SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
NOVEMBER 12, 1998

BOSTON PROPERTIES, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE	1-13087	04-2473675
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

8 ARLINGTON STREET
BOSTON, MASSACHUSETTS 02116
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code:
(617) 859-2600

ITEM 2. ACQUISITION OF ASSETS.

Acquisition of Interests in Embarcadero Center

On November 12, 1998, Boston Properties, Inc. (the "Company") completed the first phase of a two-phase acquisition of all of the direct and indirect interests in a portfolio of Class A office and retail space known collectively as the "Embarcadero Center" (the "Embarcadero Acquisition"). The Company anticipates that the second phase will be completed during the first quarter of 1999, although no assurance can be given in this regard.

The Embarcadero Center is situated on 8.4 acres of waterfront property in San Francisco's financial district and consists of an aggregate of 3.66 million square feet of net rentable office space, 354,000 square feet of retail space and 2,090 underground parking spaces. The Embarcadero Center consists of six buildings: 1 Embarcadero Center ("EC1"), 2 Embarcadero Center ("EC2"), 3 Embarcadero Center ("EC3") and 4 Embarcadero Center ("EC4"), Embarcadero Center West Tower (the "Tower") and the Old Federal Reserve Building. EC1, EC2, EC3 and EC4 are collectively referred to herein as the "EC Buildings" and each EC Building, the Tower and The Old Federal Reserve Building is referred to herein as a "Property." The Company is acquiring the Embarcadero Center from (i) certain parties who are affiliated with, or who had co-invested in the Embarcadero Center with, David Rockefeller and Associates (collectively, "Rockefeller"); and (ii) The Prudential Insurance Company of America and certain of its affiliates (collectively, "Prudential"), for approximately $1.233 billion (including certain closing costs). This amount may vary due to post-closing prorations and adjustments that are customary in similar transactions as well as additional closing and refinancing costs.

As a result of the closing of the first phase of the Embarcadero Acquisition (the "Initial Closing"), (i) the Company acquired all of the interests in the Old Federal Reserve Building for an aggregate consideration of approximately $39 million (including assumed debt); (ii) the Company acquired all of the interests in the Tower for an aggregate consideration of approximately $142 million (including assumed debt and the issuance of preferred units of limited partnership interest ("Preferred Units") in Boston Properties Limited Partnership, the operating partnership subsidiary of the Company (the "Operating Partnership")); and (iii) the Company, through its affiliates, acquired controlling, managing general partnership interests in the four general partnerships (the "EC Partnerships") that own the EC Buildings for an aggregate consideration of approximately $300 million financed through the issuance of Preferred Units. After the acquisition of interests in the EC Partnerships, (i) the Company, through affiliates, owns approximately a 49.98% indirect interest in EC1, EC3 and EC4 and approximately a 40.00% indirect interest in EC2, (ii) the EC Partnerships, in the aggregate, have approximately $420 million in non-property assets (consisting of investment grade securities rated A+ by Standard & Poor's Corporation and A+ by Fitch IBCA, Inc.) and (iii) the EC Partnerships have aggregate indebtedness of approximately $1,050 million, consisting of unsecured indebtedness of approximately $420 million and indebtedness of $630 million

secured by mortgages on the EC Buildings. Prudential is a non-managing general partner of each of the EC Partnerships.

Pursuant to certain redemption agreements entered into at the time of the Initial Closing, Prudential and the Company each has the right to cause the entire interest of Prudential in each of the EC Partnerships to be redeemed in full in consideration of (i) a distribution by the EC Partnership to Prudential of certain partnership assets that are not related to the Embarcadero Buildings and that are owned by such EC Partnership and (ii) the assumption by Prudential of certain indebtedness of such EC Partnership. A full redemption of Prudential from all four EC Partnerships (which would constitute the "second phase" of the Embarcadero Acquisition) would require the distribution to Prudential of non-property partnership assets subject to debt having a net value of approximately $328 million. While there can be no assurance as to when or if Prudential's interests in the EC Partnerships will be redeemed, the Company expects that the redemptions will occur during the first quarter of 1999. Following these redemptions, the Company, through its affiliates, would own all of the interests in the EC Buildings.

Upon the Initial Closing, (i) the Company issued approximately $316 million of Preferred Units, (ii) the Tower was secured by $100 million of indebtedness, (iii) the Embarcadero Buildings were secured by $630 million of indebtedness (together with the secured financing on the Tower, the "Secured Financing") and (iv) the Embarcadero Partnerships had approximately $420 million of financing not secured by the Properties (the "Unsecured Financing"). Of the $730 million of Secured Financing, approximately $503 million was used to refinance existing mortgages encumbering the Properties and approximately $227 million represented excess financing proceeds ("Excess Financing Proceeds") that were lent by the Embarcadero Partnerships to the Operating Partnership and used by the Operating Partnership to support working capital and repay amounts outstanding under its line of credit with BankBoston, N.A. (the "Line of Credit") (approximately $145 million) and to meet cash requirements in connection with the Initial Closing (approximately $83 million). At the completion of the second phase of the acquisition, $92 million of the Unsecured Financing will be assumed by Prudential and the remaining Unsecured Financing will be repaid in part and refinanced in part as a result of (i) the issuance of $100 million of preferred stock that is expected to be sold to Prudential, as discussed below, and (ii) a draw by the Company and the EC Partnerships (as co-borrowers) of approximately $232 million on the Line of Credit (the proceeds of the stock sale and a portion of the line draw will be used by the Company to repay the Excess Financing Proceeds to the Embarcadero Partnerships).

Upon the closing of both phases of the Embarcadero Acquisition, the Company expects that the transaction (including certain closing costs) will have been financed as follows: (i) the incurrence of $730 million of Secured Financing having a weighted average maturity of approximately 8.85 years and a weighted average fixed interest rate of approximately 6.63%; (ii) the incurrence of approximately $87 million of unsecured financing under the Company's Line of Credit; (iii) the issuance of Series Two Preferred Units of the Operating Partnership,

having an aggregate liquidation preference of approximately $306 million; (iv) the issuance of Series Three Preferred Units of the Operating Partnership having an aggregate liquidation preference of approximately $10 million; and (v) the issuance of $100 million of the Company's Series A Convertible Redeemable Preferred Stock (the "Preferred Stock"). Certain of these amounts may vary due to post-closing prorations and adjustments that are customary in similar transactions and additional closing and refinancing expenses. The terms of the Series Two Preferred Units and the Series Three Preferred Units (collectively, the "Preferred Units") and the Preferred Stock are described below.

The sources for the Secured Financing were as follows: $320 million pursuant to a first deed of trust loan with New York Life Insurance Company, The Equitable Life Assurance Society of the United States and Teachers Assurance and Annuity Association of America, secured by EC1, EC2 and The Old Federal Reserve Building; $150 million pursuant to a first deed of trust loan with Connecticut General Life Insurance Company secured by EC3; $160 million pursuant to a first deed of trust loan by Northwestern Mutual Life Insurance Company secured by EC4; and $100 million pursuant to a first deed of trust with Connecticut General Life Insurance Company and Massachusetts Mutual Life Insurance Company secured by the Tower. The source for the Unsecured Financing was as follows: $92 million pursuant to a 90-day term loan from The Chase Manhattan Bank and $328 million pursuant to a 90-day Term Loan Agreement with BankBoston, N.A., The Chase Manhattan Bank, Fleet National Bank, PNC Bank, National Association, Dresdner Bank AG New York Branch and Grand Cayman Branch, The Bank of New York, Keybank National Association, and Citizens Bank.

Agreement to Issue Preferred Stock

The Preferred Stock will be issued pursuant to a Stock Purchase Agreement, dated September 28, 1998, between the Company and Prudential (the "Stock Purchase Agreement"). The Stock Purchase Agreement provides that the sale of the Preferred Stock to Prudential will occur no later than the 90th day after the Initial Closing.

Terms of the Preferred Units and the Preferred Stock

The Preferred Units and the Preferred Stock (collectively, the "Preferred Securities") have similar economic terms. On and after December 31, 2002 (the "Conversion Date"), the Preferred Securities will be convertible, at the holder's election, into common stock of the Company (in the case of the Preferred Stock) or common units of the Operating Partnership (in the case of the Preferred Units) at a conversion price of $38.10 per common share or unit (the "Conversion Price").

Dividends or distributions on the Preferred Securities (the "Ordinary Preferred Dividend") will be payable quarterly and will accrue at a rate of 5.0% per annum through March 31, 1999; 5.5% through December 31, 1999; 5.625% through December 31, 2000; 6.0% through December 31, 2001; 6.5% through December 31, 2002; 7.0% until May 12, 2009; and 6.0% thereafter. However, if at any time the quarterly dividends or distributions on

the common securities into which a Preferred Security may be converted (the "Ratchet Dividend") are greater than the Ordinary Preferred Dividend due on such Preferred Security, then each Preferred Security will receive, in respect of that quarter, the Ratchet Dividend rather than the lower Ordinary Preferred Dividend.

The terms of the Preferred Securities provide that they may be redeemed for cash in six annual tranches, beginning on May 12, 2009, at the election of the Company or the holders. In lieu of its right to require an annual redemption of Preferred Securities, the Company may elect to convert a tranche of Preferred Securities into common stock (in the case of the Preferred Stock) or common units (in the case of Preferred Units), provided that at the time of such forced conversion the weighted average of the closing price of the Company's common stock during the preceding ten day period exceeds 110% of the Conversion Price.

Appointment of Richard E. Salomon

Upon the consummation of the Initial Closing, Richard E. Salomon was appointed to the Board of Directors. Mr. Salomon, who advised Rockefeller in connection with the transactions described in this report, is President of Spears, Benzak, Salomon & Farrell, an investment advisory firm.

Forward-looking statements

This report contains forward-looking statements within the meaning of the Federal securities laws. Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy. Agreements that the Company enters into (including with respect to the "second phase" of the transaction described in this report) may be terminated or abandoned for a variety of reasons, including a failure by the Company or another party to an agreement to fulfill all conditions required for consummation of the agreement.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) Financial Statements of Assets Acquired:

Financial statements for the Embarcadero Center will be filed by amendment as soon as practicable, but not later than January 26, 1999.

(b) Pro Forma Financial Information:

Pro forma financial information will be filed by amendment as soon as practicable, but not later than January 26, 1999.

(c) Exhibits

Exhibit No.

99.1 Purchase and Sale Agreement, dated as of November 12, 1998, by and between Two Embarcadero Center West and BP OFR LLC.

99.2 Contribution Agreement, dated as November 12, 1998, by and among the Company, the Operating Partnership, Embarcadero Center Investors Partnership ("ECIP") and the partners in ECIP listed on Exhibit A thereto.

99.3 Contribution Agreement, dated as of November 12, 1998, by and among the Company, the Operating Partnership, Three Embarcadero Center West ("Three ECW") and the partners in Three ECW listed on Exhibit A thereto.

99.4 Three ECW Redemption Agreement, dated as of November 12, 1998, by and among Three ECW, the Operating Partnership, BP EC West LLC, Prudential, PIC Realty Corporation ("PIC") and Prudential Realty Securities II, Inc. ("PRS II").

99.5 Three ECW Property Contribution Agreement, dated as of November 12, 1998, by and among Three ECW, Prudential, PIC, PRS II, the Operating Partnership, the Company and BP EC West LLC.

99.6 Registration Rights and Lock-Up Agreement, dated November 12, 1998, by and among the Company, the Operating Partnership and the Holders named therein.

99.7 Third Amended and Restated Partnership Agreement of One Embarcadero Center Venture, dated as of November 12, 1998, by and between Boston Properties LLC ("BPLLC"), as managing general partner, BP EC1 Holdings LLC ("BP EC1 LLC"), as non-managing general partner, and PIC, as non-managing general partner.

99.8 Third Amended and Restated Partnership Agreement of Embarcadero Center Associates, dated as of November 12, 1998, by and between BPLLC, as managing general partner, BP EC2 Holdings LLC ("BP EC2 LLC"), as non-managing general partner, and PIC, as non-managing general partner.

99.9 Second Amended and Restated Partnership Agreement of Three Embarcadero Center Venture, dated as of November 12, 1998, by and between BPLLC, as managing general partner, BP EC3 Holdings LLC ("BP EC3 LLC"), as non-managing general partner, and Prudential, as non-managing general partner.

99.10 Second Amended and Restated Partnership Agreement of Four Embarcadero Center Venture, dated as of November 12, 1998, by and between BPLLC, as managing general partner, BP EC4 Holdings LLC ("BP EC4 LLC"), as non-managing general partner, and Prudential, as non-managing general partner.

99.11 Note Purchase Agreement, dated as of November 12, 1998, by and between Prudential Realty Securities, Inc. ("PRS") and One Embarcadero Center Venture.

99.12 Note Purchase Agreement, dated as of November 12, 1998, by and between PRS and Embarcadero Center Associates.

99.13 Note Purchase Agreement, dated as of November 12, 1998, by and between PRS and Three Embarcadero Center Venture.

99.14 Note Purchase Agreement, dated as of November 12, 1998, by and between PRS and Four Embarcadero Center Venture.

99.15 Redemption Agreement, dated as of November 12, 1998, by and among One Embarcadero Center Venture, BPLLC, BP EC1 LLC and PIC.

99.16 Redemption Agreement, dated as of November 12, 1998, by and among Embarcadero Center Associates, BPLLC, BP EC2 LLC and PIC.

99.17 Redemption Agreement, dated as of November 12, 1998, by and among Three Embarcadero Center Venture, BPLLC, BP EC3 LLC and Prudential.

99.18 Redemption Agreement, dated as of November 12, 1998, by and among Four Embarcadero Center Venture, BPLLC, BP EC4 LLC and Prudential.

99.19 Option and Put Agreement, dated as of November 12, 1998, by and between One Embarcadero Center Venture and Prudential.

99.20 Option and Put Agreement, dated as of November 12, 1998, by and between Embarcadero Center Associates and Prudential.

99.21 Option and Put Agreement, dated as of November 12, 1998, by and between Three Embarcadero Center Venture and Prudential.

99.22 Option and Put Agreement, dated as of November 12, 1998, by and between Four Embarcadero Center Venture and Prudential.

99.23 Stock Purchase Agreement, dated as of September 28, 1998, by and between the Company and Prudential.

99.24 Certificate of Designations for the Series Two Preferred Units, dated November 12, 1998.

99.25 Certificate of Designations for the Series Three Preferred Units, dated November 12, 1998.

99.26 Form of Certificate of Designations for the Series A Preferred Stock.

S I G N A T U R E S

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

Date: November 24, 1998

BOSTON PROPERTIES, INC.

By: /s/ William J. Wedge
_____
William J. Wedge
Senior Vice President

EXHIBIT 99.1

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "AGREEMENT") is made and entered into as of this 12th day of November, 1998, by and between TWO EMBARCADERO CENTER WEST, a California limited partnership ("SELLER"), and BP OFR LLC, a Delaware limited liability company ("BUYER"). This Agreement is hereby executed, and the transactions described herein are being consummated concurrently herewith, pursuant to (and in accordance with) that certain Master Transaction Agreement dated as of September 28, 1998, by and among The Prudential Insurance Company of America ("PRUDENTIAL"), PIC Realty Corporation, certain Persons listed on Exhibit A thereto, Fedmark Corporation, Embarcadero Center Investors Partnership, Pacific Property Services, L.P., Boston Properties Limited Partnership and Boston Properties, Inc. (the "TRANSACTION AGREEMENT"). All initially capitalized terms used herein without definition shall have the meanings given such terms in the Transaction Agreement.

W I T N E S S E T H:

In consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto do hereby agree as follows:

ARTICLE 1 - SALE OF PROPERTY

Seller is concurrently herewith selling, transferring and assigning, and Buyer is concurrently herewith purchasing, accepting and assuming, subject to the terms and conditions stated herein, all of Seller's right, title and interest in and to the following (herein collectively called the "PROPERTY"):

1.1 REAL PROPERTY. That certain real estate located at 400 Sansome Street, City of San Francisco, County of San Francisco, State of California, legally described in Exhibit A attached hereto and incorporated herein by this reference, together with all buildings, improvements and fixtures located thereon and all rights, privileges and appurtenances pertaining thereto, including all of Seller's right, title and interest in and to all rights-of-way, open or proposed streets, alleys, easements, strips or gores of land adjacent thereto (herein collectively called the "REAL PROPERTY"); and

1.2 PERSONAL PROPERTY. All tangible personal property owned by Seller (excluding any computer or computer equipment and software owned by Seller or PPS), located on the Real Property, and used in the ownership, operation and maintenance of the Real Property, and all books, records and files (excluding appraisals, budgets, Seller's strategic plans for the Property, marketing information, submissions relating to Seller's obtaining of corporate authorization, or other information in the possession or control of Seller or PPS which is privileged (provided that

inadvertent disclosure shall not constitute a waiver of any privilege)) relating to the Real Property (herein collectively called the "PERSONAL PROPERTY"); and

1.3 OTHER PROPERTY RIGHTS. (a) Seller's interest as "landlord" in all Leases (as defined in Subsection 6.3.3); and (b) if and to the extent assignable by Seller, (i) all service, supply, maintenance and utility agreements, all equipment leases and all other agreements relating to the Property that are described in Exhibit C attached hereto and incorporated herein by this reference, (ii) all licenses, permits and other written authorizations necessary for the use, operation or ownership of the Real Property or Personal Property and in Seller's possession or control, and (iii) Seller's interest, if any, in and to the name "Old Federal Reserve Building," "Federal Reserve Building" or similar names of the Building (the rights and interests of Seller described in clauses (a) and (b) hereinabove being herein collectively called the "OTHER PROPERTY RIGHTS").

ARTICLE 2 - PURCHASE PRICE

The total purchase price paid by Buyer for the purchase of the Property is the sum of Thirty-Eight Million Eight Hundred Thousand and 00/100 Dollars ($38,800,000.00) in immediately available funds (the "PURCHASE PRICE"). Concurrently herewith, the Buyer is paying to Seller the entire Purchase Price, subject to the prorations and adjustments as set forth in Article 5 hereof and Exhibit V of the Transaction Agreement or as otherwise provided under this Agreement, plus any other amounts required to be paid by Buyer at Closing hereunder, in immediately available funds by wire transfer as more particularly set forth in Section 6.2 hereof.

ARTICLE 3 - TITLE MATTERS

3.1 Title to Real Property. Seller is concurrently herewith conveying, and Buyer is concurrently herewith accepting, title to the Property, subject only to (i) such matters as are visible or apparent on that certain ALTA/ACSM Survey of Two Embarcadero Center West - Assessors Block 229, Lot 3, San Francisco, California, prepared by KCA Engineering, Inc., 318 Brannan Street, San Francisco, California 94107, dated August, 1998 (3 pages), (ii) those exceptions to title for the Property as are listed on Exhibit D attached hereto, (iii) any and all matters created by or on behalf of Buyer or any of its Affiliates (including, without limitation, any mechanics' liens or other claims relating to any due diligence inspections or investigations of the Property performed by or on behalf of Buyer or any of its Affiliates), and (iv) all matters disclosed to or discovered by Buyer or any of its Affiliates (whether in connection with their respective due diligence investigations and inspections or otherwise) prior to the date hereof (collectively, the "PERMITTED EXCEPTIONS").

3.2 TITLE INSURANCE. Buyer hereby confirms that, subject to the satisfaction of all requirements of the Title Company set forth in its Commitment pertaining to the Real Property, Title Company has agreed to issue to Buyer an ALTA Owner's Form of Title Insurance Policy

(the "OWNER'S TITLE POLICY"), in the amount of the Purchase Price, insuring that fee simple title to the Real Property is vested in Buyer on the date hereof, subject only to the matters listed on Exhibit D attached hereto.

ARTICLE 4 - BUYER'S DUE DILIGENCE/CONDITION OF THE PROPERTY/INDEMNITIES

4.1 BUYER'S INSPECTIONS AND DUE DILIGENCE.

4.1.1 Due Diligence Approval. Buyer hereby acknowledges and agrees that, as of the date of the execution of this Agreement, it has been given the full opportunity to review, inspect and investigate all of the Seller's files known or made available to Buyer relating to the Property that Buyer deems necessary to review (the "DOCUMENTS"), and has had an opportunity to conduct a thorough review, investigation, and inspection of the physical (including, without limitation, the seismic load bearing capabilities), environmental, economic, and legal conditions of the Property, the laws, regulations, covenants, conditions, and restrictions affecting or governing the use or operation of the Property, the rentable square footage of the Property, and all other matters which a prudent Buyer of commercial real property should review, inspect or investigate in the course of a due diligence review, and Buyer has approved the condition of the Property and the results of such review, inspection and investigation.

4.1.2 Indemnity. Buyer shall indemnify, protect, defend, and hold harmless Seller from and against any and all claims, demands, causes of action, losses, damages and liabilities, including, without limitation, personal injuries and property damage, and shall immediately discharge any liens and encumbrances, arising out of acts or omissions of Buyer or its agents, contractors, or representatives, committed on or about the Property in the course of Buyer's due diligence reviews, inspections and investigations, including, without limitation, claims, demands, causes of action, losses, damages and liabilities on the part of the tenants and lessees alleging breach of a Lease as a result of any such Person's acts or omissions.

4.1.3 Survivability. The terms and provisions of this Section 4.1 shall survive the Closing.

4.2 PROPERTY SOLD "AS IS".

4.2.1 "As Is, Where Is, With All Faults". BUYER ACKNOWLEDGES AND AGREES THAT: (i) EXCEPT FOR THE EXCLUDED LIABILITIES, THE PROPERTY IS SOLD, AND BUYER ACCEPTS POSSESSION OF THE PROPERTY ON THE DATE HEREOF, "AS IS, WHERE IS, WITH ALL FAULTS"; (ii) EXCEPT FOR SELLER'S REPRESENTATIONS AND WARRANTIES SET FORTH IN ARTICLE 7

(HEREIN COLLECTIVELY CALLED THE "SELLER'S WARRANTIES"), NONE OF SELLER, ITS SALES AGENTS, NOR ANY PARTNER, OFFICER, DIRECTOR, EMPLOYEE, AGENT OR ATTORNEY OF SELLER, ITS COUNSEL, BROKER, OR ITS SALES AGENTS, NOR ANY OTHER PARTY RELATED IN ANY WAY TO ANY OF THE FOREGOING (ALL OF WHICH PARTIES ARE HEREIN COLLECTIVELY CALLED THE "SELLER PARTIES") HAVE OR SHALL BE DEEMED TO HAVE MADE ANY VERBAL OR WRITTEN REPRESENTATIONS, WARRANTIES, PROMISES OR GUARANTEES (WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE) TO BUYER WITH RESPECT TO THE PROPERTY, ANY MATTER SET FORTH, CONTAINED OR ADDRESSED IN ANY DOCUMENTS REVIEWED BY BUYER (INCLUDING, BUT NOT LIMITED TO, THE ACCURACY AND COMPLETENESS THEREOF) OR THE RESULTS OF BUYER'S DUE DILIGENCE INVESTIGATIONS; AND (iii) BUYER HAS CONFIRMED INDEPENDENTLY ALL INFORMATION THAT IT CONSIDERS MATERIAL TO ITS PURCHASE OF THE PROPERTY AND THE TRANSACTIONS CONTEMPLATED HEREBY. BUYER SPECIFICALLY ACKNOWLEDGES THAT, EXCEPT FOR SELLER'S WARRANTIES, BUYER IS NOT RELYING ON (AND SELLER AND

EACH OF THE OTHER SELLER PARTIES DOES HEREBY DISCLAIM AND RENOUNCE) ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, FROM SELLER OR ANY OTHER SELLER PARTIES, AS TO: (1) THE OPERATION OF THE PROPERTY OR THE INCOME POTENTIAL, USES, OR MERCHANTABILITY OR FITNESS OF ANY PORTION OF THE PROPERTY FOR A PARTICULAR PURPOSE; (2) THE PHYSICAL CONDITION OF THE PROPERTY OR THE CONDITION OR SAFETY OF THE PROPERTY OR ANY IMPROVEMENTS THEREON; (3) THE PRESENCE OR ABSENCE, LOCATION OR SCOPE OF ANY HAZARDOUS MATERIALS IN, AT, OR UNDER THE PROPERTY; (4) THE ACCURACY OF ANY STATEMENTS, CALCULATIONS OR CONDITIONS STATED OR SET FORTH IN SELLER'S BOOKS AND RECORDS CONCERNING THE PROPERTY OR SET FORTH IN ANY OF SELLER'S OFFERING MATERIALS WITH RESPECT TO THE PROPERTY; (5) THE DIMENSIONS OF THE PROPERTY OR THE ACCURACY OF ANY FLOOR PLANS, SQUARE FOOTAGE, LEASE ABSTRACTS, SKETCHES, REVENUE OR EXPENSE PROJECTIONS RELATED TO THE PROPERTY; (6) THE OPERATING PERFORMANCE, THE INCOME AND EXPENSES OF THE PROPERTY OR THE ECONOMIC STATUS OF THE PROPERTY; (7) THE ABILITY OF BUYER TO OBTAIN ANY AND ALL NECESSARY GOVERNMENTAL APPROVALS OR PERMITS FOR BUYER'S INTENDED USE AND DEVELOPMENT OF THE PROPERTY; AND (8) THE LEASING STATUS OF THE PROPERTY OR THE INTENTIONS OF ANY PERSONS WITH RESPECT TO THE NEGOTIATION AND/OR EXECUTION OF ANY LEASE FOR ANY PORTION OF THE PROPERTY. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR SELLER'S WARRANTIES, SELLER IS UNDER NO DUTY TO MAKE ANY AFFIRMATIVE DISCLOSURES OR INQUIRY

REGARDING ANY MATTER WHICH MAY BE KNOWN TO SELLER OR ANY SELLER PARTIES.

4.2.2 Releases and Indemnities. BUYER'S RELEASE AND INDEMNITY:

(i) BUYER HEREBY ASSUMES ALL RISKS WITH RESPECT TO THE PROPERTY, KNOWN AND UNKNOWN, SUSPECTED AND UNSUSPECTED, EXCEPTING ONLY THE EXCLUDED LIABILITIES (AS DEFINED IN SECTION 4.2.2(ii) BELOW). EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN SECTION 4.2.2(ii) BELOW WITH RESPECT TO EXCLUDED LIABILITIES AND SECTION 4.2.2(iii) BELOW WITH RESPECT TO SELLER'S WARRANTIES, BUYER AND ITS AGENTS, EMPLOYEES, AFFILIATES, SUCCESSORS AND ASSIGNS (COLLECTIVELY, "BUYER PARTIES"), SHALL BE SOLELY LIABLE FOR, AND SHALL INDEMNIFY, DEFEND, PROTECT AND HOLD HARMLESS SELLER PARTIES FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSSES, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) AT LAW OR IN EQUITY, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, RELATING TO BODILY INJURY, DEATH, PROPERTY DAMAGE, ECONOMIC LOSS, OR OTHER DAMAGES SUFFERED BY ANY SELLER PARTIES ARISING OUT OF OR RELATING TO THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE PHYSICAL, ENVIRONMENTAL, ECONOMIC, LEGAL OR OTHER CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY SUCH CLAIMS OR LIABILITIES RELATING TO THE PRESENCE, DISCOVERY OR REMOVAL OF ANY HAZARDOUS MATERIALS IN, AT, ABOUT OR UNDER THE PROPERTY, OR FOR, CONNECTED WITH OR ARISING OUT OF ANY AND ALL CLAIMS OR CAUSES OF ACTION BASED UPON CERCLA (COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, 42 U.S.C. (S)(S)9601 ET SEQ., AS AMENDED BY SARA [SUPERFUND AMENDMENT AND REAUTHORIZATION ACT OF 1986] AND AS MAY BE FURTHER AMENDED FROM TIME TO TIME), THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976, 42 U.S.C. (S)(S)6901 ET SEQ., OR ANY RELATED CLAIMS OR CAUSES OF ACTION OR ANY OTHER FEDERAL OR STATE BASED STATUTORY OR REGULATORY CAUSES OF ACTION FOR ENVIRONMENTAL CONTAMINATION AT, IN OR UNDER THE PROPERTY (HEREINAFTER "BUYER-COVERED CLAIMS").

(ii) NOTWITHSTANDING THE FOREGOING, THE TERM "BUYER-COVERED CLAIMS" SHALL EXCLUDE, AND BUYER SHALL NOT ASSUME, ANY AND ALL OBLIGATIONS AND LIABILITIES ("EXCLUDED LIABILITIES") ARISING FROM OR IN CONNECTION WITH

THE USE, OWNERSHIP OR OPERATION OF THE PROPERTY ACCRUING PRIOR TO THE CLOSING DATE OTHER THAN (A) OBLIGATIONS AND LIABILITIES ASSUMED IN WRITING BY BUYER IN CONNECTION WITH THE LEASES AND/OR CONTRACTS AND ALL OTHER OBLIGATIONS AND LIABILITIES THAT THE BUYER EXPRESSLY ASSUMES IN WRITING AT OR PRIOR TO THE CLOSING, (B) OBLIGATIONS AND LIABILITIES FOR WHICH BUYER HAS RECEIVED A PRORATION CREDIT PURSUANT TO EXHIBIT V OF THE MASTER TRANSACTION AGREEMENT, AND (C) OBLIGATIONS AND LIABILITIES RELATING IN ANY WAY TO THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY OTHER THAN ANY CLAIMS MADE BY, OR CAUSES OF ACTION BROUGHT BY, ANY THIRD PARTY UNRELATED TO BUYER OR ANY OF ITS AFFILIATES WHERE THE INJURY OR DAMAGE GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION AROSE OR OCCURRED DURING THE PERIOD PRIOR TO THE CLOSING DATE.

(iii) BUYER PARTIES EACH HEREBY GENERALLY AND FULLY RELEASE SELLER PARTIES FROM ANY AND ALL STATEMENTS OR OPINIONS HERETOFORE MADE, OR INFORMATION FURNISHED IN CONNECTION WITH THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT, BY THE SELLER PARTIES TO ANY OF THE BUYER PARTIES, EXCEPT FOR SELLER'S WARRANTIES; AND FROM ANY AND ALL BUYER-COVERED CLAIMS, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED.

WITH RESPECT TO THE RELEASES AND WAIVERS CONTAINED IN THIS SUBSECTION 4.2.2, BUYER EXPRESSLY WAIVES THE BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

BUYER HAS BEEN ADVISED BY ITS LEGAL COUNSEL AND UNDERSTANDS THE SIGNIFICANCE OF THIS WAIVER OF SECTION 1542 RELATING TO UNKNOWN, UNSUSPECTED AND CONCEALED CLAIMS. BY ITS INITIALS BELOW, BUYER ACKNOWLEDGES THAT IT FULLY UNDERSTANDS, APPRECIATES, AND ACCEPTS ALL OF THE TERMS OF THIS SUBSECTION 4.2.2(ii).

_____
Buyer's Initials

(iv) NOTWITHSTANDING THE FOREGOING, SELLER SHALL BE SOLELY LIABLE FOR, AND SHALL INDEMNIFY, DEFEND, PROTECT AND HOLD HARMLESS BUYER OR THE PROPERTY FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSSES, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) AT LAW OR IN EQUITY, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, RELATING TO BODILY INJURY, DEATH, PROPERTY DAMAGE, ECONOMIC LOSS, OR OTHER DAMAGES SUFFERED BY BUYER OR THE PROPERTY ARISING OUT OF OR RELATING TO THE EXCLUDED LIABILITIES.

4.2.3 Definition of Hazardous Materials. For purposes of this Agreement, the term "HAZARDOUS MATERIAL" shall mean any substance, chemical, waste or material that is or becomes regulated by any federal, state or local governmental authority because of its toxicity, infectiousness, radioactivity, explosiveness, ignitability, corrosiveness or reactivity, including, without limitation, asbestos or any substance containing more than 0.1 percent asbestos, the group of compounds known as polychlorinated biphenyls, flammable explosives, oil, petroleum or any refined petroleum product.

4.2.4 Provisions Material. Buyer acknowledges and agrees that the provisions of this Article 4 were a material factor in Seller's acceptance of the Purchase Price and, while Seller has made the Documents available to Buyer and cooperated with Buyer in its due diligence investigations and inspections, Seller is unwilling to sell the Property unless Seller and the other Seller Parties are expressly released as set forth in Subsection 4.2.2.

4.2.5 Survivability. Notwithstanding anything to the contrary herein, the provisions of this Section 4.2 shall survive the Closing and shall not be merged in any conveyance of the Property.

ARTICLE 5 - PRORATIONS, APPORTIONMENTS AND CREDITS; CLOSING COSTS

5.1 PRORATION/APPORTIONMENT CREDITS. The Purchase Price shall be adjusted to reflect the prorations and other adjustments made pursuant to and as provided in Exhibit V of the Transaction Agreement.

5.2 DELAYED ADJUSTMENT. If at any time following the Closing, the amount of an item listed in Exhibit V of the Transaction Agreement shall prove to be incorrect (whether as a result of an error in calculation or a lack of complete and accurate information as of the Closing), the party in whose favor the error was made shall promptly pay to the other party the sum necessary

to correct such error upon receipt of proof of such error in accordance with the terms and provisions of Exhibit V of the Transaction Agreement, but only if the claim is made within the time periods provided in said Exhibit V.

5.3 CLOSING COSTS. Seller and Buyer shall bear certain Closing costs of the transactions contemplated hereby as set forth in Section 10.3 and Exhibit V of the Transaction Agreement. Notwithstanding anything to the contrary set forth in the Transaction Agreement, Buyer shall pay all costs of all endorsements to the Owner's Title Policy (other than title curative endorsements purchased and paid for by Seller pursuant to Section 8.3 of the Transaction Agreement and except as otherwise expressly provided in Exhibit V of the Master Transaction Agreement). Except as otherwise agreed by the parties, each party shall pay its own attorneys' fees and costs and the costs and expenses of its own engineering, environmental and other consultants as provided in the Transaction Agreement. Any other Closing costs not covered herein or in Section 10.3 or Exhibit V of the Transaction Agreement shall be allocated between the parties in accordance with the local practice and custom in San Francisco, California.

5.4 SURVIVABILITY. The provisions of this Article 5 shall survive the Closing and not be merged therein for a period of six (6) months after the Closing Date or such longer period as may be necessary to complete the Final Audit and make the adjustment described in Section 5.2 above.

ARTICLE 6 - CLOSING

6.1 CLOSING. As used herein, the term "CLOSING" shall mean the consummation of all transactions contemplated in this Agreement, including, without limitation, the recordation of the Deed (as defined below) in the Official Records of San Francisco County, California, and the term "CLOSING DATE" shall mean the date upon which the Closing occurs.

6.2 TITLE TRANSFER AND PAYMENT OF PURCHASE PRICE. On the date hereof, Seller is conveying title to the Real Property to Buyer by grant deed (provided such transfer will be consummated only upon confirmation of receipt of the Purchase Price by the Escrow Agent as set forth below), and Buyer is delivering the payment specified in Article 2 by timely delivering the same in immediately available funds to the Escrow Agent.

6.3 SELLER'S CLOSING DELIVERIES. Concurrently herewith on the date hereof, Seller is delivering to Buyer, or has caused to be delivered to the Escrow Agent, the following:

6.3.1 Deed. A grant deed in the form of Exhibit E attached hereto and incorporated herein by this reference, conveying to Buyer all of Seller's right, title and interest in and to the Real Property, subject only to the Permitted Exceptions ("DEED").

6.3.2 Bill of Sale. A bill of sale in the form of Exhibit F attached hereto and incorporated herein by this reference, conveying to Buyer all of Seller's right, title and interest in and to the Personal Property.

6.3.3 Assignment of Tenant Leases. An assignment and assumption of leases, in the form of Exhibit G attached hereto and incorporated herein by this reference ("ASSIGNMENT OF LEASES"), transferring to Buyer all of Seller's interest in the Leases encumbering the Property on the date hereof described in Exhibit H attached hereto and incorporated herein by this reference and any amendments, guarantees and other documents relating thereto (herein collectively called the "LEASES"), together with all assignable non-cash security deposits deposited by the tenants thereunder and not applied by Seller in accordance with the terms of such Leases.

