition to any other powers provided in the Mortgage, all powers, immunities, and duties as provided for in Sections 15-1701 and 15-1703 of the Act.

(f) **Illinois Mortgage Foreclosure Act.** It is the express intention of Lender and Borrower that the rights, remedies, powers and authorities conferred upon Lender pursuant to this Mortgage shall include all rights, remedies, powers and authorities that a mortgagor may confer upon a mortgagee under the Act and/or as otherwise permitted by applicable law, as if

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they were expressly provided for herein. In the event that any provisions in this Mortgage are deemed inconsistent with any provision in the Act, the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Act. If any provision of this Mortgage shall grant to Lender any rights or remedies which are more limited than the rights that would otherwise be vested in Lender under the Act in the absence of such provisions, Lender shall be vested with the rights granted in the Act to the full extent permitted by law.

(g) **Collateral Protection Act.** Pursuant to the requirements of the Illinois Collateral Protection Act, Borrower is hereby notified as follows:

Unless the Borrower provides Lender with evidence of the insurance coverage required by this Mortgage, the Loan Agreement or any of the other Loan Documents, Lender may purchase insurance at Borrower's expense to protect Lender's interest in the Mortgaged Property or any other collateral for the Indebtedness. This insurance may, but need not protect Borrower's interests. The coverage Lender purchases may not pay any claim that Borrower makes or any claim that is made against Borrower in connection with the Mortgaged Property or any other collateral for the Indebtedness. Borrower may later cancel any insurance purchased by Lender but only after providing Lender with evidence that Borrower has obtained insurance as required by the Mortgage, the Loan Agreement or any of the other Loan Documents. If Lender purchases insurance for the Mortgaged Property or any other collateral for the Indebtedness, Borrower will be responsible for the costs of that insurance, including interest in any other charges that Lender may lawfully impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be more than the cost of insurance that Borrower may be able to obtain on its own and may be added to the Indebtedness and future obligations secured hereunder.

(h) **Sealed Instrument.** Borrower intends for this Mortgage to be executed and delivered by Borrower, and accepted by Lender, as a sealed instrument