6.3.4 Assignment of Equipment Leases and Service Contracts. An assignment and assumption of equipment leases, service contracts, warranties and guaranties and the Other Property Rights (to the extent the same are not transferred by the Deed, Bill of Sale or Assignment of Leases) in the form of Exhibit I attached hereto and incorporated herein by this reference ("ASSIGNMENT OF CONTRACTS"), transferring to Buyer, to the extent assignable, without liability or expense to Seller, all of Seller's interest in the equipment leases in effect at the Property on the date hereof, all contracts described on Exhibit C, all warranties and guaranties which remain in effect on the date hereof and any Other Property Rights not otherwise transferred to Buyer (all of the foregoing being herein collectively called the "ASSIGNED CONTRACTS"). Seller shall not assign any existing policies of insurance for the Property, and Seller shall terminate the management agreement for the Property on or before the Closing Date.

6.3.5 Notice to Tenants. A single form letter in the form of Exhibit J attached hereto and incorporated herein by this reference to each tenant under the Leases, duplicate copies of which will be sent on or promptly after the date hereof notifying it of the sale of the Property to Buyer and advising it that all future payments of rent and other payments due under the Leases are to be made to Buyer at an address designated by Buyer in such letter.

6.3.6 Non-Foreign Status Affidavit. A non-foreign status affidavit in the form of Exhibit K attached hereto and incorporated herein by this reference, as required by Section 1445 of the Internal Revenue Code.

6.3.7 Evidence of Authority. A certificate of each general partner of Seller with respect to the authority to act on behalf of Seller to execute all documents contemplated by this Agreement and the authority of the individuals executing on behalf of Seller.

6.3.8 Property Documents. (i) To the extent in the possession of Seller or PPS, (x) the original (or, if unavailable, a copy) of the existing certificate or certificates of

occupancy for the Property, and (y) all originals (or, if unavailable, copies of) certificates, licenses, permits, authorizations and approvals issued for or with respect to the Property by governmental and quasi-governmental authorities having jurisdiction; and (ii) all books and records (excluding appraisals, budgets, Seller's strategic plans for the Property, marketing information, submissions relating to Seller's obtaining of corporate authorization, or other information in the possession or control of Seller or PPS which is privileged, provided that inadvertent disclosure shall not constitute a waiver of any privilege) located at the Property or at the office of PPS relating to the Property and the ownership and operation thereof (the items described in clauses (i) and (ii) being herein collectively called the "PROPERTY DOCUMENTS").

6.3.9 Other Documents. Such other documents as may be reasonably required by the Escrow Agent or as may be agreed upon by Seller and Buyer to consummate the transactions contemplated by this Agreement.

6.3.10 Letters of Credit as Tenant Security Deposits. With respect to any security deposits which are letters of credit, Seller shall, if the same are assignable, (i) deliver to Buyer on the date hereof such letters of credit, (ii) execute and deliver such other instruments as the issuers of such letters of credit shall reasonably require, and (iii) cooperate with Buyer to change the named beneficiary under such letters of credit to Buyer so long as Seller does not incur any additional liability or expense in connection therewith.

6.3.11 Keys and Original Documents. Keys to all locks on the Real Property (in Seller's or PPS's possession) and originals or, if originals are not available, copies, of the Leases and Assigned Contracts (unless canceled as set forth herein) encumbering the Property on the date hereof.

6.3.12 Transfer Taxes. If applicable, duly completed and signed real estate transfer tax forms (i.e., Preliminary Change of Ownership Reports).

6.4 BUYER CLOSING DELIVERIES. Concurrently herewith on the date hereof, Buyer is delivering to Seller, or has caused to be delivered to the Escrow Agent, the following:

6.4.1 Purchase Price. The Purchase Price, as adjusted for apportionments and other adjustments required under this Agreement and Exhibit V of the Transaction Agreement, plus any other amounts required to be paid by Buyer at Closing (including Buyer's share of Closing costs).

6.4.2 Assignment of Leases. The Assignment of Leases executed by Buyer.

6.4.3 Assignment of Equipment Leases and Service Contracts. The Assignment of Contracts executed by Buyer.

6.4.4 Evidence of Authority. Documentation to establish to Seller's reasonable satisfaction the due authorization of Buyer's acquisition of the Property and its signatories and Buyer's delivery of the documents required to be delivered by Buyer pursuant to this Agreement.

6.4.5 Other Documents. Such other documents as may be reasonably required by the Escrow Agent or may be agreed upon by Seller and Buyer to consummate the transactions contemplated by this Agreement.

6.4.6 Transfer Taxes. If applicable, duly completed and signed real estate transfer tax forms (i.e., Preliminary Change of Ownership Reports).

6.5 DELIVERY OF DEED. Effective upon delivery of the Deed, actual and exclusive possession (subject only to the Permitted Exceptions) and risk of loss to the Property shall pass from Seller to Buyer.

6.6 WAIVER OF FAILURE OF CONDITIONS PRECEDENT. By closing the transactions contemplated by this Agreement, Seller and Buyer shall each be conclusively deemed to have waived the benefit of any remaining unfulfilled conditions precedent set forth in the Transaction Agreement.

ARTICLE 7 - REPRESENTATIONS AND WARRANTIES OF SELLER

7.1 GENERAL STATEMENT. Seller makes the representations and warranties with respect to Seller and the Real Property to Buyer which are set forth in this Article 7. All representations and warranties set forth in Section 7.3 shall, subject to the limitations of Section 10.1, survive the Closing (and none shall merge into any instrument of conveyance) for the period of time set forth in Section 7.6 and all representations and warranties set forth in Section 7.5 hereof shall, subject to the limitations of Section 10.1, survive the Closing (and none shall merge into any instrument of conveyance) for the period of any relevant statute of limitations therefor. Representations and warranties of Seller are made as of the date of this Agreement.

7.2 ATTRIBUTION. For purposes of this Agreement, the words "knowledge of Seller" or "Seller's knowledge" shall mean the actual and not constructive knowledge of John Triece, Richard Salomon, Thomas Hendrian and John Syage (collectively, the "SELLER KNOWLEDGE PARTIES"). Any fact, matter or other statement shall not be deemed to be within the knowledge of Seller or Seller's knowledge unless the Seller Knowledge Parties, or any of them, have actual knowledge of such fact, matter or other statement. The Seller Knowledge Parties shall have no liability hereunder of any kind. Notwithstanding the foregoing, the representations and warranties made by Seller under Section 7.5 below are intended to be absolute in nature and are not limited by the knowledge or attribution limitations of this Section 7.2.

7.3 SELLER'S REPRESENTATIONS AND WARRANTIES. Seller represents and warrants to Buyer that, except as set forth on Schedule A attached hereto and incorporated herein by this reference:

7.3.1 The execution and delivery of this Agreement and the other documents to be executed by Seller in connection herewith, and the consummation of the transactions described herein or therein do not require, to the knowledge of Seller, the consent or approval of any governmental authority, nor, to Seller's knowledge, does the execution and delivery of this Agreement and the other documents to be executed by Seller in connection herewith violate, in any way material to the transactions described herein or therein, any contract or agreement to which Seller is a party (other than the Existing Mortgage Loan Documents, ECW Swap Notes and Three ECW I/P Loans) or any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to Seller, and this Agreement and all documents to be executed by Seller in connection with the transactions described herein constitute the legal, valid and binding obligations of Seller. To Seller's knowledge, other than the Existing Mortgage Loan Documents, the documents executed in connection with the ECW Swap Notes and the documents executed in connection with the Three ECW I/P Loans, Seller is not a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage, debenture, note or other instrument under the terms of which performance by Seller in accordance with the terms and provisions of this Agreement will be a default or an event of acceleration, or grounds for termination, and whereby such default, acceleration or termination will have a material adverse effect on the timely performance by Seller of its obligations under this Agreement and the other documents to be executed by Seller in connection herewith, nor does the execution of this Agreement or the other documents to be executed by Seller in connection herewith, or the consummation of the transactions contemplated hereby and thereby, violate the partnership agreement of Seller or constitute a breach thereunder.

7.3.2 Seller has no employees.

7.3.3 To Seller's knowledge, except as listed on Schedule A, Seller has not received any written notice of pending or threatened litigation, judgment, arbitration, investigation or proceeding against Seller or the Real Property that, if determined adversely, would have a material adverse effect on the operation, use or value of the Real Property or on the Buyer's ability to obtain any financing necessary to close the transactions contemplated by this Agreement, nor has Seller received any explicit oral notice of any such threatened litigation, judgment, arbitration, investigation or proceeding.

7.3.4 To Seller's knowledge, except as listed on Schedule A, there are no Claims or liabilities affecting the Real Property that have not been previously disclosed to Buyer which would be binding upon Buyer after Closing and have a material adverse effect on the operation, use or value of the Real Property or on the Buyer's ability to obtain any financing necessary to close the transactions contemplated by this Agreement.

7.3.5 To Seller's knowledge, except as listed on Schedule A, Seller has not received any written notice from any governmental authority of any special assessment, pending condemnation, or violation of any zoning, building, fire, or health code, statute, ordinance, rule or regulation applicable to the Real Property that would have a material adverse effect on the operation, use or value of the Real Property or on the Buyer's ability to obtain any financing necessary to close the transactions contemplated by this Agreement.

7.3.6 To Seller's knowledge, Seller has not entered into any written equipment leases, service contracts or other such contracts or agreements affecting the Real Property which will remain in effect after the Closing Date and which will be binding upon Buyer after the Closing Date and which are not terminable or cancelable upon thirty (30) days notice (collectively, "CONTRACTS") other than those listed on Exhibit A and Schedule A attached hereto.

7.3.7 To Seller's knowledge, the only Leases which will encumber the Real Property after the Closing are listed on Exhibit H attached hereto.

7.3.8 To Seller's knowledge, there are no agreements affecting the Real Property with third parties for the provision of leasing brokerage services or under which leasing commissions would become due from and after the Closing, except as set forth on Schedule A.

7.3.9 To Seller's knowledge, Seller has not received any written notice of any defaults under the terms of any of the Contracts, Leases or Encumbrance Documents that would have a material adverse effect on the use, operation or value of the Real Property after the Closing or on the Buyer's ability to obtain any financing necessary to close the transactions contemplated by this Agreement, except as set forth on Exhibit D and Schedule A. As used herein, the term "ENCUMBRANCE DOCUMENTS" shall mean, collectively, all mortgages, deeds of trust, easements and other material agreements appurtenant to or burdening the Real Property.

7.3.10 To Seller's knowledge, no rent or other amounts (other than security deposits) have been prepaid under any of the Leases, Contracts or Encumbrance Documents more than thirty (30) days in advance of the due dates thereof, except as set forth on Schedule A or, in the case of Contracts, the proration schedule attached to Exhibit V of the Master Transaction Agreement (which will be provided on the date required therein).

7.4 QUALIFICATIONS TO REPRESENTATIONS AND WARRANTIES. To the extent that any of the representations or warranties of Seller under Section 7.3 are known to Buyer or any of its Affiliates to be inaccurate on the Closing Date and Buyer nevertheless closes the transactions contemplated by this Agreement, such representation(s) or warranty(ies) shall be deemed modified to the extent of such known inaccuracy and Seller shall not be deemed in breach of the

representation or warranty. Notwithstanding anything to the contrary stated or implied herein and in furtherance of the foregoing provisions of this Section 7.4, Seller shall have no liability for or with respect to any representation or warranty (or breach thereof) from and after the Closing if, prior to the Closing, Buyer or any of its Affiliates discovers or learns of information (from whatever source, including, without limitation, Seller, its constituent partners or any of their employees), or any reports, instruments or other documentation which were reviewed by or made available for review by Buyer or any of its Affiliates in connection with the transactions contemplated hereby (including, without limitation, any reports, surveys, and other due diligence documentation procured independently by Buyer or any of its Affiliates in connection with the transactions contemplated hereby) contain information that contradicts such representation and warranty, or renders such representation and warranty untrue or incorrect.

7.5 DUE FORMATION, ETC. Seller is a limited partnership duly formed and existing under the laws of the State of California and is not insolvent, and has all necessary power and authority to execute and deliver this Agreement and all documents executed by Seller in connection herewith and to perform all its obligations hereunder and thereunder. This Agreement has been duly authorized by all requisite partnership action on the part of Seller's partners. Seller is not a Person other than a United States Person within the meaning of the Code and the transactions contemplated herein are not subject to the withholding provisions of section 3406 or subchapter A of Chapter 3 of the Code.

7.6 LIMITATIONS. Except for the representations and warranties of Seller set forth in Section 7.5 above (which shall survive the Closing without any limit other than those limits imposed by the applicable statute of limitations or other similar laws), the representations and warranties of the parties in this Agreement shall survive until a date (the "LIMITATION DATE") which is twelve (12) months after the Closing Date, subject to Buyer's right to commence or prosecute against Seller any claim for the breach of a representation or warranty relating to events or occurrences which occurred prior to the Limitation Date, provided such claim is actually filed no later than forty-five (45) days after the Limitation Date, and otherwise no action based thereon shall be commenced after the Closing Date. The representations and warranties of Seller made in this Agreement are personal to Buyer and no Person other than Buyer shall be entitled to bring any action based thereon. The representations and warranties set forth above are further subject to the limitations of liability set forth in Section 12.1.2 of the Transaction Agreement, which limitations are in addition to (and not in lieu of) the limitations set forth in this Agreement.

ARTICLE 8 - REPRESENTATIONS AND WARRANTIES OF BUYER

8.1 GENERAL STATEMENT. Buyer makes the representations and warranties to Seller which are set forth in this Article 8. All such representations and warranties and all representations and warranties which are set forth elsewhere in this Agreement or in any document delivered by Buyer pursuant to or in connection with this Agreement shall survive the Closing (and none shall merge into any instrument of conveyance), regardless of any investigation or lack of

investigation by Seller. No specific representation or warranty shall limit the generality or applicability of a more general representation or warranty. Representations and warranties of Buyer are made as of the date of this Agreement.

8.2 ATTRIBUTION. For purposes of the representations and warranties of Buyer set forth in this Article 8 only, the words "knowledge of Buyer" or "Buyer's knowledge" shall mean the actual and not constructive knowledge of Mortimer Zuckerman, Edward Linde and Thomas O'Connor (collectively, the "BUYER KNOWLEDGE PARTIES"). Any fact, matter or other statement shall not be deemed to be within the knowledge of Buyer or Buyer's knowledge unless the Buyer Knowledge Parties, or any of them, have actual knowledge of such fact, matter or other statement.

8.3 DUE FORMATION, AUTHORIZATION, ETC. OF BUYER. Buyer is a limited liability company, duly formed and validly existing under the laws of the State of Delaware, is duly qualified and in good standing as a foreign limited liability company under the laws of the State of California, and has all necessary power, partnership and otherwise, to execute and deliver this Agreement and all documents executed by it in connection herewith and to perform all its obligations hereunder and thereunder. This Agreement (and each other document to be executed by Buyer in connection herewith) has been duly authorized by all requisite company action on the part of Buyer. The execution and delivery of this Agreement and all documents to be executed by Buyer in connection herewith, and the consummation of the transactions contemplated hereby and thereby, do not require the consent or approval of the members of Buyer or, to the knowledge of Buyer, the consent or approval of any governmental authority, nor, to the knowledge of Buyer, does the execution and delivery of this Agreement or any of the documents to be executed in connection herewith violate, in any way material to the transactions contemplated hereby or thereby, any contract or agreement to which Buyer is a party or any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to Buyer, and this Agreement and all documents executed by Buyer in connection herewith constitute the legal, valid and binding obligations of Buyer. Neither Buyer nor Public Company are a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage, debenture, note or other instrument under the terms of which performance by Buyer according to the terms of this Agreement will be a default or an event of acceleration, or grounds for termination, or whereby timely performance by Buyer according to the terms of this Agreement, may be prohibited, prevented or delayed.

8.4 LIMITATIONS. The representations and warranties of Buyer set forth hereinabove shall survive the Closing without any limit other than those limits imposed by the applicable statute of limitations or other similar laws. The representations and warranties of Buyer made in this Agreement are personal to Seller (and Seller's partners) and no Person other than Seller (or its partners) shall be entitled to bring any action based thereon.

ARTICLE 9 - COVENANTS

9.1 PUBLICITY. Seller and Buyer each hereby covenants and agrees that neither Seller nor Buyer shall issue any press release or public statement (a "RELEASE") with respect to the transactions contemplated hereby without the prior consent of the other, except to the extent required by law or by the rules or regulations of any securities exchange. If either Seller or Buyer is required by law to issue a Release, such party shall, at least two (2) business days prior to the issuance of the Release, deliver a copy of the proposed Release to the other party for its review and comment.

9.2 SURVIVAL. The provisions of this Article 9 shall survive the Closing (and not be merged therein).

ARTICLE 10 - BREACH; DEFAULT; LIABILITY LIMITS

10.1 BUYER'S RIGHTS. In the event of any claim, suit or other action against Seller pertaining to (a) this Agreement, any of the documents executed in connection herewith or any of the transactions contemplated hereby or thereby (including, without limitation, any and all indemnification obligations of Seller hereunder or thereunder) or (b) a breach by Seller of any of the terms or provisions of this Agreement or of any of the documents executed by Seller in connection herewith (including, without limitation, the breach of any representation or warranty of Seller set forth herein or therein), Buyer's sole remedy shall be an action for monetary damages; provided that, except for the breach of the representations and warranties set forth in Sections 7.3.1, 7.3.2 and 7.5 above (which will not be subject to any liability cap), and notwithstanding any provision to the contrary contained in this Agreement, the Transaction Agreement or in any other documents executed in connection herewith or therewith, the maximum aggregate liability of Seller, and the maximum aggregate amount which may be awarded to and collected by Buyer or any other Person, with respect to any claim, suit or other action relating in any way to this Agreement, any of the documents executed in connection herewith or any of the transactions contemplated hereby or thereby, shall not exceed the Building Maximum Liability Amount for the Old Federal Reserve Building. The terms and provisions of this Section 10.1 are further subject to the overall $43,000,000 limitation of liability set forth in Section 12.1.2 of the Transaction Agreement, it being acknowledged and agreed that the liability cap set forth hereinabove may be further reduced as a result of recoveries made by Buyer or its Affiliates in connection with the other transactions described in the Transaction Agreement in accordance with said Section 12.1.2 of the Transaction Agreement. Notwithstanding the foregoing, the parties hereto hereby acknowledge and agree that the foregoing caps on liability (and any other cap on the liability of the Ventures or the Transferor Parties set forth in any other Transaction Document) does not apply to the breach of any of the representations and warranties set forth in Sections 7.3.1, 7.3.2 or 7.5 hereof. In any event, any monetary damages recoverable from Seller shall be recovered only from the individual partners of Seller severally in the ratio of each such partner's

percentage interest in and to Seller immediately prior to the Closing. The terms and provisions of this Section 10.1 shall survive the Closing and shall not be merged therein.

10.2 Seller's Rights. In the event of a breach by Buyer of any of the terms or provisions of this Agreement or any of the documents executed in connection herewith, Seller shall be entitled to pursue any and all rights and remedies at law or in equity available to Seller with respect to such breach; provided that, except for breaches of the representations and warranties set forth in Article 8 hereof (which will not be subject to any liability cap), and except as otherwise expressly provided in any other Transaction Document, the maximum aggregate liability of Buyer and Public Company for any and all breaches of the representations and warranties of Buyer and/or Public Company contained in any Transaction Document shall not exceed an amount equal to Forty-Three Million Dollars ($43,000,000) in the aggregate. The terms and provisions of this Section 10.2 shall survive the Closing and shall not be merged therein.

ARTICLE 11 - INTENTIONALLY OMITTED

ARTICLE 12 - MISCELLANEOUS

12.1 BUYER'S ASSIGNMENT. Buyer may assign this Agreement to an Affiliate of Buyer without Seller's consent; provided that, Buyer shall not be released from any obligations or liabilities of the "Buyer" hereunder as a result of such assignment, whether such obligations or liabilities accrued or occurred prior to, on or after the date of such assignment. Except as expressly permitted by the preceding sentence, Buyer shall not assign this Agreement or its rights hereunder to any Person without the prior written consent of Seller, which consent Seller may grant or withhold in its sole discretion, and any such assignment without Seller's consent shall be null and void.

12.2 DESIGNATION AGREEMENT. Section 6045(e) of the Code and the regulations promulgated thereunder (herein collectively called the "REPORTING REQUIREMENTS") require an information return to be made to the United States Internal Revenue Service, and a statement to be furnished to Seller, in connection with the transactions contemplated by this Agreement. Escrow Agent ("AGENT") is either (i) the Person responsible for closing the transactions (as described in the Reporting Requirements) or (ii) the disbursing title or escrow company that is most significant in terms of gross proceeds disbursed in connection with the transactions (as described in the Reporting Requirements). Accordingly:

(i) Agent is hereby designated as the "Reporting Person" (as defined in the Reporting Requirements) for the transactions. Escrow Agent shall perform all duties that are required by the Reporting Requirements to be performed by the Reporting Person for the transactions.

(ii) Seller and Buyer shall furnish to Agent, in a timely manner, any information requested by Escrow Agent and necessary for Agent to perform its duties as Reporting Person for the transactions.

(ii) Agent hereby requests Seller to furnish to Agent Seller's correct taxpayer identification number. Seller acknowledges that any failure by Seller to provide Agent with Seller's correct taxpayer identification number may subject Seller to civil or criminal penalties imposed by law. Accordingly, Seller hereby certifies to Agent, under penalties of perjury, that Seller's correct taxpayer identification number is 94-2919280.

(iv) Each of the parties hereto shall retain this Agreement for a period of four (4) years following the calendar year during which Closing occurs.

12.3 INTEGRATION; WAIVER. This Agreement, together with the Schedules and Exhibits hereto, embodies and constitutes the entire understanding between the parties with respect to the transactions contemplated herein and all prior agreements, understandings, representations and statements, oral or written, are merged into this Agreement. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except by an instrument signed by the party against whom the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument. No waiver by either party hereto of any failure or refusal by the other party to comply with its obligations hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply.

12.4 GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the law of the State of California.

12.5 CAPTIONS NOT BINDING; SCHEDULES AND EXHIBITS. The captions in this Agreement are inserted for reference only and in no way define, describe or limit the scope or intent of this Agreement or of any of the provisions hereof. All Schedules and Exhibits attached hereto shall be incorporated by reference as if set out herein in full.

12.6 BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

12.7 SEVERABILITY. If any term or provision of this Agreement or the application thereof to any Persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to Persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

12.8 NOTICES. Any notice, request, demand, consent, approval and other communications under this Agreement shall be in writing, and shall be deemed duly given or made at the time and on the date when personally delivered as shown on a receipt therefor (which shall include delivery by a nationally recognized overnight delivery service) or three (3) business days after being mailed by prepaid registered or certified mail, return receipt requested, to the address for each party set forth below. Any party, by written notice to the other in the manner herein provided, may designate an address different from that set forth below.

IF TO BUYER:

BP OFR LLC
c/o Boston Properties, Inc.
8 Arlington Street
Boston, Massachusetts 02116-3495
Attention: General Counsel
Facsimile: (617) 421-1555

COPY TO:

Goulston & Storrs, P.C.
400 Atlantic Avenue
Boston, Massachusetts 02110-3333
Attention: Eli Rubenstein, Esq.
Facsimile: (617) 574-4112

IF TO SELLER:

Prudential Realty Group
8 Campus Drive
4th Floor - Arbor Circle South
Parsippany, New Jersey 07054
Attention: John R. Triece
Facsimile: (201) 683-1797

AND:

Fedmark Corporation
30 Rockefeller Plaza, Room 5600
New York, New York 10112
Attention: Richard E. Salomon
Facsimile: (212) 424-1806

COPY TO:

The Prudential Insurance Company
of America
c/o Prudential Capital Group
4 Embarcadero Center
Suite 2700
San Francisco, California 94111
Attention: Harry Mixon, Esq.
Facsimile: (415) 956-2197

COPY TO:

Pacific Property Service, L.P.
Suite 2600
Four Embarcadero Center
San Francisco, California 94111
Attention: Chief Financial Officer
Facsimile: (415) 956-7134

COPY TO:

O'Melveny & Myers LLP
Embarcadero Center West
275 Battery Street
San Francisco, California 94111
Attention: Stephen A. Cowan, Esq.
Facsimile: (415) 984-8701

COPY TO:

Willkie Farr & Gallagher
787 Seventh Avenue
New York, New York 10019-6099
Attention: Bruce M. Montgomerie, Esq.
Facsimile: (212) 728-8111

12.9 COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be an original and all of which counterparts taken together shall constitute one and the same agreement.

12.10 NO RECORDATION. Seller and Buyer each agrees that neither this Agreement nor any memorandum or notice hereof shall be recorded.

12.11 ADDITIONAL AGREEMENTS; FURTHER ASSURANCES. Subject to the terms and conditions herein provided, each of the parties hereto shall execute and deliver such documents as the other party shall reasonably request in order to consummate and make effective the transactions contemplated by this Agreement; provided, however, that the execution and delivery of such documents by such party shall not result in any additional liability or cost to such party.

12.12 CONSTRUCTION. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendment, Schedule or Exhibit hereto.

12.13 BUSINESS DAY. As used herein, the term "business day" shall mean any day other than a Saturday, Sunday, or any Federal or State of California holiday.

12.14 CONSENT TO JURISDICTION AND SERVICE OF PROCESS. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PERSON ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any other party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

12.15 WAIVER OF JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related

future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be duly executed on its behalf on the day and year first above written.

"SELLER"

TWO EMBARCADERO CENTER WEST,
a California limited partnership

By: FEDMARK CORPORATION,
a Delaware corporation,
General Partner

By: /s/ [Signature Illegible]

Name: _____
Title: _____

By: THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA, a New Jersey corporation,
General Partner

By: /s/ Gary L. Frazier

Name: _____
Title: _____

[SIGNATURES CONTINUED ON NEXT PAGE]

"BUYER"

BP OFR LLC,
a Delaware limited liability company

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, its sole member

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
its general partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

The undersigned, as escrow agent, has executed this Agreement solely to confirm its agreement to comply with the provisions of Article 6.

FIRST AMERICAN TITLE
INSURANCE COMPANY

By: /s/ J. C. Calder

Name: J.C. Calder
Its: Vice President

Date: November 12, 1998

Exhibit 99.2

Execution Copy

CONTRIBUTION AGREEMENT

BY AND AMONG

BOSTON PROPERTIES, INC;

BOSTON PROPERTIES LIMITED PARTNERSHIP;

EMBARCADERO CENTER INVESTORS PARTNERSHIP; AND

THOSE PERSONS LISTED ON EXHIBIT A ATTACHED HERETO

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CONTRIBUTION AGREEMENT

This CONTRIBUTION AGREEMENT (this "AGREEMENT"), is made and entered into as of November 12, 1998, by and among BOSTON PROPERTIES, INC., a Delaware corporation ("PUBLIC COMPANY"), BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership ("INVESTOR"), EMBARCADERO CENTER INVESTORS PARTNERSHIP, a California limited partnership ("ECIP"), and the Partners in ECIP on the date of the Transaction Agreement and listed on Exhibit A attached hereto (the "ECIP PARTNERS").

W I T N E S S E T H

WHEREAS, this Agreement is hereby executed, and the transactions described herein are being consummated concurrently with certain other transactions, pursuant to (and in accordance with) that certain Master Transaction Agreement dated as of September 28, 1998, by and among The Prudential Insurance Company of America, PIC Realty Corporation, certain persons listed on Exhibit A attached thereto, ECIP, Fedmark Corporation, Pacific Property Services, L.P., Investor and Public Company (the "TRANSACTION AGREEMENT") (all initially capitalized terms used herein without definition shall have the meanings given such terms in the Transaction Agreement);

WHEREAS, the ECIP Partners own, collectively, all of the interests in ECIP, ECIP is a partner in each of the Existing EC/ECA Ventures, and the ECIP Partners desire to contribute to Investor their respective partnership interests in ECIP and thereby their indirect interests in and to each such Existing EC/ECA Venture solely in exchange for Investor Preferred Units (as defined below), all on the terms and conditions described herein;

WHEREAS, concurrently with the Closing of the transactions described in this Agreement, Investor is amending and restating its partnership agreement by executing a Certificate of Designation to such Partnership Agreement which creates a class of Series Two Preferred Units, substantially in the form attached hereto as Exhibit B (the "INVESTOR AGREEMENT") and admitting the ECIP Partners as additional Limited Partners of Investor with the number of Series Two Preferred Units determined herein ; and

WHEREAS, concurrently with the consummation of the transactions contemplated by this Agreement, Public Company and ECIP are executing a Registration Rights Agreement substantially in the form attached hereto as Exhibit C (the "REGISTRATION RIGHTS AGREEMENT").

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. DEFINITIONS. In addition to the terms defined in the Transaction Agreement and elsewhere in this Agreement, the following terms shall have the meanings set forth herein for the purposes of the transactions described in this Agreement:

"BUILDING MAXIMUM LIABILITY AMOUNT" has the meaning set forth in Section 11.1(a).

"BUSINESS DAY" means any day of the year other than Saturday, Sunday or any other day on which banks located in Boston, Massachusetts are authorized to close for business.

"CLOSING" has the meaning set forth in Section 10.1(a).

"CLOSING DATE" has the meaning set forth in Section 10.1(a).

"CONFIDENTIAL MATERIAL" has the meaning set forth in Section 9.1(a).

"CONTRACTS" has the meaning set forth in Section 4.3(f).

"DOCUMENTS" has the meaning set forth in Section 3.1(a).

"ECIP" has the meaning given such term in the Introductory Paragraph.

"ECIP CONTRIBUTION VALUE" has the meaning set forth in Section 10.2.

"ECIP KNOWLEDGE PARTY" has the meaning set forth in Section 4.2.

"ECIP LEASE" means that certain lease between Four Embarcadero Center Venture, as landlord, and ECIP, as tenant, attached as Exhibit H and subject to the sublease and subsubleases attached to Exhibit H.

"ECIP PARTIES" has the meaning set forth in Section 3.2(a).

"ECIP PARTNER KNOWLEDGE PARTIES" has the meaning set forth in Section 5.2.

"ECIP PARTNERS" has the meaning given such term in the Introductory Paragraph.

"ECIP WARRANTIES" has the meaning set forth in Section 3.2(a).

"EC/ECA VENTURE PARTNERSHIP AGREEMENTS" means the partnership agreements of the respective EC/ECA Ventures, as amended, modified or supplemented.

"ENCUMBRANCE DOCUMENTS" has the meaning set forth in Section 4.3(i).

"EXISTING MORTGAGES" means those certain mortgages described on Exhibit G annexed hereto.

"FOUR EC EXISTING DEBT BALANCE" shall mean the total unpaid balance (including all principal and accrued and unpaid interest) of all Existing Mortgages secured by Four EC on the Closing Date.

"FOUR EC VALUE" has the meaning set forth in Section 10.2.

"HAZARDOUS MATERIALS" means any substance, chemical, waste or material that is or becomes regulated by any federal, state or local governmental authority because of its toxicity, infectiousness, radioactivity, explosiveness, ignitability, corrosiveness or reactivity, including, without limitation, asbestos or any substance containing more than O.1 percent asbestos, the group of compounds known as polychlorinated byphenyls, flammable explosives, oil, petroleum or other refined petroleum product.

"INVESTOR" has the meaning given such term in the Introductory Paragraph.

"INVESTOR AGREEMENT" has the meaning given such term in the preamble.

"INVESTOR KNOWLEDGE PARTIES" has the meaning set forth in Section 7.2.

"INVESTOR PREFERRED UNITS" means the Series Two Preferred Units as set forth in the Investor Agreement.

"LIMITATION DATE" has the meaning set forth in Article VIII.

"ONE EC EXISTING DEBT BALANCE" shall mean the total unpaid balance (including all principal and accrued and unpaid interest) of all Existing Mortgages secured by One EC on the Closing Date.

"ONE EC VALUE" has the meaning set forth in Section 10.2.

"PERMITTED EXCEPTIONS" means the Permitted Exceptions as defined in the Transaction Agreement pertain to the Buildings in which ECIP has an indirect interest.

"PROPERTY" means the ECIP Partners' partnership interests in ECIP as reflected in the ECIP Partnership Agreement as of the date of the Transaction Agreement, which Property constitutes all outstanding partnership interests in ECIP.

"PROVIDING PARTY" has the meaning set forth in Section 9.1(a).

"PUBLIC COMPANY" has the meaning given such term in the Introductory Paragraph.

"PUBLIC COMPANY KNOWLEDGE PARTIES" has the meaning set forth in Section 6.2.
- ----------

"RECEIVING PARTY" has the meaning set forth in Section 9.1(a).

"REGISTRATION RIGHTS AGREEMENT" has the meaning given such term in the preamble.

"REPRESENTATIVES" has the meaning set forth in Section 9.1(a).

"SECURITIES" means, as applicable, the Shares, and the Investor Preferred Units that may be issued pursuant to the Investor Agreement.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SHARES" means the shares of the Public Company's common stock, $0.01 par value per share.

"TAX RETURN" means any return, report or other document or information required to be supplied to a taxing authority in connection with Taxes.

"TAXES" means all taxes, charges, fees, levies or other assessments, including, without limitation, income, gross receipts, excise, property, sales, withholding, social security, occupation, use, service, license, payroll, franchise, transfer and recording taxes, fees and charges, imposed by the United States, or any state, local or foreign government or subdivision or agency thereof, whether computed on a separate, consolidated, unitary, combined or any other basis; and such terms shall include any interest, fines, penalties or additional amounts attributable to or imposed on or with respect to any such taxes, charges, fees, levies or other assessments.

"THREE EC EXISTING DEBT BALANCE" shall mean the total unpaid balance (including all principal and accrued and unpaid interest) of all Existing Mortgages secured by Three EC on the Closing Date.

"THREE EC VALUE" has the meaning set forth in Section 10.2.

"TRANSACTION AGREEMENT" has the meaning given such term in the preamble.

"TRANSFEREE PARTIES" has the meaning set forth in Section 3.2(b)(i).

"TRANSFEREE PARTY-COVERED CLAIMS" has the meaning set forth in Section 3.2(b)(i).
- -----------------

"TWO EC EXISTING DEBT BALANCE" shall mean the total unpaid balance (including all principal and accrued and unpaid interest) of all Existing Mortgages secured by Two EC on the Closing Date.

"TWO EC VALUE" has the meaning set forth in Section 10.2.

ARTICLE II

CONTRIBUTION

SECTION 2.1 CONTRIBUTION. Subject to the terms and conditions set forth in this Agreement, the ECIP Partners are concurrently herewith contributing to Investor (and Investor is accepting) the Property in exchange for an aggregate number of Investor Preferred Units equal to the sum of (i) (A)100% of the ECIP Contribution Value plus (B)

ECIP's indirect interest in the NMV (as indicated in the Transaction Agreement and after applying any adjustments thereto in accordance with such Agreement) of TWO ECW and Three ECW, to the extent held by the EC Ventures, in the case of (A) and (B) as adjusted pursuant to Section 10.3 hereof and Exhibit V of the Transaction Agreement PLUS (ii) $467,000, divided by (iii) $50. Each ECIP Partner's contribution is being made in exchange for a number of Investor Preferred Units equal to such Partner's percentage interest in ECIP times such aggregate number of Investor Preferred Units. The ECIP Partners acknowledge that the first quarterly distribution paid by Investor with respect to the Investor Preferred Units shall be with be with respect to such quarterly distribution period ending Nov. 16, 1998 and shall be prorated based on the number of days, commencing at 12:01 AM on the Closing Date, during such period for which such Units are outstanding.

ARTICLE III

DUE DILIGENCE/CONDITION OF EC/ECA BUILDINGS

SECTION 3.1 TRANSFEREE PARTIES' INSPECTIONS AND DUE DILIGENCE.

(A) Due Diligence Approval. Investor and Public Company each hereby acknowledges and agrees that, as of the date of the execution of this Agreement, it has been given the full opportunity to review, inspect and investigate all of the files known or made available to Investor maintained by PPS on behalf of ECIP and PPS relating to the Property, EC/ECA Ventures and EC/ECA Buildings that it deems necessary to review (the "DOCUMENTS"), and has had an opportunity to conduct a thorough review, investigation, and inspection of the physical (including, without limitation, the seismic load bearing capabilities), environmental, economic, and legal conditions of the EC/ECA Buildings, the laws, regulations, covenants, conditions, and restrictions affecting or governing the use or operation of the EC/ECA Buildings, EC/ECA Ventures or the Property, the rentable square footage of the EC/ECA Buildings, and all other matters which a prudent buyer of partnership interests in a partnership that owns directly or indirectly commercial real property should review, inspect or investigate in the course of a due diligence review, and Investor and Public Company has each approved the condition of the EC/ECA Buildings, EC/ECA Ventures and the Property and the results of such review, inspection and investigation.

(B) Indemnity. Investor and Public Company shall each indemnify, protect, defend, and hold harmless ECIP (and each of the ECIP Partners) from and against any and all claims, demands, causes of action, losses, damages and liabilities, including, without limitation, personal injuries and property damage, and shall immediately discharge any liens and encumbrances, arising out of acts or omissions of Investor, Public Company or any of their agents, contractors, or representatives, committed on or about any of the EC/ECA Buildings in the course of any such Person's due diligence reviews, inspections and investigations, including, without limitation, claims, demands, causes of action, losses, damages and liabilities on the part of the tenants and lessees alleging breach of a Lease as a result of any such Person's acts or omissions.

(C) Survivability. The terms and provisions of this Section 3.1 shall survive the Closing.

SECTION 3.2 PROPERTY SOLD "AS IS".

(A) "As Is, Where Is, With All Faults". INVESTOR AND PUBLIC COMPANY EACH ACKNOWLEDGES AND AGREES THAT : (i) EXCEPT FOR THE EXCLUDED LIABILITIES, THE PROPERTY (AND THE RESULTING INTEREST IN THE EC/ECA BUILDINGS) IS SOLD, AND BUYER ACCEPTS THE PROPERTY (AND ITS CORRESPONDING INTEREST IN THE EC/ECA BUILDINGS) ON THE DATE HEREOF, "AS IS, WHERE IS, WITH ALL FAULTS"; (ii) EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF ECIP AND THE ECIP PARTNERS SET FORTH IN ARTICLES 4 AND 5, RESPECTIVELY, TOGETHER WITH THE REPRESENTATIONS OF EACH ECIP PARTNER IN ANY CLOSING DOCUMENT IT DELIVERS PURSUANT TO SECTION 10.1 (HEREIN COLLECTIVELY CALLED THE "ECIP WARRANTIES"), NONE OF ECIP, THE ECIP PARTNERS, THEIR RESPECTIVE SALES AGENTS, NOR ANY PARTNER, OFFICER, DIRECTOR, EMPLOYEE, AGENT OR ATTORNEY OF ECIP OR THE ECIP PARTNERS, THEIR COUNSEL, BROKERS, OR SALES AGENTS, NOR ANY OTHER PERSON RELATED IN ANY WAY TO ANY OF THE FOREGOING (ALL OF WHICH PERSONS ARE HEREIN COLLECTIVELY CALLED THE "ECIP PARTIES") HAVE OR SHALL BE DEEMED TO HAVE MADE ANY VERBAL OR WRITTEN REPRESENTATIONS, WARRANTIES, PROMISES OR GUARANTEES (WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE) TO INVESTOR OR PUBLIC COMPANY WITH RESPECT TO ECIP, THE PROPERTY, THE EC/ECA VENTURES OR THE EC/ECA BUILDINGS, ANY MATTER SET FORTH, CONTAINED OR ADDRESSED IN ANY DOCUMENTS REVIEWED BY INVESTOR OR PUBLIC COMPANY (INCLUDING, BUT NOT LIMITED TO, THE ACCURACY AND COMPLETENESS THEREOF) OR THE RESULTS OF INVESTOR'S AND PUBLIC COMPANY'S DUE DILIGENCE INVESTIGATIONS; AND (iii) INVESTOR AND PUBLIC COMPANY EACH HAS CONFIRMED INDEPENDENTLY ALL INFORMATION THAT IT CONSIDERS MATERIAL TO ITS ACQUISITION OF THE PROPERTY (AND THE RESULTING INTEREST IN THE EC/ECA BUILDINGS) AND THE TRANSACTIONS CONTEMPLATED HEREBY. INVESTOR AND PUBLIC COMPANY EACH HEREBY SPECIFICALLY ACKNOWLEDGES THAT, EXCEPT FOR THE ECIP WARRANTIES, IT IS NOT RELYING ON (AND EACH OF THE ECIP PARTIES DOES HEREBY DISCLAIM AND RENOUNCE) ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, FROM ANY OF THE ECIP PARTIES, AS TO: (1) THE OPERATION OF THE PROPERTY, ECIP AND THE EC/ECA BUILDINGS OR THE INCOME POTENTIAL, USES, OR MERCHANTABILITY OR

FITNESS OF ANY PORTION OF THE PROPERTY OR EC/ECA BUILDINGS FOR A PARTICULAR PURPOSE; (2) THE PHYSICAL CONDITION OF THE EC/ECA BUILDINGS OR THE CONDITION OR SAFETY OF THE EC/ECA BUILDINGS OR ANY IMPROVEMENTS THEREON; (3) THE PRESENCE OR ABSENCE, LOCATION OR SCOPE OF ANY HAZARDOUS MATERIALS IN, AT, OR UNDER THE EC/ECA BUILDINGS; (4) THE ACCURACY OF ANY STATEMENTS, CALCULATIONS OR CONDITIONS STATED OR SET FORTH IN ECIP'S OR PPS'S BOOKS AND RECORDS CONCERNING THE PROPERTY AND/OR THE EC/ECA BUILDINGS OR SET FORTH IN ANY OF THE ECIP PARTNERS' OFFERING MATERIALS WITH RESPECT TO THE PROPERTY, ECIP AND/OR THE EC/ECA BUILDINGS; (5) THE DIMENSIONS OF THE EC/ECA BUILDINGS OR THE ACCURACY OF ANY FLOOR PLANS, SQUARE FOOTAGE, LEASE ABSTRACTS, SKETCHES, REVENUE OR EXPENSE PROJECTIONS RELATED TO THE EC/ECA BUILDINGS; (6) THE OPERATING PERFORMANCE, THE INCOME AND EXPENSES OF THE PROPERTY AND/OR EC/ECA BUILDINGS OR THE ECONOMIC STATUS OF THE PROPERTY AND/OR EC/ECA BUILDINGS; (7) THE ABILITY OF INVESTOR AND PUBLIC COMPANY TO OBTAIN ANY AND ALL NECESSARY GOVERNMENTAL APPROVALS OR PERMITS FOR THE INTENDED USE AND DEVELOPMENT OF THE EC/ECA BUILDINGS; AND (8) THE LEASING STATUS OF THE EC/ECA BUILDINGS OR THE INTENTIONS OF ANY PERSONS WITH RESPECT TO THE NEGOTIATION AND/OR EXECUTION OF ANY LEASE FOR ANY PORTION OF THE EC/ECA BUILDINGS. INVESTOR AND PUBLIC COMPANY EACH FURTHER ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE ECIP WARRANTIES, THE ECIP PARTIES ARE UNDER NO DUTY TO MAKE ANY AFFIRMATIVE DISCLOSURES OR INQUIRY REGARDING ANY MATTER WHICH MAY BE KNOWN TO ANY OF THE ECIP PARTIES.

(B) Release and Indemnity. INVESTOR'S AND PUBLIC COMPANY'S RELEASE AND INDEMNITY:

(i) INVESTOR AND PUBLIC COMPANY EACH HEREBY ASSUMES ALL RISKS WITH RESPECT TO THE PROPERTY (AND ITS RESULTING INTEREST IN THE EC/ECA BUILDINGS), KNOWN AND UNKNOWN, SUSPECTED AND UNSUSPECTED, EXCEPTING ONLY THE EXCLUDED LIABILITIES (AS DEFINED IN SECTION 3.2 (b) (ii) BELOW). EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN SECTION 3.2(b)(ii) BELOW WITH RESPECT TO EXCLUDED LIABILITIES AND SECTION 3.2(b)(iii) BELOW WITH RESPECT TO THE ECIP PARTIES' WARRANTIES, INVESTOR, PUBLIC COMPANY AND THEIR AGENTS, EMPLOYEES, AFFILIATES, SUCCESSORS AND ASSIGNS (COLLECTIVELY, "TRANSFEREE PARTIES"), SHALL BE SOLELY LIABLE FOR, AND SHALL INDEMNIFY, DEFEND, PROTECT AND HOLD HARMLESS THE ECIP PARTIES FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSSES, LIABILITIES, COSTS AND

EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) AT LAW OR IN EQUITY, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, RELATING TO BODILY INJURY, DEATH, PROPERTY DAMAGE, ECONOMIC LOSS, OR OTHER DAMAGES SUFFERED BY ANY OF THE ECIP PARTIES ARISING OUT OF OR RELATING TO THE PROPERTY AND/OR THE EC/ECA BUILDINGS , INCLUDING, WITHOUT LIMITATION, THE PHYSICAL, ENVIRONMENTAL, ECONOMIC, LEGAL OR OTHER CONDITION OF ANY OF THE EC/ECA BUILDINGS, INCLUDING, WITHOUT LIMITATION, ANY SUCH CLAIMS OR LIABILITIES RELATING TO THE PRESENCE, DISCOVERY OR REMOVAL OF ANY HAZARDOUS MATERIALS IN, AT, ABOUT OR UNDER ANY OF THE EC/ECA BUILDINGS, OR FOR, CONNECTED WITH OR ARISING AFTER THE DATE HEREOF OUT OF ANY AND ALL CLAIMS OR CAUSES OF ACTION BASED UPON CERCLA (COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, 42 U.S.C. (S)(S)9601 ET SEQ., AS AMENDED BY SARA [SUPERFUND AMENDMENT AND REAUTHORIZATION ACT OF 1986] AND AS MAY BE FURTHER AMENDED FROM TIME TO TIME), THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976, 42 U.S.C. (S)(S)6901 ET SEQ., OR ANY RELATED CLAIMS OR CAUSES OF ACTION OR ANY OTHER FEDERAL OR STATE BASED STATUTORY OR REGULATORY CAUSES OF ACTION FOR ENVIRONMENTAL CONTAMINATION AT, IN OR UNDER ANY OF THE EC/ECA BUILDINGS (HEREINAFTER "TRANSFEREE PARTY-COVERED CLAIMS").

(ii) NOTWITHSTANDING THE FOREGOING, THE TERM "TRANSFEREE PARTY-COVERED CLAIMS" SHALL EXCLUDE, AND NEITHER INVESTOR NOR THE PUBLIC COMPANY SHALL ASSUME, ANY AND ALL OBLIGATIONS AND LIABILITIES ("EXCLUDED LIABILITIES") ARISING FROM OR IN CONNECTION WITH THE USE, OWNERSHIP OR OPERATION OF ECIP, THE PROPERTY, THE EC/ECA VENTURES AND/OR EC/ECA BUILDINGS ACCRUING ON OR PRIOR TO THE CLOSING DATE OTHER THAN (A) OBLIGATIONS AND LIABILITIES ASSUMED IN WRITING BY INVESTOR AND PUBLIC COMPANY IN CONNECTION WITH THE LEASES AND/OR CONTRACTS AND ALL OTHER OBLIGATIONS AND LIABILITIES THAT THE INVESTOR EXPRESSLY ASSUMES IN WRITING (OTHER THAN BY WAY OF ACCEPTING THE ASSIGNMENT OF THE PROPERTY) AT OR PRIOR TO THE CLOSING, (B) OBLIGATIONS AND LIABILITIES FOR WHICH INVESTOR HAS RECEIVED A PRORATION CREDIT PURSUANT TO EXHIBIT V OF THE TRANSACTION AGREEMENT, AND (C) OBLIGATIONS AND LIABILITIES RELATING IN ANY WAY TO THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE EC/ECA BUILDINGS OTHER THAN ANY CLAIMS MADE BY ,OR CAUSES OF ACTION BROUGHT BY, ANY THIRD PARTY UNRELATED TO INVESTOR

OR PUBLIC COMPANY OR ANY OF THEIR AFFILIATES WHERE THE INJURY OR DAMAGE GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION AROSE OR OCCURRED DURING THE PERIOD PRIOR TO THE CLOSING DATE.

ii(ii) TRANSFEREE PARTIES EACH HEREBY GENERALLY AND FULLY RELEASE THE ECIP PARTIES FROM ANY AND ALL STATEMENTS OR OPINIONS HERETOFORE MADE, OR INFORMATION FURNISHED IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, BY THE ECIP PARTIES TO ANY OF THE TRANSFEREE PARTIES, EXCEPT FOR THE ECIP WARRANTIES; AND FROM ANY AND ALL TRANSFEREE PARTY-COVERED CLAIMS, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED.

WITH RESPECT TO THE RELEASES AND WAIVERS CONTAINED IN THIS

SUBSECTION 3.2(b)(iii), THE TRANSFEREE PARTIES EXPRESSLY WAIVE THE

BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

INVESTOR AND PUBLIC COMPANY HAS EACH BEEN ADVISED BY ITS LEGAL COUNSEL AND UNDERSTANDS THE SIGNIFICANCE OF THIS WAIVER OF SECTION 1542 RELATING TO UNKNOWN, UNSUSPECTED AND CONCEALED CLAIMS. BY ITS INITIALS BELOW, EACH OF INVESTOR AND PUBLIC COMPANY ACKNOWLEDGES THAT IT FULLY UNDERSTANDS, APPRECIATES, AND ACCEPTS ALL OF THE TERMS OF THIS SUBSECTION 3.2(b)(iii).

_____
Investor's Initials

_____
Public Company's Initials

(iv) NOTWITHSTANDING THE FOREGOING, THE ECIP PARTNERS SHALL BE SOLELY LIABLE FOR, AND SHALL INDEMNIFY, DEFEND (AND CONTROL THE RESOLUTION OF),

PROTECT AND HOLD HARMLESS INVESTOR AND PUBLIC COMPANY FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSSES, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEY'S FEES) AT LAW OR IN EQUITY, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, RELATING TO BODILY INJURY, DEATH, PROPERTY DAMAGE, ECONOMIC LOSS, OR OTHER DAMAGES SUFFERED BY ECIP OR THE PROPERTY OR THE EC/ECA VENTURES OR THE EC/ECA BUILDINGS ARISING OUT OF OR RELATING TO THE EXCLUDED LIABILITIES.

(C) Provisions Material. Investor and Public Company each acknowledges and agrees that the provisions of this Article 3 were a material factor in the acceptance of the ECIP Contribution Value by the ECIP Partners and, while the ECIP Partners have made the Documents available to Investor and Public Company and cooperated with Investor and Public Company in their due diligence investigations and inspections, the ECIP Partners are unwilling to contribute the Property unless the ECIP Parties are expressly released as set forth in Subsection 3.2(b)(ii).

(D) Survivability. Notwithstanding anything to the contrary herein, the provisions of this Section 3.2 shall survive the Closing and shall not be merged in any contribution of the Property.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES AS TO THE PROPERTY, THE EC/ECA VENTURES AND THE EC/ECA BUILDINGS

SECTION 4.1 GENERAL STATEMENT. The ECIP Partners make the representations and warranties with respect to ECIP, the Property, the EC/ECA Ventures and the EC/ECA Buildings to Investor and Public Company which are set forth in this Article IV. All representations and warranties set forth in Section 4.3 shall survive the Closing (and none shall merge into any instrument of conveyance) for the period of time set forth in Article VIII and shall be subject to the limitations of Section 11.1 (provided, however, that the representations in Section 4.3(a), (b), (c) and (d) shall not be subject to the Building Maximum Liability Amount in Section 11.1 or the $43,000,000 limitation of Section 12.1.2 of the Transaction Agreement) ,and all representations and warranties set forth in Section 4.5 hereof shall, subject to the limitations of Section 11.1, survive the Closing (and none shall merge into any instrument of conveyance) for the period of any relevant statute of limitations therefor. All Representations and warranties are made as of the date of this Agreement.

SECTION 4.2 ATTRIBUTION. For purposes of this Agreement, the words "knowledge of ECIP" or "ECIP's knowledge" shall mean the actual and not constructive knowledge of Richard E. Salomon, President of Rockmark Corporation, the general partner of ECIP, Thomas Hendrian and John Syage of PPS and John Treice of Prudential Insurance Company of America (the "ECIP KNOWLEDGE PARTY"). The individuals who are an ECIP Knowledge Party shall have no liability of any kind in their capacity as an ECIP Knowledge Party. Any fact, matter or other

statement shall not be deemed to be within the knowledge of ECIP or ECIP's knowledge unless the ECIP Knowledge Party has actual knowledge of such fact, matter or other statement. Notwithstanding the foregoing, the representations and warranties made by the ECIP Partners under Section 4.5 below are intended to be absolute in nature and are not limited by the knowledge or attribution limitations of this Section 4.2.

SECTION 4.3 REPRESENTATIONS AND WARRANTIES RE: ECIP BUSINESS AND EC/ECA BUILDINGS. The ECIP Partners hereby severally (and not jointly) represent and warrant to Investor except as set forth on any Schedule attached hereto and referred to below and Public Company that:

(A) The execution and delivery of this Agreement and the other documents to be executed by ECIP in connection herewith, and the consummation of the transactions described in this Agreement and such documents do not require, to the knowledge of ECIP, the consent or approval of any governmental authority, nor to ECIP's knowledge does the execution and delivery of this Agreement and the other documents to be executed by ECIP in connection herewith violate, in any way material to the transactions described herein, any contract or agreement to which ECIP is a party or (to the knowledge of ECIP) any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to ECIP, any EC/ECA Venture or any of the EC/ECA Buildings and this Agreement and all documents to be executed by ECIP in connection with the transactions described herein constitute the legal, valid and binding obligations of ECIP. The Property (consisting of the partnership interests in ECIP of all of the ECIP Partners) constitutes all of the outstanding partnership interests in ECIP, and ECIP has no obligation or commitment of any kind or nature to issue any additional partnership interests.

(B) ECIP has full and, except for the Transaction Documents and the Existing Mortgages, unencumbered title to the interests in the EC/ECA Ventures as indicated in the EC/ECA Venture Partnership Agreements as in effect on the date of the Transaction Agreement and has no other assets other than the ECIP Lease and related subleases annexed as Exhibit H and the "Embarcadero Center" trademark; ECIP has no liabilities other than those incident to or arising out of or in connection with the EC/ECA Ventures, the EC/ECA Buildings, the Transaction Documents and the Existing Mortgages.

(C) To ECIP's knowledge, neither ECIP nor any EC/ECA Venture is a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage (other than the Existing Mortgages), debenture, note or other instrument under the terms of which performance by ECIP or the ECIP Partners in accordance with the terms and provisions of this Agreement will be a default or an event of acceleration, or grounds for termination, and whereby such default, acceleration or termination would reasonably be expected to have a material adverse effect on the timely performance by ECIP or the ECIP Partners of their obligations under this Agreement and the other documents to be executed by ECIP or the ECIP Partners in connection herewith,

nor does the execution of this Agreement or the other documents to be executed by ECIP in connection herewith, or the consummation of the transactions contemplated hereby and thereby, violate the partnership agreements of ECIP or any EC/ECA Venture or constitute a breach thereunder.

(D) Neither ECIP nor the EC/ECA Ventures have any employees.

(E) To ECIP's knowledge, except as listed on Schedule 4.3(e), neither ECIP nor any of the EC/ECA Ventures have received any written notice of pending or threatened litigation, judgment, arbitration, investigation or proceeding against ECIP, the EC/ECA Ventures or the EC/ECA Buildings that, if determined adversely, would reasonably be expected to have a material adverse effect on the operation, use or value of ECIP, any EC/ECA Venture or any EC/ECA Building or on the Investor's ability to obtain any financing necessary to close the transactions contemplated by this Agreement, nor has ECIP or any EC/ECA Venture received any explicit oral notice of any such threatened litigation, judgment, arbitration, investigation or proceeding.

(F) To ECIP's knowledge, except as listed on Schedule 4.3(f), there are no Claims or liabilities affecting ECIP, the EC/ECA Ventures or EC/ECA Buildings that have not been previously disclosed in writing to Investor, Public Company or any of their Affiliates which would be binding upon Investor, ECIP or the EC/ECA Ventures after Closing and have a material adverse effect on the operation, use or value of ECIP, any EC/ECA Venture, the Property or any EC/ECA Building or on Investor's ability to obtain any financing necessary to close the transactions contemplated by this Agreement.

(G) To ECIP's knowledge, except as listed on Schedule 4.3(g), neither ECIP nor the EC/ECA Ventures has received any written notice from any governmental authority of any special assessment, pending condemnation, and to ECIP's knowledge neither ECIP or the EC/ECA Ventures is in violation or has received notice of violation of any zoning, building, fire, or health code, statute, ordinance, rule or regulation applicable to the EC/ECA Buildings that would reasonably be expected to have a material adverse effect on the operation, use or value of any EC/ECA Building or on the Investor's ability to obtain any financing necessary to close the transactions contemplated by this Agreement.

(H) To ECIP's knowledge, neither ECIP nor any other Person has entered into any written equipment leases, service contracts or other such contracts or agreements affecting ECIP, any EC/ECA Venture or any EC/ECA Building which will remain in effect after the Closing Date and which will be binding upon Investor, ECIP or the EC/ECA Ventures after the Closing Date and which are not terminable or cancelable upon thirty (30) days notice (collectively, "CONTRACTS") other than those listed on Schedule 4.3(h) attached hereto.

(I) To ECIP's knowledge, the only Leases which will encumber the EC/ECA Buildings after the Closing are listed on Scheddule 4.3(i) attached hereto.

(J) To ECIP's knowledge, there are no agreements affecting the EC/ECA Buildings with third parties for the provision of leasing brokerage services or under which leasing commissions would become due from and after the Closing, except as set forth on Schedule 4.3(j).

(K) To ECIP's knowledge, neither ECIP nor any EC/ECA Venture is in default and no such party has received any written notice of any defaults under the terms of any of the Contracts, Leases or Encumbrance Documents that would have a material adverse effect on the use, operation or value of ECIP, any EC/ECA Venture or any EC/ECA Building after the Closing or on the Investor's ability to obtain any financing necessary to close the transactions contemplated by this Agreement, except as set forth on Exhibit D and Schedule 4.3(k). As used herein, the term "ENCUMBRANCE

DOCUMENTS" shall mean, collectively, all mortgages, deeds of trust, easements and other material agreements appurtenant to or burdening the EC/ECA Buildings.

(L) To ECIP's knowledge, no rent or other amounts (other than security deposits) have been prepaid under any of the Leases, Contracts or Encumbrance Documents more than thirty (30) days in advance of the due dates thereof, except as set forth on Schedule 4.3(l) or, in the case of
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Contracts, the proration schedule attached to Exhibit V of the Transaction Agreement (which will be provided on the date required).

SECTION 4.4 QUALIFICATIONS TO REPRESENTATIONS AND WARRANTIES. To the
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extent that any of the representations or warranties of the ECIP Partners under

Section 4.3 are known to Investor, Public Company or any of their Affiliates to
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be inaccurate on the Closing Date and Investor nevertheless closes the transactions contemplated by this Agreement, such representation(s) and warranty(ies) shall be deemed modified to the extent of such known inaccuracy and the ECIP Partners shall not be deemed in breach of the representation or warranty. Notwithstanding anything to the contrary stated or implied herein and in furtherance of the foregoing provisions of this Section 4.4, the ECIP

Partners shall have no liability for or with respect to any representation or warranty (or breach thereof) from and after the Closing if, prior to the Closing, the Investor, Public Company or any of their Affiliates discovers or learns of information (from whatever source, including, without limitation, ECIP, the ECIP Partners or any of their employees), or any reports, instruments or other documentation which were reviewed by or made available for review by Investor, Public Company or any of their Affiliates in connection with the transactions contemplated hereby (including, without limitation, any reports, surveys, and other due diligence documentation procured independently by Investor, Public Company or any of their Affiliates in connection with the transactions contemplated hereby) contain information that contradicts such representation and warranty, or renders such representation and warranty untrue or incorrect. Notwithstanding anything to the contrary stated in this Agreement or in any other Transaction Document, (a) Investor and Public Company have been previously informed that One EC, Two EC and the Four EC Hyatt Retail Space contain asbestos containing material ("ACM"), (b) each representation and warranty set forth herein is modified as necessary to except the existence of ACM in One EC, Two EC and the portion of the Hyatt Regency retail space (described more specifically in Schedule 4.4) leased by Four EC (the "Four EC Hyatt Retail Space") and (c) the ECIP Partners shall not be deemed to be in breach or

default of any of the representations and warranties hereunder as a result of the presence or existence of ACM within One EC, Two EC or Four EC (with respect only to the Four EC Hyatt Retail Space).

SECTION 4.5 DUE FORMATION, ETC. ECIP is a limited partnership duly formed and existing under the laws of the State of California and is not insolvent, and has all necessary power and authority to execute and deliver this Agreement and all documents executed by it in connection herewith and to perform all its obligations hereunder and thereunder. This Agreement has been duly authorized by all requisite partnership action on the part of ECIP. ECIP is not a Person other than a United States Person within the meaning of the Code and the transactions contemplated herein are not subject to the withholding provisions of section 3406 or subchapter A of Chapter 3 of the Code. To ECIP's knowledge, each EC/ECA Venture is a duly formed general partnership under the laws of the State of California, and each such partnership conducts business in accordance with all statutes, laws, rules and regulations applicable to it, and does not violate or fail to comply with, any statutes, laws, rules or regulations applicable to it that would have a material adverse effect on the business or operations of any EC/ECA Venture or on the Investor's ability to obtain any financing necessary to close the transactions contemplated by the Transaction Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES AS TO ECIP PARTNERS

SECTION 5.1 GENERAL STATEMENT. Each of the ECIP Partners, singly and not jointly, hereby makes the representations and warranties to Investor and Public Company which are set forth in this Article V. All representations and warranties set forth in Article 5 shall, subject to the limitations of Section 11.1, survive the Closing (and none shall merge into any instrument of conveyance) for the period of any relevant statute of limitations therefor. Representations and warranties of the ECIP Partners are made as of the date of this Agreement.

SECTION 5.2 ATTRIBUTION. For purposes of this Agreement, the words "knowledge of ECIP Partner" or "ECIP Partner's knowledge" shall mean the actual and not constructive knowledge of the particular ECIP Partner, its Affiliates and its officers, agents and employees in the context used (the "ECIP PARTNER KNOWLEDGE PARTIES") and shall not be construed to refer to the knowledge of any other ECIP Partner or any other ECIP Partner's Affiliates, officers, agents or employees or to impose or have imposed upon any ECIP Partner any duty to investigate the matters to which such knowledge, or absence thereof, pertains. Any fact, matter or other statement shall not be deemed to be within the knowledge of the ECIP Partner or ECIP Partner's knowledge unless the ECIP Partner Knowledge Parties for such ECIP Partner have actual knowledge of such fact, matter or other statement.

SECTION 5.3 DUE ORGANIZATION; AUTHORIZATION; OTHER MATTERS. Each ECIP Partner hereby, singly and not jointly, represents and warrants to Public Company and Investor solely as to itself as an ECIP Partner as follows:

(A) Such ECIP Partner is, if it is other than an individual, duly organized or formed, is validly existing and is in good standing under the laws of its jurisdiction of organization, and is qualified to do business and in good standing in all jurisdictions where such qualification is necessary to carry on its business as now conducted, except where the failure to so qualify would not have a material adverse effect on the ability of such ECIP Partner to perform its obligations under this Agreement.

(B) Such ECIP Partner has full power and authority to enter into this Agreement and to consummate the transactions contemplated hereby.

(C) Such ECIP Partner has, and will contribute to Investor at the Closing, full, unencumbered title to all of its interest in ECIP. Such ECIP Partner's percentage interest in ECIP as of the date is set forth in the Assignment of ECIP Partnership Interests being delivered concurrently herewith. Such ECIP Partner owns beneficially and of record, free and clear of any claim, lien, pledge, voting agreement, option, charge, security interest, mortgage, deed of trust, encumbrance, rights of assignment, purchase or other restrictions or rights of any kind, nature or description (collectively, "Encumbrances"), and has full power and authority to convey free and clear of any Encumbrances, its interest in ECIP and, upon delivery of the Assignment attached hereto, the Investor or its designee will acquire good and valid title to such interest in ECIP, free and clear of any Encumbrance other than as may have been created under this agreement. Such ECIP Interest has been validly issued.

(D) The execution, delivery and performance by such ECIP Partner of this Agreement has been duly and validly approved by all necessary partnership, corporate or other applicable action and no other actions or proceedings on the part of such ECIP Partner or its shareholders, partners or other ECIP Partners, are necessary to authorize this Agreement and the transactions contemplated hereby and thereby. No consent, waiver, approval, or authorization of, or filing, registration, or qualification with, or notice to, any governmental instrumentality or any other Person (including, without limitation, the other ECIP Partners) is required to be made, obtained, or given in connection with the execution, delivery, and performance of this Agreement by such ECIP Partner, except where the failure to do so would not have a material adverse effect on such execution, delivery or performance. This Agreement constitutes, and any other documents to be executed by such ECIP Partner pursuant to this Agreement when executed will constitute, legal, valid and binding obligations of such ECIP Partner, enforceable against such ECIP Partner in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws in effect which affect the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies.

(E) The execution and delivery of this Agreement, and the performance by such ECIP Partner under this Agreement, do not and will not conflict with or result in a breach of (with or without the passage of time or notice or both) the terms of any of such ECIP Partner's constituent documents (if any), any judgment, order

or decree of any governmental authority binding on such ECIP Partner, and, to such ECIP Partner's knowledge, do not breach or violate any applicable law, rule or regulation of any governmental authority. Except as may be provided in the Existing Mortgages, the execution, delivery and performance by such ECIP Partner under this Agreement will not result in a breach or violation of (with or without the passage of time or notice or both) the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, the partnership agreement of ECIP, any of the EC/ECA Venture Partnership Agreements, or any other agreement or instrument to which such ECIP Partner is a party or by which such ECIP Partner is bound.

(F) Such ECIP Partner, if other than an individual, is organized and, to such ECIP Partner's knowledge, has conducted its business in accordance with all applicable laws, to the extent applicable, the failure or the violation of which could reasonably be expected to have a material adverse effect on the ability of such ECIP Partner, in its individual capacity, to execute, deliver or perform under this Agreement or to consummate the transactions contemplated hereby.

SECTION 5.4 SECURITIES LAWS. Subject to the provisions of this Agreement, each ECIP Partner hereby represents and warrants that such ECIP Partner is acquiring the Investor Preferred Units for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. Such ECIP Partner understands that the Investor Preferred Units (and, subject to the Registration Rights Agreement, the Shares issuable upon exchange thereof) will not be registered under the Securities Act or any state securities laws, will be offered and sold pursuant to exemptions therefrom and cannot be resold without registration thereunder or exemption therefrom. Such ECIP Partner represents that it has sufficient knowledge and experience in financial and business matters to enable it to evaluate the merits and risks of investment in the Investor Preferred Units (and the Shares that may be issued in lieu of redemption thereof). Such ECIP Partner has the ability to bear the economic risk of acquiring the Investor Preferred Units. Such ECIP Partner has been supplied with, or had access to, information to which a reasonable investor would attach significance in making investment decisions, including, but not limited to, all information as it has requested, to answer all of its inquiries about Public Company and Investor, and to enable it to make its decision to acquire the Investor Preferred Units (and the Shares that may be issued in lieu of redemption thereof). The Securities shall, if represented by certificates, contain a prominent legend with respect to the foregoing restrictions. Such ECIP Partner represents and warrants that he, she or it is an "accredited investor" as such term is defined in Rule 501 under the Securities Act.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF PUBLIC COMPANY

SECTION 6.1 GENERAL STATEMENT. Public Company hereby makes the representations and warranties to ECIP and each ECIP Partner which are set forth in this Article VI. All representations and warranties set forth in Section 6.4 shall survive the Closing (and none shall merge into any instrument of conveyance) for the period of any relevant statute of limitations therefor. Representations and warranties of Public Company are made as of the date of this Agreement.

SECTION 6.2 ATTRIBUTION. For purposes of the representations and warranties of Public Company set forth in this Article VI only, the words "knowledge of Public Company" or "Public Company's knowledge" shall mean the actual and not constructive knowledge of Mortimer Zuckerman, Edward Linde and Thomas O'Connor (collectively, the "PUBLIC COMPANY KNOWLEDGE PARTIES"). Any fact, matter or other statement shall not be deemed to be within the knowledge of Public Company or Public Company's knowledge unless the Public Company Knowledge Parties, or any of them, have actual knowledge of such fact, matter or other statement. Notwithstanding the foregoing, the representations and warranties made by Public Company under Section 6.4 below are intended to be absolute in nature and are not limited by the knowledge or attribution limitations of this Section 6.2.

SECTION 6.3 REPRESENTATIONS AND WARRANTIES RE: PUBLIC COMPANY BUSINESS AND OPERATIONS. Public Company hereby represents and warrants as follows:

(A) Public Company is organized and, to Public Company's knowledge, has conducted its business in accordance with applicable laws, to the extent applicable, the failure or the violation of which would reasonably be expected to have a material adverse effect on the results of operations of the Public Company.

(B) There are no actions, suits or proceedings pending and, to Public Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or others, which would reasonably be expected to either (i) question the validity of this Agreement or the consummation of the transactions contemplated hereby, the issuance of the Shares (including the Shares that may be issued in lieu of redemption of Investor Preferred Units), any other agreements contemplated hereby or any actions taken pursuant to any of the foregoing or (ii) result in any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs, management or business prospects of Public Company. As of the date hereof, there is no action or suit against Public Company pending or threatened by any Person which would reasonably be expected to have a material and adverse effect on Public Company.

(C) The Public Company has filed with the Securities and Exchange Commission (the "Commission") all reports required by the Exchange Act to be filed by the Company (collectively, and in each case including all exhibits and schedules thereto and documents incorporated by reference therein, the "SEC Documents"). As of their respective filing dates (or if amended, revised or superseded by a subsequent filing with the Commission, then on the date of such subsequent filing), the SEC Documents complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and none of the SEC Documents (including any and all financial statements included therein) as of such dates contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or

necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The consolidated financial statements of Public Company included in all SEC Documents, including any amendments thereto, comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission with respect thereto. Since most recently filed SEC Document, there has not occurred or arisen any change in or event affecting Public Company that has had or would reasonably be expected to have a material adverse effect on the results of operations of Public Company.

(D) No proceeding or other action has been commenced or undertaken relating to the dissolution or merger of Public Company and none is presently contemplated except that this representation shall not apply to any merger of another entity with and into Public Company that meets the criteria of Section 251(f) of the Delaware General Corporation Law for consummating a merger without a vote of stockholders.

(E) As of the date of this Agreement, the authorized capital securities of Public Company consists of Preferred Stock, $.01 par value, 50,000,000 Shares authorized, none issued or outstanding, Excess Stock, $.01 par value, 150,000,000 shares authorized, none issued or outstanding, and 250,000,000 Shares of common stock, $0.01 par value per share, of which 63,526,785 Shares are currently issued and outstanding. Except as contemplated pursuant to this Agreement, and except for (i) any Shares that may be issued in lieu of redemption of outstanding units of limited partnership in Investor and (ii) any Shares or units of limited partnership in Investor which may be issued in accordance with agreements that have been described in or filed with the SEC Filings or otherwise disclosed on Schedule 6.3(e), there are no securities convertible or exchangeable for Shares or any rights or options to subscribe for or purchase any Shares or securities convertible or exchangeable for Shares. All of the outstanding Shares have been duly and validly authorized and issued and are fully paid and non-assessable. All of the outstanding Shares have been issued in compliance with all applicable federal and state securities laws.

(F) The Shares (including the Shares issuable upon exchange of Investor Preferred Units) issuable hereunder, when issued in accordance with the provisions of this Agreement and the Investor Agreement, will be duly and validly authorized and issued and will be fully paid and non-assessable. Neither Public Company, Investor nor any person acting on their behalf has taken or will take any action which would subject the issuance of the Investor Preferred Units to the ECIP Partners to the registration requirements of Section 5 of the Securities Act.

(G) Except as provided in Schedule 6.3(g), Public Company has no
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obligation (contingent or other) to purchase, redeem or otherwise acquire any of its Shares or any interest therein or to pay any dividend or make any other distribution in respect thereof (except for any distribution that was declared prior to the date hereof and not paid on or before the date hereof). Public Company has authorized and reserved for issuance a sufficient number of Shares to satisfy its obligations under this Agreement and the Investor's Investor Agreement.

(H) Public Company has duly and timely filed with the appropriate governmental authorities all Tax Returns required to be filed by it for all periods ending on or prior to the Closing Date, except to the extent of any Tax Return for which an extension of time for filing has been properly filed. Each such Tax Return is true and correct in all material respects. All Taxes owed by Public Company have been paid (whether or not shown on a Tax Return). All Taxes which Public Company is required by law to withhold or collect, including, without limitation, Taxes required to have been withheld in connection with amounts paid or owing to any employee, independent contractor, creditor, partner, or other third party and sales, gross receipts and use taxes, have been duly withheld or collected and, to the extent required, have been paid over to the proper governmental authorities or are held in separate bank accounts for such purpose. There are no liens for Taxes upon the assets of Public Company except for statutory liens for Taxes not yet due.

(I) Public Company has not filed for an extension of a statute of limitations with respect to any Taxes and no governmental authorities have requested an extension of the statute of limitations with respect to any Taxes. Public Company is not a party to any pending action or any formal or informal proceeding by any taxing authority for a deficiency, assessment or collection of Taxes, and no claim of any deficiency, assessment or collection of Taxes has been asserted or, to the knowledge of Public Company, threatened against it, including claims by any taxing authority in a jurisdiction where Public Company does not file Tax Returns that it is or may be subject to taxation in that jurisdiction.

(J) Public Company is organized and has operated from its commencement through the date hereof in such a manner so as to qualify for taxation as a real estate investment trust under the Code, and Public Company intends to operate in such a manner so as to qualify and to continue to so qualify as a real estate investment trust.

(K) Public Company does not hold "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101.

SECTION 6.4 DUE ORGANIZATION, ETC. OF PUBLIC COMPANY.

(a) Public Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is (or prior to the Closing will be) duly qualified and in good standing as a foreign corporation under the laws of the State of California, and has all necessary power, corporate and otherwise, to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by Public Company in connection herewith and to perform all its obligations hereunder and thereunder. This Agreement has been duly authorized by all requisite corporate action on the part of Public Company. The execution and delivery of this Agreement and the other documents and

instruments to be executed and delivered by Public Company in connection with the transactions described herein, and the consummation of the transactions contemplated hereby and thereby, do not require the consent or approval of the shareholders of Public Company or, to the knowledge of Public Company, the consent or approval of any governmental authority, nor, to the knowledge of Public Company, does the execution and delivery of this Agreement violate, in any way material to the transactions contemplated hereby, any contract or agreement to which Public Company is a party or any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to Public Company, and this Agreement and all documents and other instruments to be executed and delivered by Public Company in connection herewith constitute the legal, valid and binding obligations of Public Company.

(b) Public Company is not a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage, debenture, note or other instrument under the terms of which performance by Public Company according to the terms of this Agreement will be a default or an event of acceleration, or grounds for termination, or whereby timely performance by Public Company, according to the terms of this Agreement, may be prohibited, prevented or delayed.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF INVESTOR

SECTION 7.1 GENERAL STATEMENT. Investor hereby makes the representations and warranties to ECIP and each ECIP Partner which are set forth in this Article VII. All representations and warranties set forth in Section 7.4 shall survive the Closing (and none shall merge into any instrument of conveyance) for the period of any relevant statute of limitations therefor. Representations and warranties of Investor are made as of the date of this Agreement.

SECTION 7.2 ATTRIBUTION. For purposes of the representations and warranties of Public Company set forth in this Article VII only, the words "knowledge of Investor" or "Investor's knowledge" shall mean the actual and not constructive knowledge of Mortimer Zuckerman, Edward Linde and Thomas O'Connor (collectively, the "INVESTOR KNOWLEDGE PARTIES"). Any fact, matter or other statement shall not be deemed to be within the knowledge of Investor or Investor's knowledge unless the Investor Knowledge Parties, or any of them, have actual knowledge of such fact, matter or other statement. Notwithstanding the foregoing, the representations and warranties made by Investor under Section 7.4 below are intended to be absolute in nature and are not limited by the knowledge or attribution limitations of this Section 7.2.

SECTION 7.3 REPRESENTATIONS AND WARRANTIES RE: INVESTOR BUSINESS AND OPERATIONS. Investor hereby represents and warrants as follows:

(A) Investor is organized and, to Investor's knowledge, has conducted its business in accordance with all applicable laws, to the extent applicable, the failure or the violation of which would reasonably be expected to have a material adverse effect on the results of operations of Investor.

(B) There are no actions, suits or proceedings pending and, to Investor's knowledge, no such proceedings are threatened or contemplated by governmental authorities or by others, which would reasonably be expected to either (i) question the validity of this Agreement or the consummation of the transactions contemplated hereby or the issuance of the Investor Preferred Units contemplated hereby, any other agreements contemplated hereby or any actions taken pursuant to any of the foregoing or (ii) result in any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs, management or business prospects of Investor. As of the date hereof, there is no material action or suit against Investor pending or threatened by any Person.

(C) No proceeding or other action has been commenced or undertaken relating to the dissolution or merger of Investor (except in connection with an acquisition of property for Units in which Investor is the surviving party in the merger) and none is presently contemplated.

(D) Investor has duly and timely filed with the appropriate governmental authorities all Tax Returns required to be filed by it for all periods ending on or prior to the Closing Date, except to the extent of any Tax Return for which an extension of time for filing has been properly filed. Each such Tax Return is true and correct in all material respects. All Taxes owed by Investor have been paid (whether or not shown on a Tax Return). All Taxes which Investor is required by law to withhold or collect, including, without limitation, Taxes required to have been withheld in connection with amounts paid or owing to any employee, independent contractor, creditor, partner, or other third party and sales, gross receipts and use taxes, have been duly withheld or collected and, to the extent required, have been paid over to the proper governmental authorities or are held in separate bank accounts for such purpose. There are no liens for Taxes upon the assets of Investor except for statutory liens for Taxes not yet due.

(E) Investor has not filed for an extension of a statute of limitations with respect to any Taxes and no governmental authorities have requested an extension of the statute of limitations with respect to any Taxes. Investor is not a party to any pending action or any formal or informal proceeding by any taxing authority for a deficiency, assessment or collection of Taxes, and no claim of any deficiency, assessment or collection of Taxes has been asserted or, to the knowledge of Investor, threatened against it, including claims by any taxing authority in a jurisdiction where Investor does not file Tax Returns that it is or may be subject to taxation in that jurisdiction.

(F) Investor is not, and will not become, a "publicly traded partnership" within the meaning of Section 7704 of the Code.

(G) Investor does not hold "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101.

SECTION 7.4 DUE FORMATION, ETC. OF INVESTOR. Investor is a limited partnership duly formed and in good standing under the laws of the State of Delaware, is (or prior to the Closing

will be) duly qualified and in good standing as a foreign limited partnership under the laws of the State of California, and has all necessary power, partnership and otherwise, to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by Investor in connection herewith and to perform all its obligations hereunder and thereunder. This Agreement has been duly authorized by all requisite partnership action on the part of Investor. The execution and delivery of this Agreement and the other documents and instruments to be executed and delivered by Investor in connection with the transactions described herein, and the consummation of the transactions contemplated hereby and thereby, do not require the consent or approval of the partners of Investor or, to the knowledge of Investor, the consent or approval of any governmental authority, nor, to the knowledge of Investor, does the execution and delivery of this Agreement violate, in any way material to the transactions contemplated hereby, any contract or agreement to which Investor is a party or any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to Investor, and this Agreement and all documents and other instruments to be executed and delivered by Investor in connection herewith constitute the legal, valid and binding obligations of Investor. Investor is not a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage, debenture, note or other instrument under the terms of which performance by Investor according to the terms of this Agreement will be a default or an event of acceleration, or grounds for termination, or whereby timely performance by Investor, according to the terms of this Agreement, may be prohibited, prevented or delayed.

ARTICLE VIII

LIMITATIONS

SECTION 8.1 LIMITATIONS. Except for the representations and warranties set forth in Section 4.3 above and Sections 6.3 and 7.3 (which shall survive the Closing until a date (the "LIMITATION DATE") which is twelve (12) months after the Closing Date) all representations and warranties shall survive the Closing without any time limit other than those limits imposed by the applicable statute of limitations or other similar laws. The contractual limitation on the ECIP Partners rights set forth in the preceding sentence shall not constitute a waiver or release by the ECIP Partners of their rights under Federal Securities Laws. Notwithstanding the foregoing, Investor and/or Public Company shall have the right to commence or prosecute against the ECIP Partners any claim for the breach of a representation or warranty under Section 4.3 relating to events or occurrences which occurred prior to the Limitation Date, provided such claim is actually filed no later than forty-five (45) days after the Limitation Date, and otherwise no action based thereon shall be commenced after the Closing Date. The representations and warranties of the parties made in this Agreement are personal to the other parties hereto and no Person other than a named party hereto shall be entitled to bring any action based thereon. The representations and warranties set forth above are further subject to the limitations of liability set forth in Section 11.1 hereof and Article 12 of the Transaction Agreement, which limitations are in addition to (and not in lieu of) the limitations set forth in this Agreement.

ARTICLE IX

COVENANTS

SECTION 9.1 CONFIDENTIALITY.

(A) As used herein, "CONFIDENTIAL MATERIAL" means, with respect to any party hereto (the "PROVIDING PARTY"), all information, whether oral, written or otherwise, furnished to another party hereto (the "RECEIVING PARTY") or the Receiving Party's directors, officers, partners, Affiliates, employees or agents, or their respective representatives (collectively, "REPRESENTATIVES"), by the Providing Party and all reports, analyses, compilations, studies and other material prepared by the Receiving Party or its Representatives (in whatever form maintained, whether documentary, computer storage or otherwise) containing, reflecting or based upon, in whole or in part, any such information. The term "CONFIDENTIAL MATERIAL" does not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by the Receiving Party, its Representatives or anyone to whom the Receiving Party or any of its Representatives transmit any Confidential Material in violation of this Agreement or (ii) is or becomes known or available to the Receiving Party on a nonconfidential basis from a source (other than the Providing Party or one of its Representatives) who is not, to the knowledge of the Receiving Party, prohibited from transmitting the information to the Receiving Party or its Representatives by a contractual, legal, fiduciary or other obligation.

(B) Subject to paragraph (c) below or except as required by applicable laws regulations or legal process as reasonably interpreted by Public Company, the Confidential Material will be kept confidential and will not, without the prior written consent of the Providing Party, be disclosed by the Receiving Party or its Representatives, in whole or in part, and will not be used by the Receiving Party or its Representatives, directly or indirectly, for any purpose other than in connection with this Agreement, the other Transaction Documents and the transactions contemplated hereby or thereby or evaluating, negotiating or advising with respect to such matters. Notwithstanding anything to the contrary herein, the Receiving Party has the right to transmit Confidential Material to its Representatives only if and to the extent that such Representatives need to know the Confidential Material for purposes of such transactions and are informed by the Receiving Party of the confidential nature of the Confidential Material and of the terms of this Section 9.1(b).

Notwithstanding the foregoing, each of Public Company, Investor, ECIP and the ECIP Partners, shall have the right to disclose such Confidential Material to its actual or proposed financing and capital sources and their respective representatives, provided that, prior to disclosing such information to such Persons, as the case may be, it advises such Persons of the confidential nature of such Confidential Information and causes to be affixed to such Confidential Information and requires that such Information be used only for the purposes specified by the parties hereto in connection with the transaction contemplated by this Agreement and/or the Transaction Agreement. In any event, the Receiving Party will be responsible for any actions by its Representatives (and any other Person to whom such Confidential Material is conveyed in accordance with the provisions hereof) which are not in accordance with the provisions hereof.

(C) In the event that the Receiving Party, its Representatives or anyone to whom the Receiving Party or its Representatives supply the Confidential Material are requested (by oral questions, interrogatories, requests for information or documents, subpoena, civil or criminal investigative demand, any informal or formal investigation by any government or governmental agency or authority or otherwise in connection with legal process) to disclose any Confidential Material, the Receiving Party agrees (i) to immediately notify the Providing Party of the existence, terms and circumstances surrounding such a request, (ii) to consult with the Providing Party on the advisability of taking legally available steps to resist or narrow such request, and (iii) if disclosure of such information is required, to furnish only that portion of the Confidential Material which, in the opinion of the Receiving Party's counsel, the Receiving Party is legally compelled to disclose and to cooperate with any action by the Providing Party to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Material (it being agreed that the Providing Party shall reimburse the Receiving Party for all reasonable out-of-pocket expenses incurred by the Receiving Party in connection with such cooperation).

(D) In the event of the termination of this Agreement in accordance with its terms, promptly upon request from the Providing Party, the Receiving Party shall, except to the extent prohibited by applicable laws, regulations or legal process, redeliver to the Providing Party or destroy all tangible Confidential Material and will not retain any copies, extracts or other reproductions thereof in whole or in part. Any such destruction shall be certified in writing to the Providing Party by an authorized officer of the Receiving Party supervising the same.

SECTION 9.2 PUBLIC STATEMENTS. Investor, Public Company, and Rockmark Corporation shall consult with each other prior to issuing any press release or any written public statement with respect to this Agreement or the transactions contemplated hereby and, except as shall be required by applicable law or the applicable rules of the New York Stock Exchange, none of the parties hereto shall issue any such press release or written public statement prior to review and approval by Investor, Public Company and Rockmark Corporation, it being understood that such approval will not be unreasonably withheld or delayed.

SECTION 9.3 SURVIVAL. The covenants in this Article IX shall survive the Closing.

ARTICLE X

CLOSING

SECTION 10.1 CLOSING DELIVERIES.

(A) Closing. As used herein, the term "CLOSING" shall mean the consummation of all transactions contemplated in this Agreement as provided in subparagraphs (b) and (c) below, and the term "CLOSING DATE" shall mean the date upon which the Closing occurs.

(B) Closing Deliveries of the ECIP Partners. On the date hereof, the ECIP Partners are delivering to Investor and Public Company, or have caused to be delivered to the Escrow Agent, the following:

(i) Evidence of the organization, existence and authority of ECIP to enter into this Agreement and to consummate the transactions contemplated hereby and thereby (together with an incumbency and signature certificate regarding the officer(s) signing on Rockmark Corporation's behalf);

(ii) An executed Tax Reporting Agreement substantially in the form attached hereto as Exhibit E;

(iii) A Foreign Investment in Real Property Tax Act affidavit executed by each ECIP Partner (it being understood that if any ECIP Partner shall fail to provide the necessary affidavit and/or documentation, Public Company may proceed with withholding provision as provided by law);

(iv) Assignments to Investor of each ECIP Partner's interest in ECIP in the form annexed hereto as Exhibit F executed by each such ECIP Partner;

(v) Evidence of the organization (if other than an individual), existence (if other than an individual) and authority of each ECIP Partner to enter into this Agreement and to consummate the transactions contemplated hereby, certified by an appropriate officer or partners (if other than an individual) (together with an incumbency and signature certificate regarding the Person signing);

(vi) The Investor Agreement executed by each ECIP Partner;

(vii) The Registration Rights Agreement executed by each ECIP Partner;

(viii) Additional documents, to the extent consistent with the provisions of this Agreement, that Investor, Public Company or the Title Company may reasonably request for the consummation of the transactions contemplated by this Agreement.

(ix) a Representation Letter in the form attached hereto as Schedule 10.1(b)(ix) executed by each ECIP Partner (of his or her duly authorized attorney-in-fact

as evidenced by a copy of the relevant power of attorney attached thereto) indicating thereon that such ECIP Partner is an "accredited investor."

(C) Closing Deliveries of Investor and/or Public Company. On the date hereof, Investor and/or Public Company are delivering to the ECIP Partners, or have caused to be delivered to the Escrow Agent, the following:

(i) Evidence of the organization, existence and authority of Public Company and Investor to enter into this Agreement and to consummate the transactions contemplated hereby, certified by an appropriate officer of Public Company or Investor, as appropriate (together with an incumbency and signature certificate regarding the officer(s) signing on their behalf);

(ii) The Registration Rights Agreement executed by Public Company;

(iii) The Investor Agreement executed by Public Company and any other partner whose execution is required by Investor's Investor Agreement, reflecting the issuance to the ECIP Partners of the Investor Preferred Units in accordance with Section 2.1;

(iv) An executed Tax Reporting Agreement substantially in the form attached hereto as Exhibit E; and

(v) Public Company and Investor shall deliver any additional documents, to the extent consistent with the provisions of this Agreement, that the other parties or the Title Company may reasonably request for the consummation of the transactions contemplated by this Agreement.

(vi) Public Company shall deliver evidence reasonably satisfactory to Rockmark Corporation that Richard E. Salomon has been duly elected or appointed as a member of Public Company's Board of Directors.

(vii) A certificate dated as of the date hereof (in the form attached hereto as Exhibit I) signed by the Secretary of the Public Company certifying that certain resolutions relating to the exclusion of Investor Preferred Units from the "Ownership Limit" set forth in the Public Company's charter were duly adopted by the Board of Directors of the Public Company prior to the date hereof.

(D) Waiver of Failure of Conditions Precedent. By closing the transactions contemplated by this Agreement, each party hereto shall be conclusively deemed to have waived the benefit of any remaining unfulfilled conditions precedent set forth in this Agreement and the Transaction Agreement.

SECTION 10.2 ECIP CONTRIBUTION VALUE; ALLOCATIONS. Investor, Public Company and the ECIP Partners each hereby agree that the aggregate value (the "ECIP CONTRIBUTION VALUE") to be paid by Investor for the Property shall equal the aggregate of the One EC Value, Two EC Value,

Three EC Value and Four EC Value set forth hereinbelow, subject to adjustment pursuant to Section 10.3 below and Exhibit V of the Transaction Agreement. The One EC Value, Two EC Value, Three EC Value and Four EC Value shall be determined as follows:

. "ONE EC VALUE" shall equal (i) an amount equal to $242.685 million (Gross Market Value of One EC), minus the One EC Existing Debt Balance, multiplied by (ii) 49.983044% (ECIP's percentage interest in One ECV after the redemption of the interest of Fedmark Corporation in ECIP);

. "TWO EC VALUE" shall equal (i) an amount equal to $244.022 million (Gross Market Value of Two EC), minus the Two EC Existing Debt Balance, multiplied by (ii) 40% (ECIP's percentage interest in Two ECV);

. "THREE EC VALUE" shall equal (i) an amount equal to $226.239 million (Gross Market Value of Three EC), minus the Three EC Existing Debt Balance, multiplied by (ii) 49.974737% (ECIP's percentage interest in Three ECV after the redemption of the interest of Fedmark Corporation in ECIP); and

. "FOUR EC VALUE" shall equal (i) an amount equal to $321.057 million (Gross Market Value of Four EC), minus the Four EC Existing Debt Balance, multiplied by (ii) 49.979742% (ECIP's percentage interest in Four ECV after the redemption of the interest of Fedmark Corporation in ECIP).

SECTION 10.3 APPORTIONMENT CREDIT. The ECIP Contribution Value shall be adjusted to reflect the prorations and other adjustments pursuant to and as provided in Exhibit V of the Transaction Agreement.

SECTION 10.4 DELAYED ADJUSTMENT. Investor and Rockmark Corporation, acting on behalf of the ECIP Partners, shall administer the provisions of Exhibit V of the Transaction Agreement following the Closing based on the closing of the ECIP books for the month in which the Closing Date occurs. If, as a result of the Final Audit to be conducted pursuant to Exhibit V, the amount of an item listed in Exhibit V of the Transaction Agreement shall prove to be incorrect (whether as a result of an error in calculation or a lack of complete and accurate information as of the Closing), Investor and the ECIP Partners shall adjust the Investor Preferred Units initially issued (proportionately to the Investor Preferred Units initially issued) by Investor delivering an amended schedule to the Investor Agreement as reasonably agreed to by Rockmark Corporation reflecting the corrected number of Investor Preferred Units issued to each ECIP Partner in order to correct such error upon receipt of reasonable proof of such error, provided that such proof is delivered to the party from whom payment is requested as provided in Exhibit V. The correction of any such error shall be made effective as of the Closing Date and shall include the further payment by Investor, or repayment by the ECIP Partners, of any distributions made by Investor in respect of the increase, or decrease, of the number of Investor Preferred Units initially held by any ECIP Partner prior to such adjustment.

SECTION 10.5 SURVIVABILITY. The provisions of this Article 10 shall survive the Closing and not be merged therein for a period of six months after the closing or such longer period as may be necessary to complete to Final Audit and make the adjustment described in Section 10.4.

Section 10.6 CLOSING COSTS. The parties shall bear certain closing costs of the transaction contemplated hereby as set forth in Section 10.3 and Exhibit V of the Transaction Agreement. Any other Closing costs not covered herein or in Section 10.3 of the Transaction Agreement or Exhibit V of the Transaction Agreement shall be allocated between the parties in accordance with the local practice and custom in San Francisco, California.

ARTICLE XI

BREACH, DEFAULT, LIABILITY LIMITS

11.1 RIGHTS OF INVESTOR AND PUBLIC COMPANY.

(A) In the event of any claim, suit or other action against any of the ECIP Partners pertaining to (a) this Agreement, any of the documents executed in connection herewith or any of the transactions contemplated hereby or thereby (including, without limitation, any and all indemnification obligations of any of the ECIP Partners hereunder or thereunder) or (b) a breach by any of the ECIP Partners of any of the terms or provisions of this Agreement or of any of the documents executed by the ECIP Partners in connection with the matters contemplated in this Agreement (including, without limitation, the breach of any representation or warranty of the ECIP Partners set forth herein or therein), Investor's and Public Company's sole remedy shall be an action for monetary damages;

provided that, except for the breach of the representations and warranties set forth in Sections 4.3(a), (b), (c), and (d) , Section 4.5, Section 5.3 and Section 5.4 above (which, in so far as they relate solely to ECIP or the Property, will not be subject to any limitation on the amount of such liability, but in so far as they relate directly or indirectly to any EC/ECA Venture or any of the EC/ECA Buildings such representations and warranties shall be subject to the limitations on the amount of liability of this Section 11.1 (a) and Section 12.1.2 of the Transaction Agreement), and notwithstanding any provision to the contrary contained in this Agreement, the Transaction Agreement or in any other documents executed in connection herewith or therewith, (i) the maximum aggregate liability of the ECIP Partners, and the maximum aggregate amount which may be awarded to and collected by Investor and Public Company or any other Person, with respect to any claim, suit or other action relating to a breach of a representation, covenant or indemnity of this Agreement, the Transaction Agreement or any other documents executed in connection herewith or therewith shall not exceed an amount equal to five percent (5%) of the ECIP Contribution Value, and the liability of any ECIP Partner shall not exceed an amount equal to (x) the ECIP Partner's percentage interest in ECIP immediately prior to the Closing, multiplied by (y) five percent (5%) of the ECIP Contribution Value, and (ii) the maximum aggregate amount which may be awarded to and collected by Investor and Public Company with respect to any claim, suit or other action against any ECIP Partner relating to any of ECIP, One EC,

Two EC, Three EC or Four EC or their respective buildings shall not exceed an amount (each a "BUILDING MAXIMUM LIABILITY AMOUNT") equal to five percent (5%) of the One EC Value, Two EC Value, Three EC Value or Four EC Value, as the case may be, and with respect to any claim, suit or action relating to any such Building, the liability of any ECIP Partner shall not exceed an amount equal to (x) the ECIP Partner's percentage interest in ECIP immediately prior to the Closing, multiplied by (y) the Building Maximum Liability Amount for such breach. Notwithstanding the foregoing, the terms and provisions of this Section 11.1(a) are further subject to the overall $43,000,000 limitation of liability set forth in Section 12.1.2 of the Transaction Agreement, it being acknowledged and agreed that the maximum liability caps described hereinabove may be further reduced as a result of recoveries made by Investor, Public Company or their Affiliates in connection with the other transactions described in the Transaction Agreement in accordance with said Section 12.1.2 of the Transaction Agreement. Notwithstanding the foregoing, the parties hereto hereby acknowledge and agree that the foregoing limitations on the amount of liability (and any other cap on the liability of the Ventures or the Transferor Parties set forth in any other Transaction Document) does not apply to the breach of any of the representations and warranties set forth in Section 4.3 (a), (b), (c) or (d), Section 4.5, Section 5.3 and Section 5.4 hereof (in so far as they relate solely to ECIP or the Property and any amounts received with respect thereto shall not have the affect of reducing the maximum amount recoverable for other breaches which are subject to the limitations on the amount of liability under Section 11.1(a) hereof or Section 12.1.2 of the Transaction Agreement, but in so far as they relate directly or indirectly to any EC/ECA Venture or any of the EC/ECA Buildings such representations and warranties shall be subject to the limitations on the amount of liability of this Section 11.1 (a) and Section 12.1.2 of the Transaction Agreement) and that any monetary damages recoverable from an ECIP Partner shall be recovered only from the particular ECIP Partner solely responsible therefor in the case of a breach of a representation in Section 5.3 or 5.4 or from the ECIP Partners severally, and not jointly, in the case of a breach of a representation in Section 4.3 (a), (b), (c), or (d) in the ratio of each such partner's percentage interest in and to ECIP immediately prior to the Closing .The terms and provisions of this Section 11.1 shall survive the Closing and shall not be merged therein.

(B) Except as provided in the last sentence of paragraph (b), Investor's and Public Company's sole recourse against the ECIP Partners, individually and/or as a group, for liability assumed by, and for any indemnity of or breach of representation or warranty made by any of the ECIP Partners shall be limited to the recovery by Investor and/or Public Company of Investor Preferred Units (and any Securities received in exchange therefor or upon conversion thereof) issued to such ECIP Partner (severally in the ratio of each such ECIP Partner's proportionate partnership interest in ECIP on the Closing to the extent provided in paragraph (a) above), and none of the ECIP Partners shall have any personal liability to pay any damages or other amounts in cash in respect thereof, except to the extent that any ECIP Partner holds an insufficient amount of Investor Preferred Units and Securities to satisfy the claim or judgment, in which event such Person shall be obligated to pay any damages or other amounts not satisfied by the

transfer of Investor Preferred Units or Securities in cash. The number of Investor Preferred Units or Shares recoverable from an ECIP Partner in respect of any claim (or damages) to be satisfied by such Person as provided in this Agreement shall be determined on a full diluted basis as if converted by reference to the closing trading price of the Public Company's common shares on the date of payment of the damages or other amounts Notwithstanding Section 11.1(a) and the foregoing provisions of this paragraph (b), each ECIP Partner shall be singly, and not jointly, liable without limitation by recourse to his or its units or otherwise for a breach of his or its representation in Sections 5.3 or 5.4

(C) Investor shall promptly give Rockmark Corporation, as representative of the ECIP Partners, notice of any claim made by any third party which would reasonably be expected to result in liability of the ECIP Partners in respect of a breach of a representation made by them in this Agreement or otherwise and shall give the ECIP Partners, acting through Rockmark Corporation as their attorney in fact, the opportunity to cure any alleged claim and to defend against and settle all such claims at their sole cost. The failure to give such notice, however, shall not relieve an ECIP Partner of any liabilities hereunder to the extent that it is not materially prejudiced as a result thereof.

11.2 RIGHTS OF ECIP AND ECIP PARTNERS. In the event of a breach by
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Investor or Public Company of any of the terms or provisions of this Agreement or any of the documents executed in connection herewith, ECIP and the ECIP Partners shall be entitled to pursue any and all rights and remedies at law or in equity available to ECIP and such ECIP Partners with respect to such breach; provided that, except for breaches of the representations and warranties set forth in Sections 6.3, 6.4, 7.3 and 7.4 (which will not be subject to any
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liability cap), and except as otherwise expressly provided in any other Transaction Document, the maximum aggregate liability of Investor and Public Company for any and all breaches of the representations and warranties of Investor and/or Public Company contained in any Transaction Document shall not exceed an amount equal to Forth-Three Million Dollars ($43,000,000) in the aggregate. The foregoing contractual limitation shall not constitute a waiver or release by the ECIP Partners of their rights under Federal Securities Laws. The terms and provisions of this Section 11.2 shall survive the Closing and
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shall not be merged therein.

ARTICLE XII

MISCELLANEOUS

SECTION 12.1 EXPENSES. Except as expressly set forth herein or in the
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Transaction Agreement, each party hereto shall bear its own costs and expenses with respect to the transactions contemplated hereby.

SECTION 12.2 AMENDMENT. This Agreement may be amended, modified or
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supplemented but only in writing signed by each of the parties hereto.

SECTION 12.3. NOTICES. Any notice, request, instruction or other document to be given hereunder by a party hereto shall be in writing and shall be deemed to have been given, (a) when received if given in person or by courier or a courier service, (b) on the date of transmission if sent by telex, facsimile or other wire transmission or (c) three Business Days after being deposited in the U.S. mail, certified or registered mail, postage prepaid:

(A) If to Public Company or Investor, addressed as follows:

Boston Properties, Inc.
8 Arlington Street
Boston, Massachusetts 02116-3495

Attention: General Counsel
Facsimile: 617-421-1555
Telephone: 617-859-2600

with a copy to

Goulston & Storrs, P.C.
400 Atlantic Avenue
Boston, Massachusetts 02110-3333

Attention: Eli Rubenstein, Esq.
Facsimile: 617-574-4112
Telephone: 617-482-1776

(B) If to ECIP or the ECIP Partners, addressed as follows:

Rockmark Corporation
30 Rockefeller Plaza, Room 5600
New York, New York 10112

Attention: Richard E. Salomon
Facsimile: (212) 424-1806
Telephone (212) 903-1204

with a copy to:

Willkie Farr & Gallagher
787 Seventh Avenue
New York, New York 10019-6099

Attention: Bruce M. Montgomerie
Facsimile: (212) 728-8111
Telephone (212) 728-8248

or to such other individual or address as a party hereto may designate for itself by notice given as herein provided.

SECTION 12.4 WAIVERS. The failure of a party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

SECTION 12.5 COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 12.6 INTERPRETATION. The headings preceding the text of Articles and Sections included in this Agreement and the headings to Exhibits and Schedules attached to this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. The use of the masculine, feminine or neuter gender herein shall not limit any provision of this Agreement. The use of the term "including" or "include" shall in all cases herein mean "including, without limitation" or "include, without limitation," respectively. Underscored references to Articles, Sections, Subsections, Exhibits or Schedules shall refer to those portions of this Agreement.

SECTION 12.7 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 12.8 ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No assignment of any rights or obligations shall be made by any party without the written consent of each other party.

SECTION 12.9 NO THIRD PARTY BENEFICIARIES. This Agreement is solely for the benefit of the parties hereto and, to the extent provided herein, their respective Representatives, and no provision of this Agreement shall be deemed to confer upon other third parties any remedy, claim, liability, reimbursement, cause of action or other right.

SECTION 12.10 FURTHER ASSURANCES. Upon reasonable request of any party, each other party will execute and deliver such other documents, releases, assignments and other instruments as may be required to effectuate completely the transfer and assignment to Investor of the Property and to issue the Investor Preferred Units and the Shares and to otherwise carry out the purposes of this Agreement.

SECTION 12.11 SEVERABILITY. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof

shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

SECTION 12.12 REMEDIES CUMULATIVE. The remedies provided in this Agreement shall be cumulative and shall not preclude the assertion or exercise of any other rights or remedies available by law, in equity or otherwise.

SECTION 12.13. ENTIRE UNDERSTANDING. This Agreement, together with the other Transaction Documents, sets forth the entire agreement and understanding of the parties hereto with respect to the matters set forth herein and supersedes any and all prior agreements, arrangements and understandings among the parties.

SECTION 12.14 CONSENT TO JURISDICTION AND SERVICE OF PROCESS. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PERSON ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any other party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

SECTION 12.15 WAIVER OF JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

BOSTON PROPERTIES, INC.,
a Delaware corporation

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

BOSTON PROPERTIES LIMITED PARTNERSHIP,
a Delaware limited partnership

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
its general partner

By: /s/ Thomas J. O'Connor

By: /s/ William J. Wedge

Name: William J. Wedge
Title: Senior Vice President

EMBARCADERO CENTER INVESTORS PARTNERSHIP,
a California limited partnership

By: ROCKMARK CORPORATION,
its General Partner

By: /s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

Louis R. Benzak

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

John R. H. Blum

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

JAMES R. BRONKEMA TRUST

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

Vincent deP. Farrell, Jr.

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

Leslie H. Larsen

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

Bruce M. Montgomerie

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

Bill F. Osborne

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

EC HOLDINGS, INC.

By: /s/ [Signature Illegible]

Name:
Title:

PORTMAN FAMILY TRUST

By: /s/ John C. Portman III

Name:
Title:

By: /s/ John C. Portman, Jr.

Name:
Title:

By: /s/ Joan N. Portman

Name:
Title:

William F. Pounds

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

David Rockefeller

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

DR & DESCENDANTS PARTNERSHIP

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

ESTATE OF RICHARD B. SALOMON

By: /s/ Richard E. Salomon

Name: Richard E. Salomon
Title: Executor

/s/ Richard E. Salomon

Richard E. Salomon

SALOMON 1968 TRUST

By: /s/ Richard E. Salomon

Name: Richard E. Salomon
Title: Trustee

SALOMON 1969 TRUST

By: /s/ Richard E. Salomon

Name: Richard E. Salomon
Title: Trustee

William G. Spears

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

George M. Topliff

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

WINROCK INTERNATIONAL INSTITUTE FOR AGRICULTURAL DEVELOPMENT

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

WRTEC, INC.

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

John O. Wolcott

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

Exhibit 99.3
Execution Copy

CONTRIBUTION AGREEMENT

BY AND AMONG

BOSTON PROPERTIES, INC;

BOSTON PROPERTIES LIMITED PARTNERSHIP;

THREE EMBARCADERO CENTER WEST; AND

THOSE PERSONS (OTHER THAN PRUDENTIAL)
LISTED ON EXHIBIT A ATTACHED HERETO

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CONTRIBUTION AGREEMENT

This CONTRIBUTION AGREEMENT (this "AGREEMENT"), is made and entered into as of November 12, 1998, by and among BOSTON PROPERTIES, INC., a Delaware corporation ("PUBLIC COMPANY"), BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership ("INVESTOR"), THREE EMBARCADERO CENTER WEST, a California limited partnership ("3ECW"), and the Partners in 3ECW on the date of the Transaction Agreement and listed on Exhibit A attached hereto
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(the "3ECW PARTNERS").

W I T N E S S E T H
- - - - - - - - - - -

WHEREAS, this Agreement is hereby executed, and the transactions described herein are being consummated concurrently with certain other transactions, pursuant to (and in accordance with) that certain Master Transaction Agreement dated as of September 28, 1998, by and among The Prudential Insurance Company of America, PIC Realty Corporation, certain persons listed on Exhibit A attached thereto, ECIP, 3ECW, Fedmark Corporation, Pacific Property Services, L.P., Investor and Public Company (the "TRANSACTION AGREEMENT") (all initially capitalized terms used herein without definition shall have the meanings given such terms in the Transaction Agreement);

WHEREAS, the 3ECW Partners own, collectively, all of the interests in 3ECW (other than those owned by Prudential) listed on Exhibit A attached hereto , and the 3ECW Partners desire to contribute to Investor their respective partnership interests in 3ECW as listed on Exhibit A solely in exchange for Investor Preferred Units (as defined below), all on the terms and conditions described herein;

WHEREAS, concurrently with the Closing of the transactions described in this Agreement, Investor is amending and restating its partnership agreement by executing a Certificate of Designation to such Partnership Agreement which creates a class of Series Two Preferred Units, substantially in the form attached hereto as Exhibit B (the "INVESTOR AGREEMENT") and admitting the 3ECW

Partners as additional Limited Partners of Investor with the number of Series Two Preferred Units determined herein ; and

WHEREAS, concurrently with the consummation of the transactions contemplated by this Agreement, Public Company and the 3ECW Partners, among others, are executing a Registration Rights Agreement substantially in the form attached hereto as Exhibit C (the "REGISTRATION RIGHTS AGREEMENT").

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. DEFINITIONS. In addition to the terms defined in the Transaction Agreement and elsewhere in this Agreement, the following terms shall have the meanings set forth herein for the purposes of the transactions described in this Agreement:

"BUILDING MAXIMUM LIABILITY AMOUNT" has the meaning set forth in Section 11.1(a).

"BUSINESS DAY" means any day of the year other than Saturday, Sunday or any other day on which banks located in Boston, Massachusetts are authorized to close for business.

"CLOSING" has the meaning set forth in Section 10.1(a).

"CLOSING DATE" has the meaning set forth in Section 10.1(a).

"CONFIDENTIAL MATERIAL" has the meaning set forth in Section 9.1(a).

"CONTRACTS" has the meaning set forth in Section 4.3(f).

"DOCUMENTS" has the meaning set forth in Section 3.1(a).

"3ECW" has the meaning given such term in the Introductory Paragraph.

"3ECW BUILDING" means the building commonly known as Embarcadero Center West, having an address at 275 Battery Street, San Francisco, California.

"3ECW CONTRIBUTION VALUE" has the meaning set forth in Section 10.2.

"3ECW EXISTING DEBT BALANCE" shall mean the total unpaid balance (including all principal and accrued and unpaid interest) of all Existing Mortgages secured by 3ECW on the Closing Date and the Three ECW Swap Notes and the Three ECW I/P Loans.

"3ECW KNOWLEDGE PARTY" has the meaning set forth in Section 4.2.

"3ECW PARTIES" " has the meaning given such term in the Introductory Paragraph.

"3ECW PARTNERS' WARRANTIES" has the meaning set forth in Section 3.2(a).

has the meaning set forth in Section 3.2(a).

"3ECW PARTNERS KNOWLEDGE PARTIES" has the meaning set forth in Section 5.2.

"3ECW PARTNERS" means those persons listed on Exhibit A hereto.

"3ECW VALUE" has the meaning set forth in Section 10.2.

"ENCUMBRANCE DOCUMENTS" has the meaning set forth in Section 4.3(i).

"EXISTING MORTGAGES" means those certain mortgages described on Exhibit G annexed hereto.

"HAZARDOUS MATERIALS" means any substance, chemical, waste or material that is or becomes regulated by any federal, state or local governmental authority because of its toxicity, infectiousness, radioactivity, explosiveness, ignitability, corrosiveness or reactivity, including, without limitation, asbestos or any substance containing more than O.1 percent asbestos, the group of compounds known as polychlorinated byphenyls, flammable explosives, oil, petroleum or other refined petroleum product.

"INVESTOR" has the meaning given such term in the Introductory Paragraph.

"INVESTOR AGREEMENT" has the meaning given such term in the preamble.

"INVESTOR KNOWLEDGE PARTIES" has the meaning set forth in Section 7.2.

"INVESTOR PREFERRED UNITS" means the Series Two Preferred Units as set forth in the Investor Agreement.

"LIMITATION DATE" has the meaning set forth in Article VIII.

"PERMITTED EXCEPTIONS" means the Permitted Exceptions as defined in the Transaction Agreement pertain to the Building owned by 3ECW.

"PROPERTY" means the 3ECW Partners' partnership interests in 3ECW as reflected in the 3ECW Partnership Agreement as of the date of the Transaction Agreement.

"PROVIDING PARTY" has the meaning set forth in Section 9.1(a).

"PUBLIC COMPANY" has the meaning given such term in the Introductory Paragraph.

"PUBLIC COMPANY KNOWLEDGE PARTIES" has the meaning set forth in

Section 6.2.
- -----------

"RECEIVING PARTY" has the meaning set forth in Section 9.1(a).

"REGISTRATION RIGHTS AGREEMENT" has the meaning given such term in the preamble.

"REPRESENTATIVES" has the meaning set forth in Section 9.1(a).

"SECURITIES" means, as applicable, the Shares, and the Investor Preferred Units that may be issued pursuant to the Investor Agreement.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SHARES" means the shares of the Public Company's common stock, $0.01 par value per share.

"TAX RETURN" means any return, report or other document or information required to be supplied to a taxing authority in connection with Taxes.

"TAXES" means all taxes, charges, fees, levies or other assessments, including, without limitation, income, gross receipts, excise, property, sales, withholding, social security, occupation, use, service, license, payroll, franchise, transfer and recording taxes, fees and charges, imposed by the United States, or any state, local or foreign government or subdivision or agency thereof, whether computed on a separate, consolidated, unitary, combined or any other basis; and such terms shall include any interest, fines, penalties or additional amounts attributable to or imposed on or with respect to any such taxes, charges, fees, levies or other assessments.

"TRANSACTION AGREEMENT" has the meaning given such term in the preamble.

"TRANSFEREE PARTIES" has the meaning set forth in Section 3.2(b)(i).

"TRANSFEREE PARTY-COVERED CLAIMS" has the meaning set forth in Section 3.2(b)(i).

ARTICLE II

CONTRIBUTION

SECTION 2.1 CONTRIBUTION. Subject to the terms and conditions set forth in this Agreement, the 3ECW Partners are concurrently herewith contributing to Investor (and Investor is accepting) the Property in exchange for an aggregate number of Investor Preferred Units equal to (i) the aggregate percentage interest of the 3ECW Partners times (ii) the 3ECW Contribution Value, divided by (iii) $50. Each 3ECW Partner's contribution is being made in exchange for a number of Investor Preferred Units equal to (A) the ratio of such Partner's percentage interest in 3ECW, as set forth on Exhibit A to Exhibit F hereto, to the aggregate percentage interests in 3ECW of all the 3ECW Partners times (B) such aggregate number of Investor Preferred Units. The 3ECW Partners acknowledge that the first quarterly distribution paid by Investor with respect to the Investor Preferred Units shall be with be with respect to such quarterly distribution period ending Nov. 16, 1998 and shall be prorated based on the number of days, commencing at 12:01 AM on the Closing Date, during such period for which such Units are outstanding.

ARTICLE III

DUE DILIGENCE/CONDITION OF 3ECW BUILDING

SECTION 3.1 TRANSFEREE PARTIES' INSPECTIONS AND DUE DILIGENCE.

(A) Due Diligence Approval. Investor and Public Company each hereby acknowledges and agrees that, as of the date of the execution of this Agreement, it has been given the full opportunity to review, inspect and investigate all of the files known or made available to Investor maintained by PPS on behalf of 3ECW and PPS relating to the Property, and 3ECW Building that it deems necessary to review (the "DOCUMENTS"), and

has had an opportunity to conduct a thorough review, investigation, and inspection of the physical (including, without limitation, the seismic load bearing capabilities), environmental, economic, and legal conditions of the 3ECW Building, the laws, regulations, covenants, conditions, and restrictions affecting or governing the use or operation of 3ECW, the 3ECW Building, or the Property, the rentable square footage of the 3ECW Building, and all other matters which a prudent buyer of partnership interests in a partnership that owns directly or indirectly commercial real property should review, inspect or investigate in the course of a due diligence review, and Investor and Public Company has each approved the condition of 3ECW, the 3ECW Building, and the Property and the results of such review, inspection and investigation.

(B) Indemnity. Investor and Public Company shall each
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indemnify, protect, defend, and hold harmless 3ECW (and each of the 3ECW Partners) from and against any and all claims, demands, causes of action, losses, damages and liabilities, including, without limitation, personal injuries and property damage, and shall immediately discharge any liens and encumbrances, arising out of acts or omissions of Investor, Public Company or any of their agents, contractors, or representatives, committed on or about any of the 3ECW Building in the course of any such Person's due diligence reviews, inspections and investigations, including, without limitation, claims, demands, causes of action, losses, damages and liabilities on the part of the tenants and lessees alleging breach of a Lease as a result of any such Person's acts or omissions.

(C) Survivability. The terms and provisions of this Section 3.1
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shall survive the Closing.

SECTION 3.2 PROPERTY SOLD "AS IS".

(A) "As Is, Where Is, With All Faults". INVESTOR AND PUBLIC

COMPANY EACH ACKNOWLEDGES AND AGREES THAT : (i) EXCEPT FOR THE EXCLUDED LIABILITIES, THE PROPERTY (AND THE RESULTING INTEREST IN THE 3ECW BUILDING) IS SOLD, AND BUYER ACCEPTS THE PROPERTY (AND ITS CORRESPONDING INTEREST IN THE 3ECW BUILDING) ON THE DATE HEREOF, "AS IS, WHERE IS, WITH ALL FAULTS"; (ii) EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF THE 3ECW PARTIES SET FORTH IN ARTICLES 4 AND 5, RESPECTIVELY TOGETHER WITH THE REPRESENTATIONS
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OF EACH 3ECW PARTNER IN ANY CLOSING DOCUMENT IT DELIVERS PURSUANT TO SECTION 10.1 (HEREIN COLLECTIVELY CALLED THE "3ECW PARTNERS' WARRANTIES"), NONE OF 3ECW, THE 3ECW PARTNERS, THEIR RESPECTIVE SALES AGENTS, NOR ANY PARTNER, OFFICER, DIRECTOR, EMPLOYEE, AGENT OR ATTORNEY OF 3ECW OR THE 3ECW PARTNERS, THEIR COUNSEL, BROKERS, OR SALES AGENTS, NOR ANY OTHER PERSON RELATED IN ANY WAY TO ANY OF THE FOREGOING (ALL OF WHICH PERSONS ARE HEREIN COLLECTIVELY CALLED THE "3ECW PARTIES") HAVE OR SHALL BE DEEMED TO HAVE MADE ANY VERBAL OR WRITTEN REPRESENTATIONS, WARRANTIES, PROMISES OR GUARANTEES

(WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE) TO INVESTOR OR PUBLIC COMPANY WITH RESPECT TO 3ECW, THE PROPERTY OR THE 3ECW BUILDING, ANY MATTER SET FORTH, CONTAINED OR ADDRESSED IN ANY DOCUMENTS REVIEWED BY INVESTOR OR PUBLIC COMPANY (INCLUDING, BUT NOT LIMITED TO, THE ACCURACY AND COMPLETENESS THEREOF) OR THE RESULTS OF INVESTOR'S AND PUBLIC COMPANY'S DUE DILIGENCE INVESTIGATIONS; AND (iii) INVESTOR AND PUBLIC COMPANY EACH HAS CONFIRMED INDEPENDENTLY ALL INFORMATION THAT IT CONSIDERS MATERIAL TO ITS ACQUISITION OF THE PROPERTY (AND THE RESULTING INTEREST IN THE 3ECW BUILDING) AND THE TRANSACTIONS CONTEMPLATED HEREBY. INVESTOR AND PUBLIC COMPANY EACH HEREBY SPECIFICALLY ACKNOWLEDGES THAT, EXCEPT FOR THE 3ECW PARTNERS' WARRANTIES, IT IS NOT RELYING ON (AND EACH OF THE 3ECW PARTIES

DOES HEREBY DISCLAIM AND RENOUNCE) ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, FROM ANY OF THE 3ECW PARTIES, AS TO: (1) THE OPERATION OF THE PROPERTY, 3ECW AND 3ECW BUILDING OR THE INCOME POTENTIAL, USES, OR MERCHANTABILITY OR FITNESS OF ANY PORTION OF THE PROPERTY OR 3ECW BUILDING FOR A PARTICULAR PURPOSE; (2) THE PHYSICAL CONDITION OF THE 3ECW BUILDING OR THE CONDITION OR SAFETY OF THE 3ECW BUILDING OR ANY IMPROVEMENTS THEREON; (3) THE PRESENCE OR ABSENCE, LOCATION OR SCOPE OF ANY HAZARDOUS MATERIALS IN, AT, OR UNDER THE 3ECW BUILDING; (4) THE ACCURACY OF ANY STATEMENTS, CALCULATIONS OR CONDITIONS STATED OR SET FORTH IN 3ECW'S OR PPS'S BOOKS AND RECORDS CONCERNING THE PROPERTY AND/OR THE 3ECW BUILDING OR SET FORTH IN ANY OF THE 3ECW PARTNERS' OFFERING MATERIALS WITH RESPECT TO THE PROPERTY, 3ECW AND/OR THE 3ECW BUILDING; (5) THE DIMENSIONS OF THE 3ECW BUILDING OR THE ACCURACY OF ANY FLOOR PLANS, SQUARE FOOTAGE, LEASE ABSTRACTS, SKETCHES, REVENUE OR EXPENSE PROJECTIONS RELATED TO THE 3ECW BUILDING; (6) THE OPERATING PERFORMANCE, THE INCOME AND EXPENSES OF THE PROPERTY AND/OR 3ECW BUILDING OR THE ECONOMIC STATUS OF THE PROPERTY AND/OR 3ECW BUILDING; (7) THE ABILITY OF INVESTOR AND PUBLIC COMPANY TO OBTAIN ANY AND ALL NECESSARY GOVERNMENTAL APPROVALS OR PERMITS FOR THE INTENDED USE AND DEVELOPMENT OF THE 3ECW BUILDING; AND (8) THE LEASING STATUS OF THE 3ECW BUILDING OR THE INTENTIONS OF ANY PERSONS WITH RESPECT TO THE NEGOTIATION AND/OR EXECUTION OF ANY LEASE FOR ANY PORTION OF THE 3ECW BUILDING. INVESTOR AND PUBLIC COMPANY EACH FURTHER ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE 3ECW PARTNERS' WARRANTIES, THE 3ECW PARTIES ARE UNDER NO DUTY TO MAKE ANY AFFIRMATIVE DISCLOSURES OR INQUIRY REGARDING ANY MATTER WHICH MAY BE KNOWN TO ANY OF THE 3ECW PARTIES.

(B) Release and Indemnity. INVESTOR'S AND PUBLIC COMPANY'S RELEASE AND INDEMNITY:

(i) INVESTOR AND PUBLIC COMPANY EACH HEREBY ASSUMES ALL RISKS WITH RESPECT TO THE PROPERTY (AND ITS RESULTING INTEREST IN THE 3ECW BUILDING), KNOWN AND UNKNOWN, SUSPECTED AND UNSUSPECTED, EXCEPTING ONLY THE EXCLUDED LIABILITIES (AS DEFINED IN SECTION 3.2 (b) (ii) BELOW). EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN SECTION 3.2(b)(ii) BELOW WITH RESPECT TO EXCLUDED LIABILITIES AND SECTION 3.2(b)(iii) BELOW WITH RESPECT TO THE 3ECW PARTIES' WARRANTIES, INVESTOR, PUBLIC COMPANY AND THEIR AGENTS, EMPLOYEES, AFFILIATES, SUCCESSORS AND ASSIGNS (COLLECTIVELY, "TRANSFEREE PARTIES"), SHALL BE SOLELY LIABLE FOR, AND SHALL INDEMNIFY, DEFEND, PROTECT AND HOLD HARMLESS THE 3ECW PARTIES FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSSES, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) AT LAW OR IN EQUITY, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, RELATING TO BODILY INJURY, DEATH, PROPERTY DAMAGE, ECONOMIC LOSS, OR OTHER DAMAGES SUFFERED BY ANY OF THE 3ECW PARTIES ARISING OUT OF OR RELATING TO THE PROPERTY AND/OR THE 3ECW BUILDING , INCLUDING, WITHOUT LIMITATION, THE PHYSICAL, ENVIRONMENTAL, ECONOMIC, LEGAL OR OTHER CONDITION OF THE 3ECW BUILDING, INCLUDING, WITHOUT LIMITATION, ANY SUCH CLAIMS OR LIABILITIES RELATING TO THE PRESENCE, DISCOVERY OR REMOVAL OF ANY HAZARDOUS MATERIALS IN, AT, ABOUT OR UNDER THE 3ECW BUILDING, OR FOR, CONNECTED WITH OR ARISING AFTER THE DATE HEREOF OUT OF ANY AND ALL CLAIMS OR CAUSES OF ACTION BASED UPON CERCLA (COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, 42 U.S.C. (S)(S)9601 ET SEQ., AS AMENDED BY SARA [SUPERFUND AMENDMENT AND REAUTHORIZATION ACT OF 1986] AND AS MAY BE FURTHER AMENDED FROM TIME TO TIME), THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976, 42 U.S.C. (S)(S)6901 ET SEQ., OR ANY RELATED CLAIMS OR CAUSES OF ACTION OR ANY OTHER FEDERAL OR STATE BASED STATUTORY OR REGULATORY CAUSES OF ACTION FOR ENVIRONMENTAL CONTAMINATION AT, IN OR UNDER THE 3ECW BUILDING (HEREINAFTER "TRANSFEREE PARTY-COVERED CLAIMS").

(ii) NOTWITHSTANDING THE FOREGOING, THE TERM "TRANSFEREE PARTY COVERED CLAIMS' SHALL EXCLUDE, AND INVESTOR SHALL NOT ASSUME, ANY AND ALL OBLIGATIONS

AND LIABILITIES ("EXCLUDED LIABILITIES') ARISING FROM OR IN CONNECTION WITH THE USE, OWNERSHIP OR OPERATION OF THE PROPERTY AND/OR 3ECW BUILDING ACCRUING PRIOR TO THE CLOSING DATE OTHER THAN (A) OBLIGATIONS AND LIABILITIES ASSUMED IN WRITING BY INVESTOR AND PUBLIC COMPANY IN CONNECTION WITH THE LEASES AND/OR CONTRACTS AND ALL OTHER OBLIGATIONS AND LIABILITIES THAT THE INVESTOR EXPRESSLY ASSUMES IN WRITING AT OR PRIOR TO THE CLOSING, (B) OBLIGATIONS AND LIABILITIES FOR WHICH INVESTOR HAS RECEIVED A PRORATION CREDIT PURSUANT TO EXHIBIT V OF THE TRANSACTION AGREEMENT, AND (C) OBLIGATIONS AND LIABILITIES RELATING IN ANY WAY TO THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE 3ECW BUILDING OTHER THAN ANY CLAIMS MADE BY ,OR CAUSES OF ACTION BROUGHT BY, ANY THIRD PARTY UNRELATED TO INVESTOR OR PUBLIC COMPANY OR ANY OF THEIR AFFILIATES WHERE THE INJURY OR DAMAGE GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION AROSE OR OCCURRED DURING THE PERIOD PRIOR TO THE CLOSING DATE.

(ii) TRANSFEREE PARTIES EACH HEREBY GENERALLY AND FULLY RELEASE THE 3ECW PARTIES FROM ANY AND ALL STATEMENTS OR OPINIONS HERETOFORE MADE, OR INFORMATION FURNISHED IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, BY THE 3ECW PARTIES TO ANY OF THE TRANSFEREE PARTIES, EXCEPT FOR THE 3ECW PARTNERS' WARRANTIES; AND FROM ANY AND ALL TRANSFEREE PARTY-COVERED CLAIMS, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED.

WITH RESPECT TO THE RELEASES AND WAIVERS CONTAINED IN THIS

SUBSECTION 3.2(b)(ii), THE TRANSFEREE PARTIES EXPRESSLY WAIVE THE

BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

INVESTOR AND PUBLIC COMPANY HAS EACH BEEN ADVISED BY ITS LEGAL COUNSEL AND UNDERSTANDS THE SIGNIFICANCE OF THIS WAIVER OF SECTION 1542 RELATING TO UNKNOWN, UNSUSPECTED AND CONCEALED CLAIMS. BY ITS

INITIALS BELOW, EACH OF INVESTOR AND PUBLIC COMPANY ACKNOWLEDGES THAT IT FULLY UNDERSTANDS, APPRECIATES, AND ACCEPTS ALL OF THE TERMS OF THIS SUBSECTION 3.2(b)(ii).

_____
Investor's Initials

_____
Public Company's Initials

(iv) NOTWITHSTANDING THE FOREGOING, THE 3ECW PARTNERS SHALL BE SOLELY LIABLE FOR, AND SHALL INDEMNIFY, DEFEND (AND CONTROL THE RESOLUTION OF), PROTECT AND HOLD HARMLESS INVESTOR AND PUBLIC COMPANY FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSSES, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEY'S FEES) AT LAW OR IN EQUITY, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, RELATING TO BODILY INJURY, DEATH, PROPERTY DAMAGE, ECONOMIC LOSS, OR OTHER DAMAGES SUFFERED BY 3ECW OR THE PROPERTY ARISING OUT OF OR RELATING TO THE EXCLUDED LIABILITIES.

(C) Provisions Material. Investor and Public Company each acknowledges and agrees that the provisions of this Article 3 were a material factor in the acceptance of the 3ECW Contribution Value by the 3ECW Partners and, while the 3ECW Partners have made the Documents available to Investor and Public Company and cooperated with Investor and Public Company in their due diligence investigations and inspections, the 3ECW Partners are unwilling to contribute the Property unless the 3ECW Parties are expressly released as set forth in Subsection 3.2(b)(ii).

(D) Survivability. Notwithstanding anything to the contrary herein, the provisions of this Section 3.2 shall survive the Closing and shall not be merged in any contribution of the Property.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES AS TO THE PROPERTY AND THE 3ECW BUILDING

SECTION 4.1 GENERAL STATEMENT. The 3ECW Partners make the representations and warranties with respect to the Property and the 3ECW Building to Investor and Public Company which are set forth in this Article IV. All representations and warranties set forth in Section 4.3 shall survive the Closing (and none shall merge into any instrument of conveyance) for the period of time set forth in Article VIII and shall be subject to the limitations of Section 11.1

(provided, however, that the representations in Section 4.3(a), (b) and (c) shall not be subject to the Building Maximum Liability Amount in Section 11.1 or the $43,000,000 limitation of Section 12.1.2 of the Transaction Agreement) ,and all representations and warranties set forth in Section 4.5 hereof shall, subject to the limitations of Section 11.1, survive the Closing (and none shall merge into any instrument of conveyance) for the period of any relevant statute of limitations therefor. All Representations and warranties are made as of the date of this Agreement.

SECTION 4.2 ATTRIBUTION. For purposes of this Agreement, the words "knowledge of 3ECW" or "3ECW's knowledge" shall mean the actual and not constructive knowledge of Richard E. Salomon, President of Fedmark Corporation, the general partner of 3ECW, Thomas Hendrian and John Syage of PPS and John Treice of Prudential Insurance Company of America (the "3ECW KNOWLEDGE PARTY"). The 3ECW Knowledge Party shall have no liability of any kind in their capacity as a 3ECW Knowledge Party. Any fact, matter or other statement shall not be deemed to be within the knowledge of 3ECW or 3ECW's knowledge unless the 3ECW Knowledge Party has actual knowledge of such fact, matter or other statement. Notwithstanding the foregoing, the representations and warranties made by the 3ECW Partners under Section 4.5 below are intended to be absolute in nature and are not limited by the knowledge or attribution limitations of this Section 4.2.

SECTION 4.3 REPRESENTATIONS AND WARRANTIES RE: 3ECW BUSINESS AND 3ECW BUILDING. The 3ECW Partners hereby severally (and not jointly) represent and warrant to Investor except as set forth on any Schedule attached hereto and referred to below and Public Company that:

(A) The execution and delivery of this Agreement and the other documents to be executed by 3ECW in connection herewith, and the consummation of the transactions described in this Agreement and such documents do not require, to the knowledge of 3ECW, the consent or approval of any governmental authority, nor to 3ECW's knowledge does the execution and delivery of this Agreement and the other documents to be executed by 3ECW in connection herewith violate, in any way material to the transactions described herein, any contract or agreement to which 3ECW is a party or (to the knowledge of 3ECW) any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to 3ECW, and this Agreement and all documents to be executed by 3ECW in connection with the transactions described herein constitute the legal, valid and binding obligations of 3ECW.

(B) To 3ECW's knowledge, 3ECW is not a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage (other than the Existing Mortgages), debenture, note or other instrument under the terms of which performance by 3ECW in accordance with the terms and provisions of this Agreement will be a default or an event of acceleration, or grounds for termination, and whereby such default, acceleration or termination would reasonably be expected to have a material adverse effect on the timely performance by 3ECW under this Agreement and the other documents to be executed by 3ECW in connection herewith, nor does

the execution of this Agreement or the other documents to be executed by 3ECW in connection herewith, or the consummation of the transactions contemplated hereby and thereby, violate the partnership agreement of 3ECW or constitute a breach thereunder.

(C) 3ECW has no employees.

(D) To 3ECW's knowledge, except as listed on Schedule 4.3(d), 3ECW has not received any written notice of pending or threatened litigation, judgment, arbitration, investigation or proceeding against 3ECW or the 3ECW Building that, if determined adversely, would reasonably be expected to have a material adverse effect on the operation, use or value of 3ECW or 3ECW Building or on the Investor's ability to obtain any financing necessary to close the transactions contemplated by this Agreement, nor has 3ECW received any explicit oral notice of any such threatened litigation, judgment, arbitration, investigation or proceeding.

(E) To 3ECW's knowledge, except as listed on Schedule 4.3(e), there are no Claims or liabilities affecting 3ECW or 3ECW Building that have not been previously disclosed in writing to Investor, Public Company or any of their Affiliates which would be binding upon Investor after Closing and have a material adverse effect on the operation, use or value of 3ECW or 3ECW Building or on Investor's ability to obtain any financing necessary to close the transactions contemplated by this Agreement.

(F) To 3ECW's knowledge, except as listed on Schedule 4.3(f), 3ECW has not received any written notice from any governmental authority of any special assessment, pending condemnation, and to 3ECW's knowledge 3ECW is not in violation and has not received notice of violation of any zoning, building, fire, or health code, statute, ordinance, rule or regulation applicable to the 3ECW Building that would reasonably be expected to have a material adverse effect on the operation, use or value of the 3ECW Building or on the Investor's ability to obtain any financing necessary to close the transactions contemplated by this Agreement.

(G) To 3ECW's knowledge, neither 3ECW nor any other Person has entered into any written equipment leases, service contracts or other such contracts or agreements affecting 3ECW or 3ECW Building which will remain in effect after the Closing Date and which will be binding upon Investor after the Closing Date and which are not terminable or cancelable upon thirty (30) days notice (collectively, "CONTRACTS") other than those listed on Exhibit 4.3(g) attached hereto.

(H) To 3ECW's knowledge, the only Leases which will encumber the 3ECW Building after the Closing are listed on Exhibit 4.3(h) attached hereto.

(I) To 3ECW's knowledge, there are no agreements affecting the 3ECW Building with third parties for the provision of leasing brokerage services or under which leasing commissions would become due from and after the Closing, except as set forth on Schedule 4.3(i).

(J) To 3ECW's knowledge, 3ECW is not in default and has not received any written notice of any defaults under the terms of any of the Contracts, Leases or Encumbrance Documents that would have a material adverse effect on the use, operation or value of 3ECW or 3ECW Building after the Closing or on the Investor's ability to obtain any financing necessary to close the transactions contemplated by this Agreement, except as set forth on Exhibit D and Schedule 4.3(j). As used herein, the term
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"ENCUMBRANCE DOCUMENTS" shall mean, collectively, all mortgages, deeds of trust, easements and other material agreements appurtenant to or burdening the 3ECW Building.

(K) To 3ECW's knowledge, no rent or other amounts (other than security deposits) have been prepaid under any of the Leases, Contracts or Encumbrance Documents more than thirty (30) days in advance of the due dates thereof, except as set forth on Schedule 4.3(k) or, in the case of
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contracts, the proration schedule attached to Exhibit V of the Transaction Agreement (which will be provided on the date required).

SECTION 4.4 QUALIFICATIONS TO REPRESENTATIONS AND WARRANTIES. To the
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extent that any of the representations or warranties of the 3ECW Partners under

Section 4.3 are known to Investor, Public Company or any of their Affiliates to
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be inaccurate on the Closing Date and Investor nevertheless closes the transactions contemplated by this Agreement, such representation(s) and warranty(ies) shall be deemed modified to the extent of such known inaccuracy and the 3ECW Partners shall not be deemed in breach of the representation or warranty. Notwithstanding anything to the contrary stated or implied herein and in furtherance of the foregoing provisions of this Section 4.4, the 3ECW

Partners shall have no liability for or with respect to any representation or warranty (or breach thereof) from and after the Closing if, prior to the Closing, the Investor, Public Company or any of their Affiliates discovers or learns of information (from whatever source, including, without limitation, 3ECW, the 3ECW Partners or any of their employees), or any reports, instruments or other documentation which were reviewed by or made available for review by Investor, Public Company or any of their Affiliates in connection with the transactions contemplated hereby (including, without limitation, any reports, surveys, and other due diligence documentation procured independently by Investor, Public Company or any of their Affiliates in connection with the transactions contemplated hereby) contain information that contradicts such representation and warranty, or renders such representation and warranty untrue or incorrect.

SECTION 4.5 DUE FORMATION, ETC. 3ECW is a limited partnership duly formed
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and existing under the laws of the State of California and is not insolvent, and has all necessary power and authority to execute and deliver this Agreement and all documents executed by it in connection herewith and to perform all its obligations hereunder and thereunder. This Agreement has been duly authorized by all requisite partnership action on the part of 3ECW. 3ECW is not a Person other than a United States Person within the meaning of the Code and the transactions contemplated herein are not subject to the withholding provisions of section 3406 or subchapter A of Chapter 3 of the Code.

ARTICLE V

REPRESENTATIONS AND WARRANTIES AS TO 3ECW PARTNERS

SECTION 5.1 GENERAL STATEMENT. Each of the 3ECW Partners, singly and not jointly, hereby makes the representations and warranties to Investor and Public Company which are set forth in this Article V. All representations and warranties set forth in Article 5 shall, subject to the limitations of Section 11.1, survive the Closing (and none shall merge into any instrument of conveyance) for the period of any relevant statute of limitations therefor. Representations and warranties of the 3ECW Partners are made as of the date of this Agreement.

SECTION 5.2 ATTRIBUTION. For purposes of this Agreement, the words "knowledge of 3ECW Partners" or "3ECW Partners' knowledge" shall mean the actual and not constructive knowledge of the particular 3ECW Partners, its Affiliates and its officers, agents and employees in the context used (the "3ECW PARTNERS KNOWLEDGE PARTIES") and shall not be construed to refer to the knowledge of any other 3ECW Partners or any other 3ECW Partner's Affiliates, officers, agents or employees or to impose or have imposed upon any 3ECW Partners any duty to investigate the matters to which such knowledge, or absence thereof, pertains. Any fact, matter or other statement shall not be deemed to be within the knowledge of the 3ECW Partners or 3ECW Partners' knowledge unless the 3ECW Partners Knowledge Parties for such 3ECW Partners have actual knowledge of such fact, matter or other statement.

SECTION 5.3 DUE ORGANIZATION; AUTHORIZATION; OTHER MATTERS. Each 3ECW Partner hereby, singly and not jointly, represents and warrants to Public Company and Investor solely as to itself as a 3ECW Partner as follows:

(A) Such 3ECW Partner is, if it is other than an individual, duly organized or formed, is validly existing and is in good standing under the laws of its jurisdiction of organization, and is qualified to do business and in good standing in all jurisdictions where such qualification is necessary to carry on its business as now conducted, except where the failure to so qualify would not have a material adverse effect on the ability of such 3ECW Partner to perform its obligations under this Agreement.

(B) Such 3ECW Partner has full power and authority to enter into this Agreement and to consummate the transactions contemplated hereby.

(C) Such 3ECW Partner has, and will contribute to Investor at the Closing, full, unencumbered title to its interest in 3ECW delivered concurrently herewith.

(D) The execution, delivery and performance by such 3ECW Partner of this Agreement has been duly and validly approved by all necessary partnership, corporate or other applicable action and no other actions or proceedings on the part of such 3ECW Partner or its shareholders, partners or other 3ECW Partners, are necessary to authorize this Agreement and the transactions contemplated hereby and thereby. No consent, waiver, approval, or authorization of, or filing, registration, or qualification with, or notice to, any governmental instrumentality or any other Person (including, without limitation, the other 3ECW Partners) is required to be made, obtained, or given in connection with the execution, delivery, and performance of this Agreement by such

3ECW Partner, except where the failure to do so would not have a material adverse effect on such execution, delivery or performance. This Agreement constitutes, and any other documents to be executed by such 3ECW Partner pursuant to this Agreement when executed will constitute, legal, valid and binding obligations of such 3ECW Partner, enforceable against such 3ECW Partner in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws in effect which affect the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies.

(E) The execution and delivery of this Agreement, and the performance by such 3ECW Partner under this Agreement, do not and will not conflict with or result in a breach of (with or without the passage of time or notice or both) the terms of any of such 3ECW Partner's constituent documents (if any), any judgment, order or decree of any governmental authority binding on such 3ECW Partner, and, to such 3ECW Partner's knowledge, do not breach or violate any applicable law, rule or regulation of any governmental authority. Except as may be provided in the Existing Mortgages, the execution, delivery and performance by such 3ECW Partner under this Agreement will not result in a breach or violation of (with or without the passage of time or notice or both) the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, the partnership agreement of 3ECW or any other agreement or instrument to which such 3ECW Partners is a party or by which such 3ECW Partner is bound.

(F) Such 3ECW Partner, if other than an individual, is organized and, to such 3ECW Partner's knowledge, has conducted its business in accordance with all applicable laws, to the extent applicable, the failure or the violation of which could reasonably be expected to have a material adverse effect on the ability of such 3ECW Partner, in its individual capacity, to execute, deliver or perform under this Agreement or to consummate the transactions contemplated hereby.

SECTION 5.4 SECURITIES LAWS. Subject to the provisions of this Agreement, each 3ECW Partner hereby represents and warrants that such 3ECW Partner is acquiring the Investor Preferred Units for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. Such 3ECW Partner understands that the Investor Preferred Units (and, subject to the Registration Rights Agreement, the Shares issuable upon exchange thereof) will not be registered under the Securities Act or any state securities laws, will be offered and sold pursuant to exemptions therefrom and cannot be resold without registration thereunder or exemption therefrom. Such 3ECW Partner represents that it has sufficient knowledge and experience in financial and business matters to enable it to evaluate the merits and risks of investment in the Investor Preferred Units (and the Shares that may be issued in lieu of redemption thereof). Such 3ECW Partner has the ability to bear the economic risk of acquiring the Investor Preferred Units. Such 3ECW Partner has been supplied with, or had access to, information to which a reasonable Investor would attach significance in making investment decisions, including, but not limited to, all information as it has requested, to answer all of its inquiries about Public Company, and to enable it to make its decision to acquire the

Investor Preferred Units (and the Shares that may be issued in lieu of redemption thereof). The Securities shall, if represented by certificates, contain a prominent legend with respect to the foregoing restrictions. Such 3ECW Partner represents and warrants that he, she or it is an "accredited investor" as such term is defined in Rule 501 under the Securities Act.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF PUBLIC COMPANY

SECTION 6.1 GENERAL STATEMENT. Public Company hereby makes the representations and warranties to each 3ECW Partner which are set forth in this Article VI. All representations and warranties set forth in Sections 6.3 and 6.4 shall survive the Closing (and none shall merge into any instrument of conveyance) for the period of any relevant statute of limitations therefor. Representations and warranties of Public Company are made as of the date of this Agreement.

SECTION 6.2 ATTRIBUTION. For purposes of the representations and warranties of Public Company set forth in this Article VI only, the words "knowledge of Public Company" or "Public Company's knowledge" shall mean the actual and not constructive knowledge of Mortimer Zuckerman, Edward Linde and Thomas O'Connor (collectively, the "PUBLIC COMPANY KNOWLEDGE PARTIES"). Any fact, matter or other statement shall not be deemed to be within the knowledge of Public Company or Public Company's knowledge unless the Public Company Knowledge Parties, or any of them, have actual knowledge of such fact, matter or other statement. Notwithstanding the foregoing, the representations and warranties made by Public Company under Section 6.4 below are intended to be absolute in nature and are not limited by the knowledge or attribution limitations of this Section 6.2.

Section 6.3 REPRESENTATIONS AND WARRANTIES RE: PUBLIC COMPANY BUSINESS AND OPERATIONS. Public Company hereby represents and warrants as follows:

(A) Public Company is organized and, to Public Company's knowledge, has conducted its business in accordance with applicable laws, to the extent applicable, the failure or the violation of which could reasonably be expected to have a material adverse effect on the results of operations of the Public Company.

(B) There are no actions, suits or proceedings pending and, to Public Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or others, which would reasonably be expected to either (i) question the validity of this Agreement or the consummation of the transactions contemplated hereby, the issuance of the Shares (including the Shares that may be issued in lieu of redemption of Investor Preferred Units), any other agreements contemplated hereby or any actions taken pursuant to any of the foregoing or (ii) result in any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs, management or business prospects of Public Company. As of the date hereof, there is no action or suit against Public Company pending or threatened by any Person which would reasonably be expected to have a material and adverse effect on Public Company.

(C) The Public Company has filed with the Securities and Exchange Commission (the "Commission") all reports required by the Exchange Act to be filed by the Company (collectively, and in each case including all exhibits and schedules thereto and documents incorporated by reference therein, the "SEC Documents"). As of their respective filing dates (or if amended, revised or superseded by a subsequent filing with the Commission, then on the date of such subsequent filing), the SEC Documents complied in all material respects with the requirements of the Securities Act or the exchange Act, as the case may be, and none of the SEC Documents (including any and all financial statements included therein) as of such dates contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The consolidated financial statements of Public Company included in all SEC Documents, including any amendments thereto, comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission with respect thereto. Since the most recently filed SEC Document, there has not occurred or arisen any change in or event affecting Public Company that has had or would reasonably be expected to have a material adverse effect on the results of operations of Public Company.

(D) No proceeding or other action has been commenced or undertaken relating to the dissolution or merger of Public Company and none is presently contemplated except that this representation shall not apply to any merger of another entity with and into Public Company that meets the criteria of Section 251(f) of the Delaware General Corporation Law for consummating a merger without a vote of stockholders.

(E) As of the date of this Agreement, the authorized capital securities of Public Company consists of Preferred Stock, $.01 par value, 50,000,000 Shares authorized, none issued or outstanding, Excess Stock, $.01 par value, 150,000,000 shares authorized, none issued or outstanding, and 250,000,000 Shares of common stock, $0.01 par value per share, of which 63,526,785 Shares are currently issued and outstanding. Except as contemplated pursuant to this Agreement, and except for (i) any Shares that may be issued in lieu of redemption of outstanding units of limited partnership in Investor and (ii) any Shares or units of limited partnership in Investor which may be issued in accordance with agreements that have been described in or filed with the SEC Filings or otherwise disclosed on Schedule 6.3(e), there are no securities convertible or exchangeable for Shares or any rights or options to subscribe for or purchase any Shares or securities convertible or exchangeable for Shares. All of the outstanding Shares have been duly and validly authorized and issued and are fully paid and non-assessable. All of the outstanding Shares have been issued in compliance with all applicable federal and state securities laws.

(F) The Shares (including the Shares issuable upon exchange of Investor Preferred Units) issuable hereunder, when issued in accordance with the provisions of this Agreement and the Investor Agreement, will be duly and validly

authorized and issued and will be fully paid and non-assessable. Neither Public Company, Investor nor any person acting on their behalf has taken or will take any action which would subject the issuance of the Investor Preferred Units to the 3ECW Partners to the registration requirements of Section 5 of the Securities Act.

(G) Except as provided in Schedule 6.3(g), Public Company has no
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obligation (contingent or other) to purchase, redeem or otherwise acquire any of its Shares or any interest therein or to pay any dividend or make any other distribution in respect thereof (except for any distribution that was declared prior to the date hereof and not paid on or before the date hereof). Public Company has authorized and reserved for issuance a sufficient number of Shares to satisfy its obligations under this Agreement and the Investor's Investor Agreement.

(H) Public Company has duly and timely filed with the appropriate governmental authorities all Tax Returns required to be filed by it for all periods ending on or prior to the Closing Date, except to the extent of any Tax Return for which an extension of time for filing has been properly filed. Each such Tax Return is true and correct in all material respects. All Taxes owed by Public Company have been paid (whether or not shown on a Tax Return). All Taxes which Public Company is required by law to withhold or collect, including, without limitation, Taxes required to have been withheld in connection with amounts paid or owing to any employee, independent contractor, creditor, partner, or other third party and sales, gross receipts and use taxes, have been duly withheld or collected and, to the extent required, have been paid over to the proper governmental authorities or are held in separate bank accounts for such purpose. There are no liens for Taxes upon the assets of Public Company except for statutory liens for Taxes not yet due.

(I) Public Company has not filed for an extension of a statute of limitations with respect to any Taxes and no governmental authorities have requested an extension of the statute of limitations with respect to any Taxes. Public Company is not a party to any pending action or any formal or informal proceeding by any taxing authority for a deficiency, assessment or collection of Taxes, and no claim of any deficiency, assessment or collection of Taxes has been asserted or, to the knowledge of Public Company, threatened against it, including claims by any taxing authority in a jurisdiction where Public Company does not file Tax Returns that it is or may be subject to taxation in that jurisdiction.

(J) Public Company is organized and has operated from its commencement through the date hereof in such a manner so as to qualify for taxation as a real estate investment trust under the Code, and Public Company intends to operate in such a manner so as to qualify and to continue to so qualify as a real estate investment trust.

(K) Public Company does not hold "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101.

SECTION 6.4 DUE ORGANIZATION, ETC. OF PUBLIC COMPANY.

(A) Public Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is (or prior to the Closing will be) duly qualified and in good standing as a foreign corporation under the laws of the State of California, and has all necessary power, corporate and otherwise, to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by Public Company in connection herewith and to perform all its obligations hereunder and thereunder. This Agreement has been duly authorized by all requisite corporate action on the part of Public Company. The execution and delivery of this Agreement and the other documents and instruments to be executed and delivered by Public Company in connection with the transactions described herein, and the consummation of the transactions contemplated hereby and thereby, do not require the consent or approval of the shareholders of Public Company or, to the knowledge of Public Company, the consent or approval of any governmental authority, nor, to the knowledge of Public Company, does the execution and delivery of this Agreement violate, in any way material to the transactions contemplated hereby, any contract or agreement to which Public Company is a party or any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to Public Company, and this Agreement and all documents and other instruments to be executed and delivered by Public Company in connection herewith constitute the legal, valid and binding obligations of Public Company.

(B) Public Company is not a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage, debenture, note or other instrument under the terms of which performance by Public Company according to the terms of this Agreement will be a default or an event of acceleration, or grounds for termination, or whereby timely performance by Public Company, according to the terms of this Agreement, may be prohibited, prevented or delayed.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF INVESTOR

SECTION 7.1 GENERAL STATEMENT. Investor hereby makes the representations and warranties to each 3ECW Partner which are set forth in this Article VII. All representations and warranties set forth in Sections 7.3 and 7.4 shall survive the Closing (and none shall merge into any instrument of conveyance) for the period of any relevant statute of limitations therefor. Representations and warranties of Investor are made as of the date of this Agreement.

SECTION 7.2 ATTRIBUTION. For purposes of the representations and warranties of Public Company set forth in this Article VII only, the words "knowledge of Investor" or "Investor's knowledge" shall mean the actual and not constructive knowledge of Mortimer Zuckerman, Edward Linde and Thomas O'Connor (collectively, the "INVESTOR KNOWLEDGE PARTIES"). Any fact, matter or other statement shall not be deemed to be within the knowledge of Investor or Investor's knowledge unless the Investor Knowledge Parties, or any of them, have actual knowledge of such fact, matter or other statement. Notwithstanding the foregoing, the representations and warranties made by Investor under Section 7.4

below are intended to be absolute in nature and are not limited by the knowledge or attribution limitations of this Section 7.2.

SECTION 7.3 REPRESENTATIONS AND WARRANTIES RE: INVESTOR BUSINESS AND OPERATIONS. Investor hereby represents and warrants as follows:

(A) Investor is organized and, to Investor's knowledge, has conducted its business in accordance with all applicable laws, to the extent applicable, the failure or the violation of which would reasonably be expected to have a material adverse effect on the results of operations of Investor.

(B) There are no actions, suits or proceedings pending and, to Investor's knowledge, no such proceedings are threatened or contemplated by governmental authorities or by others, which would reasonably be expected to either (i) question the validity of this Agreement or the consummation of the transactions contemplated hereby or the issuance of the Investor Preferred Units contemplated hereby, any other agreements contemplated hereby or any actions taken pursuant to any of the foregoing or (ii) result in any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs, management or business prospects of Investor. As of the date hereof, there is no material action or suit against Investor pending or threatened by any Person.

(C) No proceeding or other action has been commenced or undertaken relating to the dissolution or merger of Investor (except in connection with an acquisition of property for Units in which Investor is the surviving party in the merger) and none is presently contemplated.

(D) Investor has duly and timely filed with the appropriate governmental authorities all Tax Returns required to be filed by it for all periods ending on or prior to the Closing Date, except to the extent of any Tax Return for which an extension of time for filing has been properly filed. Each such Tax Return is true and correct in all material respects. All Taxes owed by Investor have been paid (whether or not shown on a Tax Return). All Taxes which Investor is required by law to withhold or collect, including, without limitation, Taxes required to have been withheld in connection with amounts paid or owing to any employee, independent contractor, creditor, partner, or other third party and sales, gross receipts and use taxes, have been duly withheld or collected and, to the extent required, have been paid over to the proper governmental authorities or are held in separate bank accounts for such purpose. There are no liens for Taxes upon the assets of Investor except for statutory liens for Taxes not yet due.

(E) Investor has not filed for an extension of a statute of limitations with respect to any Taxes and no governmental authorities have requested an extension of the statute of limitations with respect to any Taxes. Investor is not a party to any pending action or any formal or informal proceeding by any taxing authority for a deficiency, assessment or collection of Taxes, and no claim of any deficiency, assessment or collection of Taxes has been asserted or, to the knowledge of Investor, threatened against

it, including claims by any taxing authority in a jurisdiction where Investor does not file Tax Returns that it is or may be subject to taxation in that jurisdiction.

(F) Investor is not, and will not become, a "publicly traded partnership" within the meaning of Section 7704 of the Code.

(G) Investor does not hold "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101.

SECTION 7.4 DUE FORMATION, ETC. OF INVESTOR. Investor is a limited partnership duly formed and in good standing under the laws of the State of Delaware, is (or prior to the Closing will be) duly qualified and in good standing as a foreign limited partnership under the laws of the State of California, and has all necessary power, partnership and otherwise, to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by Investor in connection herewith and to perform all its obligations hereunder and thereunder. This Agreement has been duly authorized by all requisite partnership action on the part of Investor. The execution and delivery of this Agreement and the other documents and instruments to be executed and delivered by Investor in connection with the transactions described herein, and the consummation of the transactions contemplated hereby and thereby, do not require the consent or approval of the partners of Investor or, to the knowledge of Investor, the consent or approval of any governmental authority, nor, to the knowledge of Investor, does the execution and delivery of this Agreement violate, in any way material to the transactions contemplated hereby, any contract or agreement to which Investor is a party or any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to Investor, and this Agreement and all documents and other instruments to be executed and delivered by Investor in connection herewith constitute the legal, valid and binding obligations of Investor. Investor is not a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage, debenture, note or other instrument under the terms of which performance by Investor according to the terms of this Agreement will be a default or an event of acceleration, or grounds for termination, or whereby timely performance by Investor, according to the terms of this Agreement, may be prohibited, prevented or delayed.

ARTICLE VIII

LIMITATIONS

SECTION 8.1 LIMITATIONS. Except for the representations and warranties set forth in Section 4.3 above (which shall survive the Closing until a date (the "LIMITATION DATE") which is twelve (12) months after the Closing Date) all representations and warranties shall survive the Closing without any time limit other than those limits imposed by the applicable statute of limitations or other similar laws. Notwithstanding the foregoing, Investor and/or Public Company shall have the right to commence or prosecute against the 3ECW Partners any claim for the breach of a representation or warranty under Section 4.3 relating to events or occurrences which occurred prior to the Limitation Date, provided such claim is actually filed no later than forty-five (45) days after the Limitation Date, and otherwise no action based thereon shall be commenced after the Closing Date. The representations and warranties of the parties made in

this Agreement are personal to the other parties hereto and no Person other than a named party hereto shall be entitled to bring any action based thereon. The representations and warranties set forth above are further subject to the limitations of liability set forth in Section 11.1 hereof and Article 12 of the Transaction Agreement, which limitations are in addition to (and not in lieu of) the limitations set forth in this Agreement.

ARTICLE IX

COVENANTS

SECTION 9.1 CONFIDENTIALITY.

(A) As used herein, "CONFIDENTIAL MATERIAL" means, with respect to any party hereto (the "PROVIDING PARTY"), all information, whether oral, written or otherwise, furnished to another party hereto (the "RECEIVING PARTY") or the Receiving Party's directors, officers, partners, Affiliates, employees or agents, or their respective representatives (collectively, "REPRESENTATIVES"), by the Providing Party and all reports, analyses, compilations, studies and other material prepared by the Receiving Party or its Representatives (in whatever form maintained, whether documentary, computer storage or otherwise) containing, reflecting or based upon, in whole or in part, any such information. The term "CONFIDENTIAL MATERIAL" does not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by the Receiving Party, its Representatives or anyone to whom the Receiving Party or any of its Representatives transmit any Confidential Material in violation of this Agreement or (ii) is or becomes known or available to the Receiving Party on a nonconfidential basis from a source (other than the Providing Party or one of its Representatives) who is not, to the knowledge of the Receiving Party, prohibited from transmitting the information to the Receiving Party or its Representatives by a contractual, legal, fiduciary or other obligation.

(B) Subject to paragraph (c) below or except as required by applicable laws regulations or legal process as reasonably interpreted by Public Company, the Confidential Material will be kept confidential and will not, without the prior written consent of the Providing Party, be disclosed by the Receiving Party or its Representatives, in whole or in part, and will not be used by the Receiving Party or its Representatives, directly or indirectly, for any purpose other than in connection with this Agreement, the other Transaction Documents and the transactions contemplated hereby or thereby or evaluating, negotiating or advising with respect to such matters. Notwithstanding anything to the contrary herein, the Receiving Party has the right to transmit Confidential Material to its Representatives only if and to the extent that such Representatives need to know the Confidential Material for purposes of such transactions and are informed by the Receiving Party of the confidential nature of the Confidential Material and of the terms of this Section 9.1(b). Notwithstanding the foregoing, each of Public Company, Investor, and the 3ECW Partners, shall have the right to disclose such Confidential Material to its actual or proposed financing and capital sources and their

respective representatives, provided that, prior to disclosing such information to such Persons, as the case may be, it advises such Persons of the confidential nature of such Confidential Information and causes to be affixed to such Confidential Information and requires that such Information be used only for the purposes specified by the parties hereto in connection with the transaction contemplated by this Agreement and/or the Transaction Agreement. In any event, the Receiving Party will be responsible for any actions by its Representatives (and any other Person to whom such Confidential Material is conveyed in accordance with the provisions hereof) which are not in accordance with the provisions hereof.

(C) In the event that the Receiving Party, its Representatives or anyone to whom the Receiving Party or its Representatives supply the Confidential Material are requested (by oral questions, interrogatories, requests for information or documents, subpoena, civil or criminal investigative demand, any informal or formal investigation by any government or governmental agency or authority or otherwise in connection with legal process) to disclose any Confidential Material, the Receiving Party agrees (i) to immediately notify the Providing Party of the existence, terms and circumstances surrounding such a request, (ii) to consult with the Providing Party on the advisability of taking legally available steps to resist or narrow such request, and (iii) if disclosure of such information is required, to furnish only that portion of the Confidential Material which, in the opinion of the Receiving Party's counsel, the Receiving Party is legally compelled to disclose and to cooperate with any action by the Providing Party to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Material (it being agreed that the Providing Party shall reimburse the Receiving Party for all reasonable out-of-pocket expenses incurred by the Receiving Party in connection with such cooperation).

(D) In the event of the termination of this Agreement in accordance with its terms, promptly upon request from the Providing Party, the Receiving Party shall, except to the extent prohibited by applicable laws, regulations or legal process, redeliver to the Providing Party or destroy all tangible Confidential Material and will not retain any copies, extracts or other reproductions thereof in whole or in part. Any such destruction shall be certified in writing to the Providing Party by an authorized officer of the Receiving Party supervising the same.

SECTION 9.2 PUBLIC STATEMENTS. Investor, Public Company and Rockmark Corporation shall consult with each other prior to issuing any press release or any written public statement with respect to this Agreement or the transactions contemplated hereby and, except as shall be required by applicable law, none of the parties hereto shall issue any such press release or written public statement prior to review and approval by Investor, Public Company and Rockmark Corporation, it being understood that such approval will not be unreasonably withheld or delayed.

SECTION 9.3 SURVIVAL. The covenants in this Article IX shall survive the Closing.

ARTICLE X

CLOSING

SECTION 10.1 CLOSING DELIVERIES.

(A) Closing. As used herein, the term "CLOSING" shall mean the consummation of all transactions contemplated in this Agreement as provided in subparagraphs (b) and (c) below, and the term "CLOSING DATE" shall mean the date upon which the Closing occurs.

(B) Closing Deliveries of the 3ECW Partners. On the date hereof, the 3ECW Partners are delivering to Investor and Public Company, or have caused to be delivered to the Escrow Agent, the following:

(i) An executed Tax Reporting Agreement substantially in the form attached hereto as Exhibit E;

(ii) A Foreign Investment in Real Property Tax Act affidavit executed by each 3ECW Partner (it being understood that if any 3ECW Partner shall fail to provide the necessary affidavit and/or documentation, Public Company may proceed with withholding provision as provided by law);

(iii) Assignments to Investor of each 3ECW Partner's interest in 3ECW in the form annexed hereto as Exhibit F executed by each such 3ECW Partner;

(iv) Evidence of the organization (if other than an individual), existence (if other than an individual) and authority of each 3ECW Partner to enter into this Agreement and to consummate the transactions contemplated hereby, certified by an appropriate officer or partners (if other than an individual) (together with an incumbency and signature certificate regarding the Person signing);

(v) The Investor Agreement executed by each 3ECW Partner;

(vi) The Registration Rights Agreement executed by each 3ECW Partner;

(vii) Additional documents, to the extent consistent with the provisions of this Agreement, that Investor, Public Company or the Title Company may reasonably request for the consummation of the transactions contemplated by this Agreement.

(viii) a Representation Letter in the form attached hereto as Schedule 10.1(b)(ix) executed by each 3ECW Partner (of his or her duly authorized attorney-in-fact as evidenced by a copy of the relevant power of attorney attached thereto) indicating thereon that such 3ECW Partner is an "accredited investor."

(C) Closing Deliveries of Investor and/or Public Company. On the date hereof, Investor and/or Public Company are delivering to the 3ECW Partners, or have caused to be delivered to the Escrow Agent, the following:

(i) Evidence of the organization, existence and authority of Public Company and Investor to enter into this Agreement and to consummate the transactions contemplated hereby, certified by an appropriate officer of Public Company or Investor, as appropriate (together with an incumbency and signature certificate regarding the officer(s) signing on their behalf);

(ii) The Registration Rights Agreement executed by Public Company;

(iii) The Investor Agreement executed by Public Company and any other partner whose execution is required by Investor's Investor Agreement, reflecting the issuance to the 3ECW Partners of the Investor Preferred Units in accordance with Section 2.1;

(iv) An executed Tax Reporting Agreement substantially in the form attached hereto as Exhibit E; and

(v) Public Company and Investor shall deliver any additional documents, to the extent consistent with the provisions of this Agreement, that the other parties or the Title Company may reasonably request for the consummation of the transactions contemplated by this Agreement.

(vi) Public Company shall deliver evidence reasonably satisfactory to Rockmark Corporation that Richard E. Salomon has been duly elected or appointed as a member of Public Company's Board of Directors.

(D) Waiver of Failure of Conditions Precedent. By closing the transactions contemplated by this Agreement, each party hereto shall be conclusively deemed to have waived the benefit of any remaining unfulfilled conditions precedent set forth in this Agreement and the Transaction Agreement.

SECTION 10.2 3ECW CONTRIBUTION VALUE; ALLOCATIONS. Investor, Public Company and the 3ECW Partners each hereby agree that the aggregate value (the "3ECW CONTRIBUTION VALUE") to be paid by Investor for the Property shall equal (i) an amount equal to $142.047 million (Gross Market Value of Three ECW), minus the Three ECW Existing Debt Balance subject to adjustment pursuant to Section 10.3 below, multiplied by (ii) 37.9167% (the 3ECW Partners' aggregate percentage interest in 3ECW) (the"3ECW VALUE"),.

SECTION 10.3 APPORTIONMENT CREDIT. The 3ECW Contribution Value shall be adjusted to reflect the prorations and other adjustments pursuant to and as provided in Exhibit V of the Transaction Agreement.

SECTION 10.4 DELAYED ADJUSTMENT. Investor and Rockmark Corporation, acting on behalf of the 3ECW Partners, shall administer the provisions of Exhibit V of the Transaction Agreement following the Closing based on the closing of 3ECW books for the month in which the Closing Date occurs. If, as a result of the Final Audit to be conducted pursuant to Exhibit V, the amount of an item listed in Exhibit V of the Transaction Agreement shall prove to be incorrect (whether as a result of an error in calculation or a lack of complete and accurate information as of the Closing), Investor and the 3ECW Partners shall adjust the Investor Preferred Units initially issued (proportionately to the Investor Preferred Units initially issued) by Investor delivering an amended schedule to the Investor Agreement as reasonably agreed to by Rockmark Corporation reflecting the corrected number of Investor Preferred Units issued to each 3ECW Partners in order to correct such error upon receipt of reasonable proof of such error, provided that such proof is delivered to the party from whom payment is requested as provided in Exhibit V. The correction of any such error shall be made effective as of the Closing Date and shall include the further payment by Investor, or repayment by the 3ECW Partners, of any distributions made by Investor in respect of the increase, or decrease, of the number of Investor Preferred Units initially held by any 3ECW Partners prior to such adjustment.

SECTION 10.5 SURVIVABILITY. The provisions of this Article 10 shall survive the Closing and not be merged therein for a period of six months after the closing or such longer period as may be necessary to complete to the Final Audit and make the adjustment described in Section 10.4.

SECTION 10.6 CLOSING COSTS. The parties shall bear certain closing costs of the transaction contemplated hereby as set forth in Section 10.3 and Exhibit V of the Transaction Agreement. Any other Closing costs not covered herein or in Section 10.3 of the Transaction Agreement or Exhibit V of the Transaction Agreement shall be allocated between the parties in accordance with the local practice and custom in San Francisco, California.

ARTICLE XI

BREACH, DEFAULT, LIABILITY LIMITS

11.1 RIGHTS OF INVESTOR AND PUBLIC COMPANY.

(A) In the event of any claim, suit or other action against any of the 3ECW Partners pertaining to (a) this Agreement, any of the documents executed in connection herewith or any of the transactions contemplated hereby or thereby (including, without limitation, any and all indemnification obligations of any of the 3ECW Partners hereunder or thereunder) or (b) a breach by any of the 3ECW Partners of any of the terms or provisions of this Agreement or of any of the documents executed by the 3ECW Partners in connection with the matters contemplated in this Agreement (including, without limitation, the breach of any representation or warranty of the 3ECW Partners set forth herein or therein), Investor's and Public Company's sole remedy shall be an action for monetary damages;

provided that, except for the breach of the representations and warranties set forth in Sections 4.3(a), (b) and (c), Section 4.5, and Sections 5.3 and Section 5.4 above (which will not be subject to any limitation on the amount of such

liability), and notwithstanding any provision to the contrary contained in this Agreement, the Transaction Agreement or in any other documents executed in connection herewith or therewith, (i) the maximum aggregate liability of the 3ECW Partners, and the maximum aggregate amount which may be awarded to and collected by Investor and Public Company or any other Person, with respect to any claim, suit or other action relating to a breach of a representation, covenant or indemnity of this Agreement, the Transaction Agreement or any other documents executed in connection herewith or therewith shall not exceed an amount equal to five percent (5%) of the 3ECW Contribution Value, and the liability of any 3ECW Partners shall not exceed an amount equal to (x) the 3ECW Partners' percentage interest in 3ECW immediately prior to the Closing, multiplied by (y) five percent (5%) of the 3ECW Contribution Value, and (ii) the maximum aggregate amount which may be awarded to and collected by Investor and Public Company with respect to any claim, suit or other action against any 3ECW Partners relating to 3ECW or their respective buildings shall not exceed an amount (each a "BUILDING MAXIMUM LIABILITY AMOUNT") equal to five percent (5%) of the 3ECW Contribution Value and with respect to any claim, suit or action relating to any such Building, the liability of any 3ECW Partners shall not exceed an amount equal to (x) the 3ECW Partners' percentage interest in 3ECW immediately prior to the Closing, multiplied by (y) the Building Maximum Liability Amount for such breach. Notwithstanding the foregoing, the terms and provisions of this Section 11.1(a) are further subject to the overall $43,000,000 limitation of liability set forth in Section 12.1.2 of the Transaction Agreement, it being acknowledged and agreed that the maximum liability caps described hereinabove may be further reduced as a result of recoveries made by Investor, Public Company or their Affiliates in connection with the other transactions described in the Transaction Agreement in accordance with said Section 12.1.2 of the Transaction Agreement. Notwithstanding the foregoing, the parties hereto hereby acknowledge and agree that the foregoing limitations on the amount of liability (and any other cap on the liability of the Ventures or the Transferor Parties set forth in any other Transaction Document) does not apply to the breach of any of the representations and warranties set forth in Section 4.3 (a), (b) or (c), Section 4.5, Section 5.3 or Section 5.4 hereof and any amount received with respect thereto shall not have the affect of reducing the maximum amount recoverable for other breaches which are subject to the limitations on the amount of liability under Section 11.1(a) hereof or Section 12.1.2 of the Transaction Agreement and that any monetary damages recoverable from an 3ECW Partners shall be recovered only from the particular 3ECW Partners solely responsible therefor in the case of a breach of a representation in Section 5.3 or 5.4 or from the 3ECW Partners severally, and not jointly, in the case of a breach of a representation in Section 4.3 (a), (b), or (c) in the ratio of each such partner's percentage interest in and to 3ECW immediately prior to the Closing .The terms and provisions of this Section 11.1 shall survive the Closing and shall not be merged therein.

(B) Except as provided in the last sentence of paragraph (b), Investor's and Public Company's sole recourse against the 3ECW Partners, individually and/or as a group, for liability assumed by, and for any indemnity of or breach of representation or warranty made by any of the 3ECW Partners shall be limited to the recovery by Investor

and/or Public Company of Investor Preferred Units (and any Securities received in exchange therefor or upon conversion thereof) issued to such 3ECW Partners (severally in the ratio of each such 3ECW Partner's proportionate partnership interest in 3ECW on the Closing as provided in paragraph (b) above), and none of the 3ECW Partners shall have any personal liability to pay any damages or other amounts in cash in respect thereof, except to the extent that any 3ECW Partners holds an insufficient amount of Investor Preferred Units and Securities to satisfy the claim or judgment, in which event such Person shall be obligated to pay any damages or other amounts not satisfied by the transfer of Investor Preferred Units or Securities in cash. The number of Investor Preferred Units or Shares recoverable from any 3ECW Partners in respect of any claim (or damages) to be satisfied by such Person as provided in this Agreement shall be determined on a full diluted basis as if converted by reference to the closing trading price of the Public Company's common shares on the date of payment of the damages or other amounts. Notwithstanding Section 11.1(a) and the foregoing provisions of this paragraph (b), each of the 3ECW Partners shall be singly, and not jointly, liable without limitation by recourse to his or its units or otherwise for a breach of his or its representation in Sections 5.3 or 5.4

(C) Investor shall promptly give Rockmark Corporation, as representative of the 3ECW Partners, notice of any claim made by any third party which would reasonably be expected to result in liability of the 3ECW Partners in respect of a breach of a representation made by them in this Agreement or otherwise and shall give the 3ECW Partners, acting through Rockmark Corporation as their attorney in fact, the opportunity to cure any alleged claim and to defend against and settle all such claims at their sole cost. The failure to give such notice, however, shall not relieve any 3ECW Partners of any liabilities hereunder to the extent that it is not materially prejudiced as a result thereof.

11.2 RIGHTS OF 3ECW PARTNERS. In the event of a breach by Investor or Public Company of any of the terms or provisions of this Agreement or any of the documents executed in connection herewith, the 3ECW Partners shall be entitled to pursue any and all rights and remedies at law or in equity available to such 3ECW Partners with respect to such breach; provided that, except for breaches of the representations and warranties set forth in Articles VI and VII (which will not be subject to any liability cap), and except as otherwise expressly provided in any other Transaction Document, the maximum aggregate liability of Investor and Public Company for any and all breaches of the representations and warranties of Investor and/or Public Company contained in any Transaction Document shall not exceed an amount equal to Forty-Three Million Dollars ($43,000,000) in the aggregate. The foregoing contractual limitation shall not constitute a waiver or release by the 3ECW Partners of their rights under Federal Securities Laws. The terms and provisions of this Section 11.2 shall survive the Closing and shall not be merged therein.

ARTICLE XII

MISCELLANEOUS

SECTION 12.1 EXPENSES. Except as expressly set forth herein or in the Transaction Agreement, each party hereto shall bear its own costs and expenses with respect to the transactions contemplated hereby.

SECTION 12.2 AMENDMENT. This Agreement may be amended, modified or supplemented but only in writing signed by each of the parties hereto.

SECTION 12.3. NOTICES. Any notice, request, instruction or other document to be given hereunder by a party hereto shall be in writing and shall be deemed to have been given, (a) when received if given in person or by courier or a courier service, (b) on the date of transmission if sent by telex, facsimile or other wire transmission or (c) three Business Days after being deposited in the U.S. mail, certified or registered mail, postage prepaid:

(A) If to Public Company or Investor, addressed as follows:

Boston Properties, Inc.
8 Arlington Street
Boston, Massachusetts 02116-3495

Attention: General Counsel
Facsimile: 617-421-1555
Telephone: 617-859-2600

with a copy to

Goulston & Storrs, P.C.
400 Atlantic Avenue
Boston, Massachusetts 02110-3333

Attention: Eli Rubenstein, Esq.
Facsimile: 617-574-4112
Telephone: 617-482-1776

(B) If to 3ECW or the 3ECW Partners, addressed as follows:

Fedmark Corporation
30 Rockefeller Plaza, Room 5600
New York, New York 10112

Attention: Richard E. Salomon
Telephone: (212) 903-1204
Facsimile: (212) 424-1806

with a copy to:

Willkie Farr & Gallagher
787 Seventh Avenue
New York, New York 10019-6099

Attention: Bruce M. Montgomerie
Telephone: (212) 728-8248
Facsimile: (212) 728-8111

or to such other individual or address as a party hereto may designate for itself by notice given as herein provided.

SECTION 12.4 WAIVERS. The failure of a party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

SECTION 12.5 COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 12.6 INTERPRETATION. The headings preceding the text of Articles and Sections included in this Agreement and the headings to Exhibits and Schedules attached to this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. The use of the masculine, feminine or neuter gender herein shall not limit any provision of this Agreement. The use of the term "including" or "include" shall in all cases herein mean "including, without limitation" or "include, without limitation," respectively. Underscored references to Articles, Sections, Subsections, Exhibits or Schedules shall refer to those portions of this Agreement.

SECTION 12.7 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 12.8 ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No assignment of any rights or obligations shall be made by any party without the written consent of each other party.

SECTION 12.9 NO THIRD PARTY BENEFICIARIES. This Agreement is solely for the benefit of the parties hereto and, to the extent provided herein, their respective Representatives, and no provision of this Agreement shall be deemed to confer upon other third parties any remedy, claim, liability, reimbursement, cause of action or other right.

SECTION 12.10 FURTHER ASSURANCES. Upon reasonable request of any party, each other party will execute and deliver such other documents, releases, assignments and other instruments as may be required to effectuate completely the transfer and assignment to Investor of the Property and to issue the Investor Preferred Units and the Shares and to otherwise carry out the purposes of this Agreement.

SECTION 12.11 SEVERABILITY. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

SECTION 12.12 REMEDIES CUMULATIVE. The remedies provided in this Agreement shall be cumulative and shall not preclude the assertion or exercise of any other rights or remedies available by law, in equity or otherwise.

SECTION 12.13. ENTIRE UNDERSTANDING. This Agreement, together with the other Transaction Documents, sets forth the entire agreement and understanding of the parties hereto with respect to the matters set forth herein and supersedes any and all prior agreements, arrangements and understandings among the parties.

SECTION 12.14 CONSENT TO JURISDICTION AND SERVICE OF PROCESS. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PERSON ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any other party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

SECTION 12.15 WAIVER OF JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has

already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

BOSTON PROPERTIES, INC.,
a Delaware corporation

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

BOSTON PROPERTIES LIMITED PARTNERSHIP,
a Delaware limited partnership

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
its general partner

By: /s/ Thomas J. O'Connor

By: /s/ William S. Wedge

Name: William S. Wedge
Title: Senior Vice President

THREE EMBARCADERO CENTER WEST

By: FEDMARK CORPORATION,
its General Partner

By: /s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

FEDMARK CORPORATION

By: /s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

ECW INVESTOR ASSOCIATES

By: Rockmark Corporation, attorney-in-fact

By: /s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

EC HOLIDNGS, INC.

By: /s/ [Signature Illegible]

Name: Richard E. Salomon
Title: President

REALROCK I

By: Rockmark Corporation, attorney-in-fact

By: /s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

David Rockefeller

By: Rockmark Corporation, attorney-in-fact

By: /s/ Richard E. Salomon

Name: Richard E. Salomon

Title: President

DR. & DESCENDANTS PARTNERSHIP

By: Rockmark Corporation, attorney-in-fact

By: /s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

One Embarcadero Center Venture

By: PIC REALTY CORPORATION,
a Delaware corporation

By: /s/ Gary L. Frazier

Name:

Title:

EMBARCADERO CENTER INVESTORS PARTNERSHIP,
a California limited partnership

By: ROCKMARK CORPORATION,
a Delaware corporation,
its Managing General Partner

By: /s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

Three Embarcadero Center Venture

By: THE PRUDENTIAL INSURANCE

COMPANY OF AMERICA,
a New Jersey corporation

By: /s/ Gary L. Frazier

Name:

Title:

EMBARCADERO CENTER INVESTORS PARTNERSHIP,
a California limited partnership

By: ROCKMARK CORPORATION,
a Delaware corporation,
its Managing General Partner

By: /s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

Four Embarcadero Center Venture

By: THE PRUDENTIAL INSURANCE COMPANY OF AMERICA,
a New Jersey corporation

By: /s/ Gary L. Frazier

Name:

Title:

EMBARCADERO CENTER INVESTORS PARTNERSHIP,
a California limited partnership

By: ROCKMARK CORPORATION,
a Delaware corporation,
its Managing General Partner

By: /s/ Richard E. Salomon

Name: Richard E. Salomon
Title: President

ECW CLAYMARK INVESTORS

By: Rockmark Corporation, attorney-in-fact

Name: Richard E. Salomon
Title: President

WR TRUST

By: Rockmark Corporation, attorney-in-fact

Name: Richard E. Salomon
Title: President

PORTMAN FAMILY TRUST

By: /s/ John C. Portman III

Name:
Title:

By: /s/ John C. Portman, Jr.

By: /s/ Joan N. Portman

EXHIBIT 99.4

THREE ECW REDEMPTION AGREEMENT

THIS THREE ECW REDEMPTION AGREEMENT (this "AGREEMENT") is made and entered into as of this 12th day of November, 1998, by and among THREE EMBARCADERO CENTER WEST, a California limited partnership (the "PARTNERSHIP"), BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership ("INVESTOR"), BP EC WEST LLC, a Delaware limited liability company ("BPECW LLC"), THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation ("PRUDENTIAL"), PIC REALTY CORPORATION, a Delaware corporation ("PIC"), and PRUDENTIAL REALTY SECURITIES II, INC., a Delaware corporation ("PRS"). Prudential, PIC and PRS shall sometimes hereinafter be collectively referred to as the "PRUDENTIAL PARTNERS".

R E C I T A L S

A. Pursuant to that certain Master Transaction Agreement dated as of September 28, 1998, by and among Investor, Boston Properties, Inc., Prudential, PIC, Fedmark Corporation, Embarcadero Center Investors Partnership, Pacific Property Services, L.P. and those Persons listed on Exhibit A-1 attached thereto (the "MASTER TRANSACTION AGREEMENT"), and immediately prior to the execution of this Agreement, the ECW Rockefeller Parties contributed their respective partnership interests in and to the Partnership to BPECW LLC, as Investor's designee for receiving title to the interests of the Rockefeller Parties, in exchange for OP Units, such ECW Rockefeller Parties withdrew as partners from the Partnership, and BPECW LLC was admitted as a general and limited partner of the Partnership. All initially capitalized terms used herein without definition shall have the respective meanings given such terms in the Master Transaction Agreement.

B. Pursuant to the Master Transaction Agreement, and immediately prior to the execution of this Agreement, Prudential transferred a 1% limited partnership interest in and to the Partnership to PIC and a 1% limited partnership interest in and to the Partnership to PRS, and PIC and PRS were each admitted as partners of the Partnership. BPECW LLC, Prudential, PIC and PRS shall sometimes hereinafter be collectively referred to as the "EXISTING PARTNERS". The respective percentage interests of each of the Existing Partners is set forth on Schedule A attached hereto.

C. The Partnership is currently governed by those certain Second Amended and Restated Articles of Limited Partnership of Three Embarcadero Center West dated as of January 9, 1989, by and among Fedmark, Prudential and those parties listed on Exhibit A thereto (as amended, modified or supplemented, the "PARTNERSHIP AGREEMENT").

D. The Existing Partners desire to enter into this Agreement whereby BPECW LLC's entire 1% general partnership interest and 36.9167% limited partnership interest in and to

the Partnership (including all right, title and interest of BPECW LLC in and to the Partnership to the extent relating to such percentage interests) (collectively, the "BPECW LLC INTEREST") will be redeemed by the Partnership in exchange for an undivided 37.9167% tenancy-in-common interest in and to the Property (defined below) on the terms and conditions of this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1

CERTAIN DEFINITIONS

1.1 Definitions. In addition to the terms defined in the Master Transaction Agreement and in this Agreement below, the following terms shall have the meanings set forth below for the purposes of the transactions described in this Agreement:

"ASSIGNED CONTRACTS" shall have the meaning given such term in Section 7.1.2(d) hereof.

"ASSIGNMENT OF CONTRACTS" shall have the meaning given such term in Section 7.1.2(d) hereof.

"ASSIGNMENT OF LEASES" shall have the meaning given such term in Section 7.1.2(c) hereof.

"BPECW LLC" shall have the meaning given such term in the Introductory Paragraph.

"BPECW LLC INTEREST" shall have the meaning given such term in Recital D hereof.

"DEED" shall have the meaning given such term in Section 7.1.2(a) hereof.

"EXISTING PARTNERS" shall have the meaning given such term in Recital B hereof.

"INVESTOR" shall have the meaning given such term in the Introductory Paragraph.

"LEASES" shall have the meaning given such term in Section 7.1.2(c) hereof.

"MASTER TRANSACTION AGREEMENT" shall have the meaning given such term in Recital A hereof.

"OTHER PROPERTY RIGHTS" shall have the meaning given such term in Section 2.1.1(c) hereof.

"PARTNERSHIP" shall have the meaning given such term in the Introductory Paragraph.

"PARTNERSHIP AGREEMENT" shall have the meaning given such term in Recital C hereof.

"PERSONAL PROPERTY" shall have the meaning given such term in Section 2.1.1(b) hereof.

"PROPERTY" shall have the meaning given such term in Section 2.1.1 hereof.

"PRUDENTIAL" shall have the meaning given such term in the Introductory Paragraph.

"PRUDENTIAL PARTNERS" shall have the meaning given such term in the Introductory Paragraph.

"PIC" shall have the meaning given such term in the Introductory Paragraph.

"PRS" shall have the meaning given such term in the Introductory Paragraph.

"REAL PROPERTY" shall have the meaning given such term in Section 2.1.1(a) hereof.

"REDEMPTION DATE" shall have the meaning given such term in Section 7.1.1 hereof.

ARTICLE 2

REDEMPTION

2.1 Redemption. On the date hereof and concurrently herewith, the Partnership is fully redeeming the BPECW LLC Interest as set forth below.

2.1.1 Transfer of 37.9167% Percentage Interest in Property. The Partnership and the Existing Partners each hereby agrees that, on the date hereof and concurrently herewith the Partnership is distributing, transferring and assigning to BPECW LLC, and BPECW LLC is accepting and assuming from the Partnership, in full redemption of the BPECW LLC Interest, an undivided 37.9167% tenancy-in-common interest in and to the Partnership's right, title and interest, if any, in and to the following (collectively, the "PROPERTY"):

(a) Real Property. That certain real estate located at 275 Battery Street, City of San Francisco, County of San Francisco, State of California, legally described on Exhibit A attached hereto and incorporated herein by this reference, together with all buildings, improvements and fixtures located thereon and all rights, privileges and appurtenances pertaining thereto, including all of the Partnership's right, title and interest in and to all rights-of-way, open or proposed streets, alleys, easements, strips or gores of land adjacent thereto (herein collectively called the "REAL PROPERTY"); and

(b) Personal Property. All tangible and intangible personal property of the Partnership (excluding any computer or computer equipment and software owned by the Partnership or PPS), located on the Real Property, and used in the ownership, operation and maintenance of the Real Property, and all books, records and files (excluding appraisals, budgets, the Partnership's strategic plans for the Property, marketing information, submissions relating to the Partnership's obtaining of corporate authorization, or other information in the possession or control of the Partnership or PPS which is privileged (provided that inadvertent disclosure shall not constitute a waiver of any privilege)) relating to the Real Property (herein collectively called the "PERSONAL PROPERTY"); and

(c) Other Property Rights. (i) The Partnership's interest as "landlord" in all Leases; and (ii) if and to the extent assignable by the Partnership, (A) all service, supply, maintenance and utility agreements, all equipment leases and all other agreements relating to the Property that are described on Exhibit B attached hereto and incorporated herein by this reference, (B) all licenses, permits and other written authorizations necessary for the use, operation or ownership of the Real Property or Personal Property and in the Partnership's possession or control, and (C) the Partnership's interest, if any, in and to the name "Embarcadero Center West" or any similar name of the Building (the rights of the Partnership described in clauses (i) and (ii) hereinabove being herein collectively called the "OTHER PROPERTY RIGHTS").

2.1.2 Adjustment of Percentage Interests. Immediately upon the consummation of the transactions described in this Sections 2.1 above, by operation of law and the terms of the Partnership Agreement, the percentage interests of the Prudential Partners in the Partnership shall be increased, pro rata in accordance with the percentage interest of each Prudential Partner prior to such increase, such that the aggregate percentage interests of the remaining partners is 100%.

2.2 Consent of Existing Partners. All Existing Partners hereby consent to the full redemption of the BPECW LLC Interest as provided in this Article 2 above.

ARTICLE 3

TITLE MATTERS

3.1 Title to Real Property. The Partnership is hereby distributing, and BPECW LLC is hereby accepting, such 37.9167% tenancy-in-common interest in and to the Real Property, subject only to: (a) such matters as are visible or apparent on that certain ALTA/ACSM Survey of Three Embarcadero Center West-Portion of Assessors Block 238, San Francisco, California, prepared by KCA ENGINEERS, INC., 318 Brannan Street, San Francisco, CA 94107, dated August, 1998 (2 pages) (b) those exceptions to title for the Property as are listed on Exhibit C attached hereto, (c) any and all matters created by or on behalf of Investor or any of its Affiliates (including, without limitation, any mechanics' liens or other claims relating to any of the due diligence inspections or investigations of the Property performed by or on behalf of Investor, BPECW LLC or any of their Affiliates in connection with the transactions described herein and in the Master Transaction Agreement), and (d) all matters disclosed to or discovered by Investor, BPECW LLC or any of their Affiliates (whether in connection with their respective due diligence investigations and inspections or otherwise) prior to the Redemption Date.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PRUDENTIAL PARTNERS

4.1 General Statement. The Prudential Partners make the representations and warranties to BPECW LLC and Investor which are set forth in this Article 4. All representations and warranties shall survive the Closing (and none shall merge into any instrument of conveyance) for the period of any relevant statute of limitations therefor. All representations and warranties of the Prudential Partners are made as of the date of this Agreement.

4.2 Representations and Warranties. The Prudential Partners hereby represent and warrant to BPECW LLC and Investor that:

4.2.1 The execution and delivery of this Agreement and the other documents to be executed by the Partnership and/or the Prudential Partners in connection herewith, and the consummation of the transactions described in this Agreement and such documents do not require, to the knowledge of the Prudential Partners, the consent or approval of any governmental authority, nor to the Prudential Partners' knowledge does the execution and delivery of this Agreement and the other documents to be executed by the Partnership and/or the Prudential Partners in connection herewith violate, in any way material to the transactions described herein, any contract or agreement to which the Partnership or any such Prudential Partner is a party or (to the knowledge of the Prudential Partners) any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to the Partnership or any Prudential Partner, and this Agreement and all documents to be executed by the Partnership and/or any Prudential Partner in connection

with the transactions described herein constitute the legal, valid and binding obligations of such Person. To the knowledge of the Prudential Partners, none of the Partnership or any Prudential Partner is a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage (other than with respect to the Existing Mortgage Loans, ECW Swap Notes and Three ECW I/P Loans), debenture, note or other instrument under the terms of which performance by such Person in accordance with the terms and provisions of this Agreement will be a default or an event of acceleration, or grounds for termination, and whereby such default, acceleration or termination would reasonably be expected to have a material adverse effect on the timely performance by the Partnership or the Prudential Partners of their respective obligations under this Agreement and the other documents to be executed by any such Person in connection herewith, nor does the execution of this Agreement or the other documents to be executed by the Partnership in connection herewith, or the consummation of the transactions contemplated hereby and thereby, violate the Partnership Agreement or constitute a breach thereunder.

4.2.2 The Partnership is a limited partnership duly formed and existing under the laws of the State of California and is not insolvent, and has all necessary power and authority to execute and deliver this Agreement and all documents executed by it in connection herewith and to perform all its obligations hereunder and thereunder. This Agreement has been duly authorized by all requisite partnership action on the part of the Partnership. The Partnership is not a Person other than a United States Person within the meaning of the Code and the transactions contemplated herein are not subject to the withholding provisions of section 3406 or subchapter A of Chapter 3 of the Code.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF INVESTOR

5.1 General Statement. BPECW LLC and Investor each hereby make the representations and warranties to the Partnership and each Prudential Partner which are set forth in this Article 5. All representations and warranties shall survive the Closing (and none shall merge into any instrument of conveyance) for the period of any relevant statute of limitations therefor. Representations and warranties of BPECW LLC and Investor are made as of the date of this Agreement.

5.2 Representations and Warranties of Investor. Investor hereby represents and warrants that (i) Investor is a limited partnership duly formed and in good standing under the laws of the State of Delaware, is (or prior to the Closing will be) duly qualified and in good standing as a foreign limited partnership under the laws of the State of California, and has all necessary power, partnership and otherwise, to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by Investor in connection herewith and to perform

all its obligations hereunder and thereunder, (ii) this Agreement has been duly authorized by all requisite partnership action on the part of Investor, (iii) the execution and delivery of this Agreement and the other documents and instruments to be executed and delivered by Investor in connection with the transactions described herein, and the consummation of the transactions contemplated hereby and thereby, do not require the consent or approval of the partners of Investor or, to the knowledge of Investor, the consent or approval of any governmental authority, nor, to the knowledge of Investor, does the execution and delivery of this Agreement violate, in any way material to the transactions contemplated hereby, any contract or agreement to which Investor is a party or any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to Investor, (iv) this Agreement and all documents and other instruments to be executed and delivered by Investor in connection herewith constitute the legal, valid and binding obligations of Investor, (v) Investor is not a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage, debenture, note or other instrument under the terms of which performance by Investor according to the terms of this Agreement will be a default or an event of acceleration, or grounds for termination, or whereby timely performance by Investor, according to the terms of this Agreement, may be prohibited, prevented or delayed, and (vi) BPECW LLC is a limited liability company duly organized and existing under the laws of the State of Delaware and Investor is the sole member of BPECW LLC.

5.3 Representations and Warranties of BPECW LLC. BPECW LLC hereby represents and warrants that (i) BPECW LLC is a limited liability company duly organized and in good standing under the laws of the State of Delaware, is (or prior to the Closing will be) duly qualified and in good standing as a foreign limited liability company under the laws of the State of California, and has all necessary power to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by BPECW LLC in connection herewith and to perform all its obligations hereunder and thereunder, (ii) this Agreement has been duly authorized by all requisite company action on the part of BPECW LLC, (iii) the execution and delivery of this Agreement and the other documents and instruments to be executed and delivered by BPECW LLC in connection with the transactions described herein, and the consummation of the transactions contemplated hereby and thereby, do not require the consent or approval of the members of BPECW LLC or, to the knowledge of BPECW LLC, the consent or approval of any governmental authority, nor, to the knowledge of BPECW LLC, does the execution and delivery of this Agreement violate, in any way material to the transactions contemplated hereby, any contract or agreement to which BPECW LLC is a party or any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to BPECW LLC, (iv) this Agreement and all documents and other instruments to be executed and delivered by BPECW LLC in connection herewith constitute the legal, valid and binding obligations of BPECW LLC, (v) BPECW LLC is not a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage, debenture, note or other instrument under the terms of which performance by BPECW LLC according to the terms of this Agreement will be a default or an event of acceleration, or grounds for termination, or whereby timely performance by BPECW LLC, according to the terms of this Agreement, may be prohibited, prevented or delayed.

ARTICLE 6

LIMITATIONS

6.1 Limitations. The representations and warranties of the parties made in this Agreement are personal to the other parties hereto and no Person other than a named party hereto shall be entitled to bring any action based thereon.

ARTICLE 7

REDEMPTION PROCEDURE

7.1 Redemption Deliveries.

7.1 Closing. As used herein, the term "REDEMPTION DATE" shall mean the date upon which all transactions described in Sections 7.1.2 and 7.1.3 below are consummated.

7.1.2 Deliveries of the Partnership. On the date hereof, the Partnership is concurrently delivering to BPECW LLC, or is causing to be delivered to the Escrow Agent, the following:

(a) Deed. A grant deed in the form of Exhibit D attached hereto and incorporated herein by this reference, conveying to BPECW LLC an undivided 37.9167% tenancy-in-common interest in and to the Partnership's right, title and interest in and to the Real Property, subject only to the Permitted Exceptions ("DEED").

(b) Bill of Sale. A bill of sale in the form of Exhibit E attached hereto and incorporated herein by this reference, conveying to BPECW LLC an undivided 37.9167% tenancy-in-common interest in the Partnership's right, title and interest in and to the Personal Property.

(c) Assignment of Tenant Leases. An assignment and assumption of leases in the form of Exhibit F attached hereto and incorporated herein by this reference ("ASSIGNMENT OF LEASES"), transferring to BPECW LLC an undivided 37.9167% tenancy-in-common interest in the Partnership's interest in the Leases encumbering the Property on the date hereof described on Exhibit G attached hereto and incorporated herein by this reference and any amendments, guarantees and other documents relating thereto (herein collectively called the "LEASES").

(d) Assignment of Equipment Leases and Service Contracts. An assignment and assumption of equipment leases, service contracts, warranties and

guaranties and the Other Property Rights (to the extent the same are not transferred by Deed, Bill of Sale or Assignment of Leases) in the form of Exhibit H attached hereto and incorporated herein by this reference ("ASSIGNMENT OF CONTRACTS"), transferring to BPECW LLC, to the extent assignable, without liability or expense to the Partnership, an undivided 37.9167% interest in the Partnership's interest in the equipment leases in effect at the Property on the Redemption Date, the contracts described on Exhibit B, the warranties and guaranties which remain in effect on the date hereof and a 37.9167% tenancy-in-common interest in any Other Property Rights not otherwise transferred to BPECW LLC (all of the foregoing being herein collectively called the "ASSIGNED CONTRACTS").

(e) Other Documents. Such other documents as may be reasonably required by the Escrow Agent or as may be agreed upon by the Partnership and BPECW LLC to consummate the transactions contemplated by this Agreement.

7.1.3 Deliveries of BPECW LLC. On the date hereof, BPECW LLC is concurrently delivering to the Partnership, or is causing to be delivered to the Escrow Agent, the following:

(a) Assignment of Leases. The Assignment of Leases executed by BPECW LLC.

(b) Assignment of Equipment Leases and Service Contracts. The Assignment of Contracts executed by BPECW LLC.

(c) Other Documents. Such other documents as may be reasonably required by the Escrow Agent or may be agreed upon by the Partnership, Prudential Partners and BPECW LLC to consummate the transactions contemplated by this Agreement.

7.1.4 Waiver of Failure of Conditions Precedent. By closing the transactions contemplated by this Agreement, each party hereto shall be conclusively deemed to have waived the benefit of any remaining unfulfilled conditions precedent set forth in this Agreement and/or the Master Transaction Agreement.

7.1.5 Closing Costs. The parties shall bear certain closing costs of the transactions contemplated hereby as set forth in Section 10.3.2 and Exhibit V of the Master Transaction Agreement.

ARTICLE 8

REMEDIES

8.1 Remedies. Any party hereto shall have the right to initiate an action for specific performance with respect to any breach or default of this Agreement by, or to enforce any obligation under this Agreement of, any other party hereto (including, without limitation, the obligation of the Partnership to make, and the obligation of BPECW LLC to accept, the redemption distribution pursuant hereto), it being acknowledged and agreed by the parties hereto that monetary damages would be an inadequate remedy and would not adequately compensate any non-defaulting party. In addition to the remedy of specific performance, any non-breaching party may initiate an action seeking actual damages; provided that, the limitations of liability set forth in Article 12 of the Master Transaction Agreement shall apply to this Agreement, and all such terms and provisions of said Article 12 of the Master Transaction Agreement are hereby incorporated herein by this reference.

ARTICLE 9

MISCELLANEOUS

9.1 Commissions. The parties hereto each agree to indemnify, defend, protect and hold the others harmless from and against any and all commissions, finder's and/or similar fees or compensation claimed by any broker or finder in connection with the transactions described in this Agreement based on claimed contacts with, or other acts or omissions of, such indemnifying party. The terms and provisions of this Section 9.1 shall survive the Closing or termination of this Agreement.

9.2 Expenses. Except as otherwise expressly set forth herein or expressly set forth in the Master Transaction Agreement, each party hereto shall bear its own costs and expenses with respect to the transactions contemplated hereby.

9.3 Amendment. This Agreement may be amended, modified or supplemented but only in writing signed by each of the parties hereto.

9.4 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto shall be in writing and shall be deemed to have been given, (a) when received if given in person or by courier or a courier service, (b) on the date of transmission if sent by telex, facsimile or other wire transmission or (c) three business days after being deposited in the U.S. mail, certified or registered mail, postage prepaid:

9.4 If to BPECW LLC or Investor, addressed as follows:

Boston Properties, Inc.
8 Arlington Street
Boston, Massachusetts 02116-3495
Attention: General Counsel
Facsimile: 617-421-1555

with a copy to:

Goulston & Storrs, P.C.
400 Atlantic Avenue
Boston, Massachusetts 02110-3333
Attention: Eli Rubenstein, Esq.
Facsimile: 617-574-4112

9.4 If to the Partnership or the Prudential Partners, addressed as follows:

Prudential Realty Group
8 Campus Drive
4th Floor - Arbor Circle South
Parsippany, New Jersey 07054
Attention: John R. Triece
Facsimile: (201) 683-1797

with a copy to:

The Prudential Insurance Company
of America
c/o Prudential Capital Group
Four Embarcadero Center
Suite 2700
San Francisco, California 94111
Attention: Harry Mixon, Esq.
Facsimile: (415) 956-2197

and a copy to:

O'Melveny & Myers LLP
Embarcadero Center West
275 Battery Street
San Francisco, California 94111
Attention: Stephen A. Cowan, Esq.
Facsimile: (415) 984-8701

or to such other individual or address as a party hereto may designate for itself by notice given as herein provided.

9.5 Waivers. The failure of a party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

9.6 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.7 Interpretation. The headings preceding the text of Articles and Sections included in this Agreement and the headings to Exhibits and Schedules attached to this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. The use of the masculine, feminine or neuter gender herein shall not limit any provision of this Agreement. The use of the term "including" or "include" shall in all cases herein mean "including, without limitation" or "include, without limitation," respectively. Underscored references to Articles, Sections, Subsections, Exhibits or Schedules shall refer to those portions of this Agreement.

9.8 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

9.9 Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No assignment of any rights or obligations shall be made by any party without the written consent of each other party.

9.10 No Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and, to the extent provided herein, their respective Representatives, and no provision of this Agreement shall be deemed to confer upon other third parties any remedy, claim, liability, reimbursement, cause of action or other right.

9.11 Further Assurances. Upon reasonable request of any party, each other party will execute and deliver such other documents, releases, assignments and other instruments as may be required to effectuate completely the transfer and assignment to BPECW LLC of the Property and the redemption of the BPECW LLC Interest and to otherwise carry out the purposes of this Agreement.

9.12 Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

9.13 Remedies Cumulative. The remedies provided in this Agreement shall be cumulative and shall not preclude the assertion or exercise of any other rights or remedies available by law, in equity or otherwise.

9.14 Entire Understanding. This Agreement, together with the other Transaction Documents, sets forth the entire agreement and understanding of the parties hereto with respect to the matters set forth herein and supersedes any and all prior agreements, arrangements and understandings among the parties.

9.15 Consent to Jurisdiction and Service of Process. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PERSON ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any other party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

9.16 Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims and all other

common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

PARTNERSHIP: THREE EMBARCADERO CENTER WEST,
a California limited partnership

By: THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA, a New Jersey corporation,
its General Partner

By: /s/ Gary L. Frazier

Name: _____
Title: _____

BPECW LLC: BP EC WEST LLC,
a Delaware limited liability company

By: BOSTON PROPERTIES LIMITED PARTNERSHIP,
a Delaware limited partnership,
its sole Member

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
its General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

INVESTOR: BOSTON PROPERTIES LIMITED PARTNERSHIP,
a Delaware limited partnership

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
its General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

PRUDENTIAL: THE PRUDENTIAL INSURANCE COMPANY OF
AMERICA, a New Jersey corporation

By: /s/ Gary L. Frazier

Name: _____
Title: _____

PIC: PIC REALTY CORPORATION,
a Delaware corporation

By: /s/ Gary L. Frazier

Name: _____
Title: _____

PRS: PRUDENTIAL REALTY SECURITIES II, INC.,
a Delaware corporation

By: /s/ Duane H. Tucker, Jr.

Name: Duane H. Tucker, Jr.
Title: President

SCHEDULE A

PERCENTAGE INTERESTS OF EXISTING PARTNERS

GENERAL PARTNERSHIP INTERESTS

Prudential	1%
BPECW LLC	1%

LIMITED PARTNERSHIP INTERESTS

PIC	1%
PRS	1%
Prudential	59.0833%
BPECW LLC	36.9167%

THREE ECW
PROPERTY CONTRIBUTION AGREEMENT

THIS THREE ECW PROPERTY CONTRIBUTION AGREEMENT (this "AGREEMENT") is made and entered into as of this 12th day of November, 1998, by and among THREE EMBARCADERO CENTER WEST, a California limited partnership (the "PARTNERSHIP"), THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation ("PRUDENTIAL"), PIC REALTY CORPORATION, a Delaware corporation ("PIC"), PRUDENTIAL REALTY SECURITIES II, INC., a Delaware corporation ("PRS"), BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership ("INVESTOR"), BOSTON PROPERTIES, INC., a Delaware corporation ("PUBLIC COMPANY"), and BP EC WEST LLC, a Delaware limited liability company ("BPECW LLC").

R E C I T A L S

A. Pursuant to that certain Master Transaction Agreement dated as of September 28, 1998, by and among Investor, Public Company, Prudential, PIC, Fedmark Corporation ("FEDMARK"), Embarcadero Center Investors Partnership, Pacific Property Services, L.P. and those Persons listed on Exhibit A-1 attached thereto (the "MASTER TRANSACTION AGREEMENT"), the parties hereto have entered into a series of transactions whereby BPECW LLC has received an undivided 37.9167% tenancy-in-common interest in and to the Property (defined below) in liquidation of its interest in and to the Partnership. All initially capitalized terms used herein without definition shall have the respective meanings given such terms in the Master Transaction Agreement.

B. The Partnership is currently governed by those certain Second Amended and Restated Articles of Limited Partnership of Three Embarcadero Center West dated as of January 9, 1989 (as amended, modified or supplemented, the "PARTNERSHIP AGREEMENT").

C. The parties hereto desire to enter into this Agreement whereby the Partnership will transfer its entire undivided 62.0833% tenancy-in-common interest in and to the Property to BPECW LLC as a contribution to Investor, and Investor shall issue to the Partnership in consideration of such contribution Investor's Preferred Units (as defined below), all upon the terms and conditions of this Agreement below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1

CERTAIN DEFINITIONS

1.1 Definitions. In addition to the terms defined in the Master Transaction Agreement and in this Agreement below, the following terms shall have the meanings set forth below for the purposes of the transactions described in this Agreement:

"ASSIGNED CONTRACTS" shall have the meaning given such term in Section 10.1.2(d) hereof.

"ASSIGNMENT OF CONTRACTS" shall have the meaning given such term in Section 10.1.2(d) hereof.

"ASSIGNMENT OF LEASES" shall have the meaning given such term in Section 10.1.2(c) hereof.

"CLOSING" shall have the meaning given such term in Section 10.1.1 hereof.

"COMMISSION" shall have the meaning given such term in Section 6.3.3 hereof.

"CONFIDENTIAL MATERIAL" shall have the meaning given such term in Section 9.1.1 hereof.

"CONTRACTS" shall have the meaning given such term in Section 5.3.6 hereof.

"CONTRIBUTION UNITS" shall have the meaning given such term in Section 2.2 hereof.

"CONTRIBUTION VALUE" shall have the meaning given such term in Section 2.2 hereof.

"DEED" shall have the meaning given such term in Section 10.1.2(a) hereof.

"DOCUMENTS" shall have the meaning given such term in Section 4.1.1 hereof.

"ENCUMBRANCE DOCUMENTS" shall have the meaning given such term in Section 5.3.9 hereof.

"EXCLUDED LIABILITIES" shall have the meaning given such term in Section 4.2.2(b) hereof.

"HAZARDOUS MATERIAL" shall have the meaning given such term in Section 4.2.3 hereof.
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"INVESTOR" shall have the meaning given such term in the Introductory Paragraph.

"INVESTOR AGREEMENT" shall have the meaning given such term in Section 10.1.2(m) hereof.
- -----------------

"INVESTOR COMMON UNITS" shall mean the Common Units as set forth in the Investor Agreement.

"INVESTOR PREFERRED UNITS" shall mean the Series Three Preferred Units as set forth in the Investor Agreement.

"INVESTOR-COVERED CLAIMS" shall have the meaning given such term in Section 4.2.2(a) hereof.
- ----------------

"INVESTOR/BPECW LLC KNOWLEDGE PARTIES" shall have the meaning given such term in Section 7.2 hereof.

"LEASES" shall have the meaning given such term in Section 10.1.2(c) hereof.

"LIMITATION DATE" shall have the meaning given such term in Article 8 hereof.

"MASTER TRANSACTION AGREEMENT" shall have the meaning given such term in Recital A hereof.

"OTHER PROPERTY RIGHTS" shall have the meaning given such term in Section 2.1(c) hereof.
- --------------

"PARTNER" shall mean any partner of the Partnership as of the effective time of this Agreement.

"PARTNERSHIP" shall have the meaning given such term in the Introductory Paragraph.

"PARTNERSHIP AGREEMENT" shall have the meaning given such term in Recital B hereof.
- ---------

"PARTNERSHIP KNOWLEDGE PARTIES" shall have the meaning given such term in Section 5.2 hereof.

"PARTNERSHIP PARTIES" shall have the meaning given such term in Section 4.2.1 hereof.

"PARTNERSHIP WARRANTIES" shall have the meaning given such term in Section 4.2.1 hereof.

"PERSONAL PROPERTY" shall have the meaning given such term in Section 2.1(b) hereof.

"PROPERTY" shall have the meaning given such term in Section 2.1 hereof.

"PROPERTY DOCUMENTS" shall have the meaning given such term in Section 10.1.2(h) hereof.

"PROVIDING PARTY" shall have the meaning given such term in Section 9.1.1 hereof.

"PRUDENTIAL" shall have the meaning given such term in the Introductory Paragraph.

"PUBLIC COMPANY" shall have the meaning given such term in the Introductory Paragraph.

"PUBLIC COMPANY KNOWLEDGE PARTIES" shall have the meaning given such term in Section 6.2 hereof.

"REAL PROPERTY" shall have the meaning given such term in Section 2.1(a) hereof.

"RECEIVING PARTY" shall have the meaning given such term in Section 9.1.1 hereof.

"REGISTRATION RIGHTS AGREEMENT" shall have the meaning given such term in Section 10.1.2(n) hereof.

"REPRESENTATIVES" shall have the meaning given such term in Section 9.1.1 hereof.

"SEC DOCUMENTS" shall have the meaning given such term in Section 6.3.3 hereof.

"SECURITIES" shall mean, as applicable, the Shares, the Investor Common Units and the Investor Preferred Units that may be issued pursuant to the Investor Agreement.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SHARES" shall mean the shares of the Public Company's common stock, $0.01 par value per share.

"TAX REPORTING AGREEMENT" shall have the meaning given such term in Section 10(p) attached hereto.
- -------------

"TAX RETURN" shall mean any return, report or other document or information required to be supplied to a taxing authority in connection with Taxes.

"TAXES" shall mean all taxes, charges, fees, levies or other assessments, including, without limitation, income, gross receipts, excise, property, sales, withholding, social security, occupation, use, service, license, payroll, franchise, transfer, recording taxes, fees and charges, imposed by the United States, or any state, local or foreign government or subdivision or agency thereof, whether computed on a separate, consolidated, unitary, combined or any other basis; and such terms shall include any interest, fines, penalties or additional amounts attributable to or imposed on or with respect to any such taxes, charges, fees, levies or other assessments.

"THREE ECW BUILDING MAXIMUM LIABILITY AMOUNT" shall mean an amount equal to (i) 62.0833%, multiplied by (ii) the product of (x) five percent (5%),
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multiplied by (y) the NMV of the Property.

"TRANSFEREE PARTIES" shall have the meaning given such term in Section 4.2.2(a) hereof.
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ARTICLE 2

CONTRIBUTION

2.1 Contribution. Subject to the terms and conditions set forth in this
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Agreement, the Partnership is hereby concurrently transferring to BPECW LLC (an entity which is wholly owned by Investor), as a contribution to Investor, and BPECW LLC is accepting, in exchange for the Contribution Units (defined below), the Partnership's entire undivided 62.0833% tenancy-in-common right, title and interest in and to the following (collectively, the "PROPERTY"):

(a) Real Property. That certain real estate located at 275 Battery
----
Street, City of San Francisco, County of San Francisco, State of California, legally described on Exhibit A attached hereto and incorporated
----
herein by this reference, together with all buildings, improvements and fixtures located thereon and all rights, privileges and appurtenances pertaining thereto, including all of the Partnership's right, title and interest in and to all rights-of-way, open or proposed streets, alleys, easements, strips or gores of land adjacent thereto (herein collectively called the "REAL PROPERTY"); and

(b) Personal Property. All tangible and intangible personal property
----
of the Partnership (excluding any computer or computer equipment and software owned by the Partnership or PPS), located on the Real Property, and used in the ownership, operation and maintenance of the Real Property, and all books, records and files (excluding

appraisals, budgets, the Partnership's strategic plans for the Property, marketing information, submissions relating to the Partnership's obtaining of corporate authorization, or other information in the possession or control of the Partnership or PPS which is privileged (provided that inadvertent disclosure shall not constitute a waiver of any privilege), relating to the Real Property, and all accounts receivable, accounts payable, cash, deposit accounts and money held by the Partnership as of the Closing Date (herein collectively called the "PERSONAL PROPERTY"); and

(c) Other Property Rights. (i) The Partnership's interest as "landlord" in all Leases; and (ii) if and to the extent assignable by the Partnership, (A) all service, supply, maintenance and utility agreements, all equipment leases and all other agreements relating to the Property that are described on Exhibit B attached hereto and incorporated herein by this reference, (B) all licenses, permits and other written authorizations necessary for the use, operation or ownership of the Real Property or Personal Property and in the Partnership's possession or control, (C) the Partnership's interest, if any, in and to the name "Embarcadero Center West" or any similar name of the Building, and (D) all other assets and liabilities of the Partnership (other than any liabilities that are Excluded Liabilities as defined in Section 4.2.2(b)) immediately prior to the Closing, it being acknowledged and agreed that the sole assets and liabilities of the Partnership immediately after the Closing shall be the name of the Partnership, "Three Embarcadero Center West", the Contribution Units received pursuant to this Agreement, and those liabilities of the Partnership expressly provided for in this Agreement (the rights of the Partnership described in clauses (i) and (ii) hereinabove being herein collectively called the "OTHER PROPERTY RIGHTS"); provided, however, that the Partnership covenants to, at the request of BPECW LLC, change its name promptly after the Closing Date to eliminate the word "Embarcadero" from its name.

2.2 Payment of Units. In consideration of the contribution of the Property to BPECW LLC, Investor is hereby concurrently delivering to the Partnership an aggregate number of Investor Preferred Units (the "CONTRIBUTION UNITS") equal to (x) the Contribution Value (defined immediately below), divided by (y) $50. As used herein, the term "CONTRIBUTION VALUE" shall mean an amount equal to $9,600,037 (which amount equals (A) the Partnership's undivided tenancy-in-common percentage interest in the Property immediately prior to the Closing, multiplied by (B) the NEV of the Property, and which amount may be adjusted after the date hereof and after the Closing Date to an amount equal such undivided tenancy-in-common percentage interest of the Partnership in the Property immediately prior to the Closing Date multiplied by the Adjusted NEV of the Property pursuant to and in accordance with the terms and provisions of Section 10.1.7 hereof and Exhibit V of the Master Transaction Agreement).

ARTICLE 3

TITLE MATTERS

3.1 Title to Real Property. The Partnership shall contribute, and BPECW LLC shall accept, title to the Real Property, subject only to: (a) such matters as are visible or apparent on that certain Preliminary ALTA/ACSM Survey of Three Embarcadero Center West - Portion of Assessors Block 238, San Francisco, California, prepared by KCA Engineers, Inc., 318 Brannan Street, San Francisco, California 94107, dated August, 1998 (2 pages), (b) those exceptions to title for the Property as are listed on Exhibit C attached hereto, (c) any and all matters created by or on behalf of BPECW LLC, Investor or any of their Affiliates (including, without limitation, any mechanics' liens or other claims relating to any of its due diligence inspections or investigations of the Property performed by or on behalf of BPECW LLC, Investor or any of their Affiliates in connection with the transactions described herein and in the Master Transaction Agreement), and (d) all matters disclosed to or discovered by BPECW LLC, Investor or any of their Affiliates (whether in connection with their respective due diligence investigations and inspections or otherwise) prior to the date hereof.

ARTICLE 4

DUE DILIGENCE/CONDITION OF THE PROPERTY

4.1 Inspections and Due Diligence.

4.1.1 Due Diligence Approval. BPECW LLC, Investor and Public Company (Investor's sole general partner) each hereby acknowledges and agrees that, as of the date of the execution of this Agreement, it has been given the full opportunity to review, inspect and investigate all of the files known or made available to such Person maintained by PPS on behalf of the Partnership relating to the Property that it deems necessary to review (the "DOCUMENTS"), and has had an opportunity to conduct a thorough review, investigation, and inspection of the physical (including, without limitation, the seismic load bearing capabilities), environmental, economic, and legal conditions of the Property, the laws, regulations, covenants, conditions, and restrictions affecting or governing the use or operation of the Property, the rentable square footage of the Property, and all other matters which a prudent transferee of commercial real property should review, inspect or investigate in the course of a due diligence review, and BPECW LLC, Investor and Public Company has each approved the condition of the Property and the results of such review, inspection and investigation.

4.1.2 Indemnity. BPECW LLC, Investor and Public Company shall each indemnify, protect, defend, and hold harmless the Partnership and the Prudential Partners from and against any and all claims, demands, causes of action, losses, damages and liabilities, including, without limitation, personal injuries and property damage, and shall immediately discharge any liens and encumbrances, arising out of acts or omissions of BPECW LLC, Investor,

Public Company or any of their agents, contractors, or representatives, committed on or about the Property in the course of any such Person's due diligence reviews, inspections and investigations, including, without limitation, claims, demands, causes of action, losses, damages and liabilities on the part of the tenants and lessees alleging breach of a Lease as a result of any such Person's acts or omissions.

4.1.3 Survivability. The terms and provisions of this Section 4.1 shall survive the Closing.

4.2 Property Contributed "As Is".

4.2.1 "As Is, Where Is, With All Faults". BPECW LLC, INVESTOR AND PUBLIC COMPANY EACH ACKNOWLEDGES AND AGREES THAT : (i) EXCEPT FOR THE EXCLUDED LIABILITIES, THE PROPERTY SHALL BE TRANSFERRED TO BPECW LLC, AND BPECW LLC SHALL ACCEPT THE PROPERTY ON THE DATE HEREOF, "AS IS, WHERE IS, WITH ALL FAULTS"; (ii) EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF THE PARTNERSHIP SET FORTH IN ARTICLES 5 AND 6, RESPECTIVELY TOGETHER WITH THE REPRESENTATIONS OF THE PARTNERSHIP IN ANY CLOSING DOCUMENT IT DELIVERS PURSUANT TO SECTION 10.1.2 (HEREIN COLLECTIVELY CALLED THE "PARTNERSHIP WARRANTIES"), NONE OF THE PARTNERSHIP, ITS PARTNERS, THEIR RESPECTIVE SALES AGENTS, NOR ANY PARTNER, OFFICER, DIRECTOR, EMPLOYEE, AGENT OR ATTORNEY OF THE PARTNERSHIP OR ITS PARTNERS, THEIR COUNSEL, BROKERS, OR SALES AGENTS, NOR ANY OTHER PERSON RELATED IN ANY WAY TO ANY OF THE FOREGOING (ALL OF WHICH PERSONS ARE HEREIN COLLECTIVELY CALLED THE "PARTNERSHIP PARTIES") HAVE OR SHALL BE DEEMED TO HAVE MADE ANY VERBAL OR WRITTEN REPRESENTATIONS, WARRANTIES, PROMISES OR GUARANTEES (WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE) TO BPECW LLC, INVESTOR OR PUBLIC COMPANY WITH RESPECT TO THE PROPERTY, ANY MATTER SET FORTH, CONTAINED OR ADDRESSED IN ANY DOCUMENTS REVIEWED BY BPECW LLC, INVESTOR OR PUBLIC COMPANY (INCLUDING, BUT NOT LIMITED TO, THE ACCURACY AND COMPLETENESS THEREOF) OR THE RESULTS OF BPECW LLC'S, INVESTOR'S AND PUBLIC COMPANY'S DUE DILIGENCE INVESTIGATIONS; AND (iii) BPECW LLC, INVESTOR AND PUBLIC COMPANY EACH HAS CONFIRMED INDEPENDENTLY ALL INFORMATION THAT IT CONSIDERS MATERIAL TO ITS ACQUISITION OF THE PROPERTY AND THE TRANSACTIONS CONTEMPLATED HEREBY. BPECW LLC, INVESTOR AND PUBLIC COMPANY EACH HEREBY SPECIFICALLY ACKNOWLEDGES THAT, EXCEPT FOR THE PARTNERSHIP WARRANTIES, IT IS NOT RELYING AND SHALL NOT RELY ON (AND EACH OF THE PARTNERSHIP PARTIES DOES HEREBY DISCLAIM AND RENOUNCE) ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, FROM ANY OF THE PARTNERSHIP PARTIES, AS TO: (1) THE OPERATION OF THE

PROPERTY OR THE INCOME POTENTIAL, USES, OR MERCHANTABILITY OR FITNESS OF ANY PORTION OF THE PROPERTY FOR A PARTICULAR PURPOSE; (2) THE PHYSICAL CONDITION OR SAFETY OF THE PROPERTY OR ANY IMPROVEMENTS THEREON; (3) THE PRESENCE OR ABSENCE, LOCATION OR SCOPE OF ANY HAZARDOUS MATERIALS IN, AT, OR UNDER THE PROPERTY; (4) THE ACCURACY OF ANY STATEMENTS, CALCULATIONS OR CONDITIONS STATED OR SET FORTH IN THE PARTNERSHIP'S OR PPS's BOOKS AND RECORDS CONCERNING THE PROPERTY OR SET FORTH IN ANY OF THE PARTNERSHIP PARTIES' OFFERING MATERIALS WITH RESPECT TO THE PROPERTY PRIOR TO THE DATE HEREOF; (5) THE DIMENSIONS OF THE PROPERTY OR THE ACCURACY OF ANY FLOOR PLANS, SQUARE FOOTAGE, LEASE ABSTRACTS, SKETCHES, REVENUE OR EXPENSE PROJECTIONS RELATED TO THE PROPERTY; (6) THE OPERATING PERFORMANCE, THE INCOME AND EXPENSES OF THE PROPERTY OR THE ECONOMIC STATUS OF THE PROPERTY; (7) THE ABILITY OF BPECW LLC, INVESTOR AND PUBLIC COMPANY TO OBTAIN ANY AND ALL NECESSARY GOVERNMENTAL APPROVALS OR PERMITS FOR THE INTENDED USE AND DEVELOPMENT OF THE PROPERTY; AND (8) THE LEASING STATUS OF THE PROPERTY OR THE INTENTIONS OF ANY PERSONS WITH RESPECT TO THE NEGOTIATION AND/OR EXECUTION OF ANY LEASE FOR ANY PORTION OF THE PROPERTY. BPECW LLC, INVESTOR AND PUBLIC COMPANY EACH FURTHER ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE PARTNERSHIP WARRANTIES, THE PARTNERSHIP PARTIES ARE UNDER NO DUTY TO MAKE ANY AFFIRMATIVE DISCLOSURES OR INQUIRY REGARDING ANY MATTER WHICH MAY BE KNOWN TO ANY OF THE PARTNERSHIP PARTIES.

4.2.2 Releases and Indemnities. BPECW LLC'S, INVESTOR'S AND PUBLIC COMPANY'S RELEASE AND INDEMNITY:

(a) FROM AND AFTER THE DATE HEREOF, BPECW LLC SHALL ASSUME ALL RISKS WITH RESPECT TO THE PROPERTY, KNOWN AND UNKNOWN, SUSPECTED AND UNSUSPECTED, EXCEPTING ONLY THE EXCLUDED LIABILITIES (AS DEFINED IN SECTION 4.2.2(b) BELOW). EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN SECTION 4.2.2(b) BELOW WITH RESPECT TO EXCLUDED LIABILITIES AND SECTION 4.2.2(c) BELOW WITH RESPECT TO THE PARTNERSHIP WARRANTIES, UPON THE CLOSING, BPECW LLC, INVESTOR, PUBLIC COMPANY AND THEIR AGENTS, EMPLOYEES, AFFILIATES, SUCCESSORS AND ASSIGNS (COLLECTIVELY, "TRANSFEREE PARTIES"), SHALL BE SOLELY LIABLE FOR, AND SHALL INDEMNIFY, DEFEND, PROTECT AND HOLD HARMLESS THE PARTNERSHIP PARTIES FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSSES, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) AT LAW OR IN EQUITY, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, RELATING TO BODILY

INJURY, DEATH, PROPERTY DAMAGE, ECONOMIC LOSS, OR OTHER DAMAGES SUFFERED BY ANY OF THE PARTNERSHIP PARTIES ARISING OUT OF OR RELATING TO THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE PHYSICAL, ENVIRONMENTAL, ECONOMIC, LEGAL OR OTHER CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY SUCH CLAIMS OR LIABILITIES RELATING TO THE PRESENCE, DISCOVERY OR REMOVAL OF ANY HAZARDOUS MATERIALS IN, AT, ABOUT OR UNDER THE PROPERTY, OR FOR, CONNECTED WITH OR ARISING OUT OF ANY AND ALL CLAIMS OR CAUSES OF ACTION BASED UPON CERCLA (COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, 42 U.S.C. (S)(S)9601 ET SEQ., AS AMENDED BY SARA [SUPERFUND AMENDMENT AND REAUTHORIZATION ACT OF 1986] AND AS MAY BE FURTHER AMENDED FROM TIME TO TIME), THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976, 42 U.S.C. (S)(S)6901 ET SEQ., OR ANY RELATED CLAIMS OR CAUSES OF ACTION OR ANY OTHER FEDERAL OR STATE BASED STATUTORY OR REGULATORY CAUSES OF ACTION FOR ENVIRONMENTAL CONTAMINATION AT, IN OR UNDER THE PROPERTY (HEREINAFTER "INVESTOR-COVERED CLAIMS").

(b) NOTWITHSTANDING THE FOREGOING, THE TERM "INVESTOR-COVERED CLAIMS" SHALL EXCLUDE, AND NONE OF BPECW LLC, INVESTOR OR THE PUBLIC COMPANY SHALL ASSUME, THE FOLLOWING (COLLECTIVELY, "EXCLUDED LIABILITIES"): (x) ANY AND ALL LIABILITIES AND OBLIGATIONS OF THE PARTNERSHIP TO THE EXTENT THAT SUCH LIABILITIES AND OBLIGATIONS DO NOT ARISE FROM OR RELATE TO THE USE, OWNERSHIP OR OPERATION OF THE PROPERTY, AND (y) ANY AND ALL OBLIGATIONS AND LIABILITIES ARISING FROM OR IN CONNECTION WITH THE USE, OWNERSHIP OR OPERATION OF THE PROPERTY ACCRUING PRIOR TO THE DATE HEREOF OTHER THAN (i) OBLIGATIONS AND LIABILITIES ASSUMED IN WRITING BY BPECW LLC IN CONNECTION WITH THE LEASES AND/OR CONTRACTS AND ALL OTHER OBLIGATIONS AND LIABILITIES THAT BPECW LLC EXPRESSLY ASSUMES IN WRITING AT OR PRIOR TO THE CLOSING, (ii) OBLIGATIONS AND LIABILITIES FOR WHICH BPECW LLC OR INVESTOR HAS RECEIVED A PRORATION CREDIT PURSUANT TO EXHIBIT V OF THE MASTER TRANSACTION AGREEMENT, AND (iii) OBLIGATIONS AND LIABILITIES RELATING IN ANY WAY TO THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY OTHER THAN ANY CLAIMS MADE BY, OR CAUSES OF ACTION BROUGHT BY, ANY THIRD PARTY UNRELATED TO BPECW LLC, INVESTOR OR ANY OF THEIR AFFILIATES WHERE THE INJURY OR

DAMAGE GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION AROSE OR OCCURRED DURING THE PERIOD PRIOR TO THE DATE HEREOF.

(c) TRANSFEREE PARTIES EACH HEREBY GENERALLY AND FULLY RELEASE THE PARTNERSHIP PARTIES FROM ANY AND ALL STATEMENTS OR OPINIONS HERETOFORE MADE, OR INFORMATION FURNISHED IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, BY THE PARTNERSHIP PARTIES TO ANY OF THE TRANSFEREE PARTIES, EXCEPT FOR THE PARTNERSHIP WARRANTIES; AND FROM ANY AND ALL INVESTOR-COVERED CLAIMS, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED.

WITH RESPECT TO THE RELEASES AND WAIVERS CONTAINED IN THIS SUBSECTION 4.2.2(c), THE TRANSFEREE PARTIES EXPRESSLY WAIVE THE

BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

BPECW LLC, INVESTOR AND PUBLIC COMPANY HAS EACH BEEN ADVISED BY ITS LEGAL COUNSEL AND UNDERSTANDS THE SIGNIFICANCE OF THIS WAIVER OF SECTION 1542 RELATING TO UNKNOWN, UNSUSPECTED AND CONCEALED CLAIMS. BY ITS INITIALS BELOW, EACH OF BPECW LLC, INVESTOR AND PUBLIC COMPANY ACKNOWLEDGES THAT IT FULLY UNDERSTANDS, APPRECIATES, AND ACCEPTS ALL OF THE TERMS OF THIS SUBSECTION 4.2.2(c).

_____
BPECW LLC's Initials

_____
Investor's Initials

_____
Public Company's Initials

(d) NOTWITHSTANDING THE FOREGOING, THE PARTNERSHIP SHALL BE SOLELY LIABLE FOR, AND SHALL INDEMNIFY, DEFEND (AND CONTROL THE RESOLUTION OF), PROTECT AND HOLD HARMLESS TRANSFEREE PARTIES FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSSES, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) AT LAW OR IN EQUITY, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, RELATING TO BODILY INJURY, DEATH, PROPERTY DAMAGE, ECONOMIC LOSS, OR OTHER DAMAGES SUFFERED BY ANY TRANSFEREE PARTIES ARISING OUT OF OR RELATING TO THE EXCLUDED LIABILITIES.

4.2.3 Definition of Hazardous Materials. For purposes of this Agreement, the term "HAZARDOUS MATERIAL" shall mean any substance, chemical, waste or material that is or becomes regulated by any federal, state or local governmental authority because of its toxicity, infectiousness, radioactivity, explosiveness, ignitability, corrosiveness or reactivity, including, without limitation, asbestos or any substance containing more than 0.1 percent asbestos, the group of compounds known as polychlorinated biphenyls, flammable explosives, oil, petroleum or any refined petroleum product.

4.2.4 Provisions Material. BPECW LLC, Investor and Public Company each acknowledges and agrees that the provisions of this Article 4 were a material factor in the transfer of the Property to BPECW LLC as a contribution to Investor and the acceptance of the Contribution Value by the Partnership and, while the Partnership has made the Documents available to BPECW LLC, Investor and Public Company and cooperated with BPECW LLC, Investor and Public Company in their due diligence investigations and inspections, the Partnership is unwilling to contribute the Property to BPECW LLC unless the Partnership Parties are expressly released as set forth in Subsection 4.2.2(b).

4.2.5 Survivability. Notwithstanding anything to the contrary herein, the provisions of this Section 4.2 shall survive the Closing and shall not be merged in the transfer of the Property as a contribution to Investor.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES AS TO THE PROPERTY

5.1 General Statement. The Partnership and its Partners make the representations and warranties with respect to the Partnership and the Property to BPECW LLC, Investor and Public Company which are set forth in this Article 5. All representations and warranties set forth in Section 5.3 below shall, subject to the limitations of Section 11.1, survive the Closing (and none shall merge into any instrument of conveyance) for the period of time set forth in Article 8 and all representations and warranties set forth in Sections 5.5 and 5.6 hereof shall, subject to the

limitations of Section 11.1, survive the Closing (and none shall merge into any instrument of conveyance) for the period of any relevant statute of limitations therefor. All representations and warranties of the Partnership are made as of the date of this Agreement.

5.2 Attribution. For purposes of this Agreement, the words "knowledge of the Partnership" or "Partnership's knowledge" shall mean the actual and not constructive knowledge of John Triece, Richard E. Salomon, Thomas Hendrian and John Syage (collectively, the "PARTNERSHIP KNOWLEDGE PARTIES"). The Partnership Knowledge Parties shall have no liability hereunder of any kind. Any fact, matter or other statement shall not be deemed to be within the knowledge of the Partnership or Partnership's knowledge unless the Partnership Knowledge Parties have actual knowledge of such fact, matter or other statement. Notwithstanding the foregoing, the representations and warranties made by the Partnership under Sections 5.5 and 5.6 below are intended to be absolute in nature and are not limited by the knowledge or attribution limitations of this Section 5.2.

5.3 Representations and Warranties Re: Property. The Partnership and its Partners hereby represent and warrant to BPECW LLC, Investor and Public Company, except as set forth on any Exhibit attached hereto and referred to below, that:

5.3.1 The execution and delivery of this Agreement and the other documents to be executed by the Partnership or any Partner in connection herewith, and the consummation of the transactions described in this Agreement and such documents do not require, to the knowledge of the Partnership, the consent or approval of any governmental authority, nor to the Partnership's knowledge does the execution and delivery of this Agreement and the other documents to be executed by the Partnership or any Partner in connection herewith violate, in any way material to the transactions described herein, any contract or agreement to which the Partnership or any Partner is a party or (to the knowledge of the Partnership) any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to the Partnership, any Partner or the Property, and this Agreement and all documents to be executed by the Partnership or any Partner in connection with the transactions described herein constitute the legal, valid and binding obligations of the Partnership and each such Partner.

To the Partnership's knowledge, the Partnership and the Partners are not a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage (other than with respect to the Existing Mortgage Loans, ECW Swap Notes made by Three ECW and Three ECW I/P Loans), debenture, note or other instrument under the terms of which performance by the Partnership or any such Partner in accordance with the terms and provisions of this Agreement will be a default or an event of acceleration, or grounds for termination, and whereby such default, acceleration or termination would reasonably be expected to have a material adverse effect on the timely performance by the Partnership or any such Partner of its obligations under this Agreement and the other documents to be executed by the Partnership or such Partner in connection

herewith, nor does the execution of this Agreement or the other documents to be executed by the Partnership or any such Partner in connection herewith, or the consummation of the transactions contemplated hereby and thereby, violate the partnership agreement of the Partnership or constitute a breach thereunder.

5.3.2 The Partnership has no employees.

5.3.3 To the Partnership's knowledge, except as listed on Exhibit D, the Partnership has not received any written notice of pending or threatened litigation, judgment, arbitration, investigation or proceeding against the Property that, if determined adversely, would reasonably be expected to have a material adverse effect on the operation, use or value of the Property or on BPECW LLC's or Investor's ability to obtain any financing necessary to close the transactions contemplated by this Agreement, nor has the Partnership received any explicit oral notice of any such threatened litigation, judgment, arbitration, investigation or proceeding.

5.3.4 To the Partnership's knowledge, except as listed on Exhibit D, there are no Claims or liabilities affecting the Property that have not been previously disclosed in writing to BPECW LLC, Investor, Public Company or any of their Affiliates which would be binding upon BPECW LLC or Investor after Closing and have a material adverse effect on the operation, use or value of the Property or on BPECW LLC's or Investor's ability to obtain any financing necessary to close the transactions contemplated by this Agreement.

5.3.5 To the Partnership's knowledge, except as listed on Exhibit D, the Partnership has not received any written notice from any governmental authority of any special assessment, pending condemnation, and to the Partnership's knowledge, the Property is not in violation and the Partnership has not received notice of violation of any zoning, building, fire, or health code, statute, ordinance, rule or regulation applicable to the Property that would reasonably be expected to have a material adverse effect on the operation, use or value of the Property or on BPECW LLC's or Investor's ability to obtain any financing necessary to close the transactions contemplated by this Agreement.

5.3.6 To the Partnership's knowledge, the Partnership has not entered into any written equipment leases, service contracts or other such contracts or agreements affecting the Property which will remain in effect after the Closing Date and which will be binding upon BPECW LLC after the Closing Date and which are not terminable or cancelable upon thirty (30) days notice (collectively, "CONTRACTS") other than those listed on Exhibit B attached hereto.
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5.3.7 To the Partnership's knowledge, the only Leases which will encumber the Property after the Closing are listed on Exhibit E attached hereto.

5.3.8 To the Partnership's knowledge, there are no agreements affecting the Property with third parties for the provision of leasing brokerage services or under which leasing commissions would become due from and after the Closing, except as set forth on Exhibit D attached hereto.

5.3.9 To the Partnership's knowledge, the Partnership is not in default and has not received any written notice of any defaults under the terms of any of the Contracts, Leases or Encumbrance Documents that would have a material adverse effect on the use, operation or value of the Property after the Closing or on BPECW LLC's or Investor's ability to obtain any financing necessary to close the transactions contemplated by this Agreement, except as set forth on Exhibit D. As used herein, the term
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"ENCUMBRANCE DOCUMENTS" shall mean, collectively, all mortgages, deeds of trust, easements and other material agreements appurtenant to or burdening the Property.

5.3.10 To the Partnership's knowledge, no rent or other amounts (other than security deposits) have been prepaid under any of the Leases, Contracts or Encumbrance Documents more than thirty (30) days in advance of the due dates thereof, except as set forth on Exhibit D or, in the case of
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Contracts, the proration schedule attached to Exhibit V of the Master Transaction Agreement (which will be provided on the date required by said Exhibit V).

5.4 Qualifications to Representations and Warranties. To the extent that
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any of the representations or warranties of the Partnership and its Partners under Section 5.3 are known to BPECW LLC, Investor, Public Company or any of
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their Affiliates to be inaccurate on the Closing Date and such Persons nevertheless close the transactions contemplated by this Agreement, such representation(s) and warranty(ies) shall be deemed modified to the extent of such known inaccuracy and the Partnership shall not be deemed in breach of the representation or warranty. Notwithstanding anything to the contrary stated or implied herein and in furtherance of the foregoing provisions of this Section
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5.4, the Partnership shall have no liability for or with respect to any
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representation or warranty (or breach thereof) from and after the Closing if, prior to the Closing, BPECW LLC, Investor, Public Company or any of their Affiliates discovers or learns of information (from whatever source, including, without limitation, the Partnership, its partners or any of their employees), or any reports, instruments or other documentation which were reviewed by or made available for review by BPECW LLC, Investor, Public Company or any of their Affiliates in connection with the transactions contemplated hereby and/or by the Master Transaction Agreement (including, without limitation, any reports, surveys, and other due diligence documentation procured independently by BPECW LLC, Investor, Public Company or any of their Affiliates in connection with the transactions contemplated hereby) contain information that contradicts such representation and warranty, or renders such representation and warranty untrue or incorrect.

5.5 Due Formation, Etc. The Partnership is a limited partnership duly
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formed and existing under the laws of the State of California and is not insolvent, and has all necessary power

and authority to execute and deliver this Agreement and all documents executed by it in connection herewith and to perform all its obligations hereunder and thereunder. This Agreement has been duly authorized by all requisite partnership action on the part of the Partnership. The Partnership is not a Person other than a United States Person within the meaning of the Code and the transactions contemplated herein are not subject to the withholding provisions of section 3406 or subchapter A of Chapter 3 of the Code. The Partnership conducts business in accordance with all statutes, laws, rules and regulations applicable to it, and does not violate or fail to comply with, any statutes, laws, rules or regulations applicable to it that would have a material adverse effect on the business or operations of the Partnership or the Property or on the Investor's ability to obtain any financing necessary to close the transactions contemplated hereby or by the Master Transaction Agreement.

5.6 Securities Laws. Subject to the provisions of this Agreement, each of the Partnership and each Partner hereby represents and warrants that it is acquiring the Investor Preferred Units for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. The Partnership and each Partner understand that the Investor Preferred Units and Investor Common Units that may be upon conversion of Investor Preferred Units (and, subject to the Registration Rights Agreement, the Shares that may be issued in lieu of redemption Investor Common Units) will not be registered under the Securities Act or any state securities laws, will be offered and sold pursuant to exemptions therefrom and cannot be resold without registration thereunder or exemption therefrom. Each of the Partnership and each Partner represents that it has sufficient knowledge and experience in financial and business matters to enable it to evaluate the merits and risks of investment in the Investor Preferred Units and Investor Common Units that may be issued upon conversion of Investor Preferred Units (and the Shares that may be issued in lieu of redemption of Investor Common Units). The Partnership and each Partner have the ability to bear the economic risk of acquiring the Investor Preferred Units and have been supplied with, or had access to, information to which a reasonable investor would attach significance in making investment decisions, including, but not limited to, all information as they have requested, to answer all of their inquiries about Public Company, and to enable them to make their decision to acquire the Investor Preferred Units and the Investor Common Units that may be issued upon conversion of Investor Preferred Units (and the Shares that may be issued in lieu of redemption of Investor Common Units). The Securities shall, if represented by certificates, contain a prominent legend with respect to the foregoing restrictions. Each of the Partnership and each Partner further represents and warrants that it is an "accredited investor" as such term is defined in Rule 501 under the Securities Act.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF PUBLIC COMPANY

6.1 General Statement. Public Company hereby makes the representations and warranties to the Partnership and Prudential Partners which are set forth in this Article 6. All representations and warranties set forth in Section 6.4 shall survive the Closing (and none shall merge into any instrument of conveyance) for the period of any relevant statute of limitations therefor. Representations and warranties of Public Company are made as of the date of this Agreement.

6.2 Attribution. For purposes of the representations and warranties of Public Company set forth in this Article 6 only, the words "knowledge of Public Company" or "Public Company's knowledge" shall mean the actual and not constructive knowledge of Mortimer Zuckerman, Edward Linde and Thomas O'Connor (collectively, the "PUBLIC COMPANY KNOWLEDGE PARTIES"). The Public Company Knowledge Parties shall have no liability hereunder of any kind. Any fact, matter or other statement shall not be deemed to be within the knowledge of Public Company or Public Company's knowledge unless the Public Company Knowledge Parties, or any of them, have actual knowledge of such fact, matter or other statement. Notwithstanding the foregoing, the representations and warranties made by Public Company under Section 6.4 below are intended to be absolute in nature and are not limited by the knowledge or attribution limitations of this Section 6.2.

6.3 Representations and Warranties Re: Public Company Business and Operations. Public Company hereby represents and warrants as follows:

6.3.1 Public Company is organized and, to Public Company's knowledge, has conducted its business in accordance with applicable laws, to the extent applicable, the failure or the violation of which would reasonably be expected to have a material adverse effect on the results of operations of the Public Company.

6.3.2 There are no actions, suits or proceedings pending and, to Public Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or others, which would reasonably be expected to either (i) question the validity of this Agreement or the consummation of the transactions contemplated hereby, the issuance of the Shares that may be issued in lieu of redemption of Investor Common Units that may be issued upon conversion of Investor Preferred Units, any other agreements contemplated hereby or any actions taken pursuant to any of the foregoing or (ii) result in any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs, management or business prospects of Public Company. As of the date hereof, there is no action or suit against Public Company pending or threatened by any Person which would reasonably be expected to have a material adverse effect on Public Company.

6.3.3 The Public Company has filed with the Securities and Exchange Commission (the "COMMISSION") all reports required by the Exchange Act to be filed by the Company (collectively, and in each case including all exhibits and schedules thereto and documents incorporated by reference therein, the "SEC DOCUMENTS"). As of their respective filing dates (or if amended, revised or superseded by a subsequent filing with the Commission, then on the date of such subsequent filing), the SEC Documents complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and none of the SEC Documents (including any and all financial statements included therein) as of such dates contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The consolidated financial statements of Public Company included in all SEC Documents, including any amendments thereto, comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission with respect thereto. Since the most recently filed SEC Document, there has not occurred or arisen any change in or event affecting Public Company that has had or would reasonably be expected to have a material adverse effect on the results of operations of Public Company.

6.3.4 No proceeding or other action has been commenced or undertaken relating to the dissolution or merger of Public Company and none is presently contemplated except that this representation shall not apply to any merger of another entity with and into Public Company that meets the criteria of Section 251(f) of the Delaware General Corporation Law for consummating a merger without a vote of stockholders.

6.3.5 As of the date of this Agreement, the authorized capital securities of Public Company consists of Preferred Stock, $.01 par value, 50,000,000 Shares authorized, none issued or outstanding, Excess Stock, $.01 par value, 150,000,000 shares authorized, none issued or outstanding, and 250,000,000 Shares of common stock, $0.01 par value per share, of which 63,526,785 Shares are currently issued and outstanding. Except as contemplated pursuant to this Agreement, and except for (i) any Shares that may be issued in lieu of redemption of outstanding units of limited partnership in Investor and (ii) any Shares or units of limited partnership in Investor which may be issued in accordance with agreements that have been described in or filed with the SEC Filings or otherwise disclosed on Exhibit F, there are no securities convertible or exchangeable for Shares
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or any rights or options to subscribe for or purchase any Shares or securities convertible or exchangeable for Shares. All of the outstanding Shares have been duly and validly authorized and issued and are fully paid and non-assessable. All of the outstanding Shares have been issued in compliance with all applicable federal and state securities laws.

6.3.6 The Shares that may be issued in lieu of redemption of Investor Common Units that may be issued upon conversion of Preferred Units issuable hereunder, when issued in accordance with the provisions of this Agreement and the Investor Agreement, will be duly and validly authorized and issued and will be fully paid and non-assessable. Neither Public Company, Investor nor any Person acting on their behalf has taken or will take any action which would subject the issuance of the Investor Preferred Units to the Partnership to the registration requirements of Section 5 of the Securities Act.

6.3.7 Except as provided in Exhibit F, Public Company has no
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obligation (contingent or other) to purchase, redeem or otherwise acquire any of its Shares or any interest therein or to pay any dividend or make any other distribution in respect thereof (except for any distribution that was declared prior to the date hereof and not paid on or before the date hereof). Public Company has authorized and reserved for issuance a sufficient number of Shares to satisfy its obligations under this Agreement and the Investor's Investor Agreement.

6.3.8 Public Company has duly and timely filed with the appropriate governmental authorities all Tax Returns required to be filed by it for all periods ending on or prior to the Closing Date, except to the extent of any Tax Return for which an extension of time for filing has been properly filed. Each such Tax Return is true and correct in all material respects. All Taxes owed by Public Company have been paid (whether or not shown on a Tax Return). All Taxes which Public Company is required by law to withhold or collect, including, without limitation, Taxes required to have been withheld in connection with amounts paid or owing to any employee, independent contractor, creditor, partner, or other third party and sales, gross receipts and use taxes, have been duly withheld or collected and, to the extent required, have been paid over to the proper governmental authorities or are held in separate bank accounts for such purpose. There are no liens for Taxes upon the assets of Public Company except for statutory liens for Taxes not yet due.

6.3.9 Public Company has not filed for an extension of a statute of limitations with respect to any Taxes and no governmental authorities have requested an extension of the statute of limitations with respect to any Taxes. Public Company is not a party to any pending action or any formal or informal proceeding by any taxing authority for a deficiency, assessment or collection of Taxes, and no claim of any deficiency, assessment or collection of Taxes has been asserted or, to the knowledge of Public Company, threatened against it, including claims by any taxing authority in a jurisdiction where Public Company does not file Tax Returns that it is or may be subject to taxation in that jurisdiction.

6.3.10 Public Company is organized and has operated from its commencement through the date hereof in such a manner so as to qualify for taxation as a real estate investment trust under the Code, and Public Company intends to operate in such a manner so as to qualify and to continue to so qualify as a real estate investment trust.

6.3.11 Public Company does not hold "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101.

6.4 Due Organization, Etc. of Public Company.

6.4.1 Public Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is (or prior to the Closing will be) duly qualified and in good standing as a foreign corporation under the laws of the State of California, and has all necessary power, corporate and otherwise, to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by Public Company in connection herewith and to perform all its obligations hereunder and thereunder. This Agreement has been duly authorized by all requisite corporate action on the part of Public Company. The execution and delivery of this Agreement and the other documents and instruments to be executed and delivered by Public Company in connection with the transactions described herein, and the consummation of the transactions contemplated hereby and thereby, do not require the consent or approval of the shareholders of Public Company or, to the knowledge of Public Company, the consent or approval of any governmental authority, nor, to the knowledge of Public Company, does the execution and delivery of this Agreement violate, in any way material to the transactions contemplated hereby, any contract or agreement to which Public Company is a party or any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to Public Company, and this Agreement and all documents and other instruments to be executed and delivered by Public Company in connection herewith constitute the legal, valid and binding obligations of Public Company.

6.4.2 Public Company is not a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage, debenture, note or other instrument under the terms of which performance by Public Company according to the terms of this Agreement will be a default or an event of acceleration, or grounds for termination, or whereby timely performance by Public Company, according to the terms of this Agreement, may be prohibited, prevented or delayed.

ARTICLE 7

REPRESENTATIONS AND WARRANTIES OF INVESTOR AND BPECW LLC

7.1 General Statement. Investor and BPECW LLC hereby make the representations and warranties to the Partnership and the Prudential Partners which are set forth in this Article 7. All representations and warranties set forth in Sections 7.4 and 7.5 shall survive the Closing (and none shall merge into any instrument of conveyance) for the period of any relevant statute of limitations therefor. Representations and warranties of Investor and BPECW LLC are made as of the date of this Agreement.

7.2 Attribution. For purposes of the representations and warranties of Investor and BPECW LLC set forth in this Article 7 only, the words "knowledge of Investor" or "knowledge of BPECW LLC" or "Investor's knowledge" or "BPECW LLC's knowledge" shall mean the actual and not constructive knowledge of Mortimer Zuckerman, Edward Linde and Thomas O'Connor (collectively, the "INVESTOR/BPECW LLC KNOWLEDGE PARTIES"). The Investor/BPECW LLC Knowledge Parties shall have no liability hereunder of any kind. Any fact, matter or other statement shall not be deemed to be within the knowledge of Investor or BPECW LLC or Investor's or BPECW LLC's knowledge unless the Investor/BPECW LLC Knowledge Parties, or any of them, have actual knowledge of such fact, matter or other statement. Notwithstanding the foregoing, the representations and warranties made by Investor under Section 7.4 below are intended to be absolute in nature and are not limited by the knowledge or attribution limitations of this Section 7.2.

7.3 Representations and Warranties Re: Investor Business and Operations. Investor hereby represents and warrants as follows:

7.3.1 Investor is organized and, to Investor's knowledge, has conducted its business in accordance with all applicable laws, to the extent applicable, the failure or the violation of which would reasonably be expected to have a material adverse effect on the results of operations of Investor.

7.3.2 There are no actions, suits or proceedings pending and, to Investor's knowledge, no such proceedings are threatened or contemplated by governmental authorities or by others, which would reasonably be expected to either (i) question the validity of this Agreement or the consummation of the transactions contemplated hereby or the issuance of the Investor Preferred Units contemplated hereby, any other agreements contemplated hereby or any actions taken pursuant to any of the foregoing or (ii) result in any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs, management or business prospects of Investor. As of the date hereof, there is no material action or suit against Investor pending or threatened by any Person.

7.3.3 No proceeding or other action has been commenced or undertaken relating to the dissolution or merger of Investor (except in connection with an acquisition of property for units in Investor in which Investor is the surviving party in the merger) and none is presently contemplated.

7.3.4 Investor has duly and timely filed with the appropriate governmental authorities all Tax Returns required to be filed by it for all periods ending on or prior to the Closing Date, except to the extent of any Tax Return for which an extension of time for filing has been properly filed. Each such Tax Return is true and correct in all material respects. All Taxes owed by Investor have been paid (whether or not shown on a Tax Return). All Taxes which Investor is required by law to withhold or collect, including, without limitation, Taxes required to have been withheld in connection with amounts paid

or owing to any employee, independent contractor, creditor, partner, or other third party and sales, gross receipts and use taxes, have been duly withheld or collected and, to the extent required, have been paid over to the proper governmental authorities or are held in separate bank accounts for such purpose. There are no liens for Taxes upon the assets of Investor except for statutory liens for Taxes not yet due.

7.3.5 Investor has not filed for an extension of a statute of limitations with respect to any Taxes and no governmental authorities have requested an extension of the statute of limitations with respect to any Taxes. Investor is not a party to any pending action or any formal or informal proceeding by any taxing authority for a deficiency, assessment or collection of Taxes, and no claim of any deficiency, assessment or collection of Taxes has been asserted or, to the knowledge of Investor, threatened against it, including claims by any taxing authority in a jurisdiction where Investor does not file Tax Returns that it is or may be subject to taxation in that jurisdiction.

7.3.6 Investor is not, and will not become, a "publicly traded partnership" within the meaning of Section 7704 of the Code.

7.3.7 Investor does not hold "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101.

7.3.8 Investor is the sole member of BPECW LLC and has directed the Partnership to transfer the Property to BPECW LLC as a contribution to Investor in exchange for the Investor Preferred Units.

7.4 Due Formation, Etc. of Investor. Investor is a limited partnership duly formed and in good standing under the laws of the State of Delaware, is (or prior to Closing will be) duly qualified and in good standing as a foreign limited partnership under the laws of the State of California, and has all necessary power, partnership and otherwise, to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by Investor in connection herewith and to perform all its obligations hereunder and thereunder. This Agreement has been duly authorized by all requisite partnership action on the part of Investor. The execution and delivery of this Agreement and the other documents and instruments to be executed and delivered by Investor in connection with the transactions described herein, and the consummation of the transactions contemplated hereby and thereby, do not require the consent or approval of the partners of Investor or, to the knowledge of Investor, the consent or approval of any governmental authority, nor, to the knowledge of Investor, does the execution and delivery of this Agreement violate, in any way material to the transactions contemplated hereby, any contract or agreement to which Investor is a party or any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to Investor, and this Agreement and all documents and other instruments to be executed and delivered by Investor in connection herewith constitute the legal, valid and binding obligations of Investor. Investor is not a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage, debenture, note or other

instrument under the terms of which performance by Investor according to the terms of this Agreement will be a default or an event of acceleration, or grounds for termination, or whereby timely performance by Investor, according to the terms of this Agreement, may be prohibited, prevented or delayed.

7.5 Due Organization, Etc. of BPECW LLC.

7.5.1 BPECW LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, is (or prior to the Closing will be) duly qualified and in good standing as a foreign limited liability company under the laws of the State of California, and has all necessary power, corporate and otherwise, to execute and deliver this Agreement and all other documents and instruments to be executed and delivered by BPECW LLC in connection herewith and to perform all its obligations hereunder and thereunder. This Agreement has been duly authorized by all requisite action on the part of BPECW LLC's member. The execution and delivery of this Agreement and the other documents and instruments to be executed and delivered by BPECW LLC in connection with the transactions described herein, and the consummation of the transactions contemplated hereby and thereby, do not require the consent or approval of the member of BPECW LLC or, to the knowledge of BPECW LLC, the consent or approval of any governmental authority, nor, to the knowledge of BPECW LLC, does the execution and delivery of this Agreement violate, in any way material to the transactions contemplated hereby, any contract or agreement to which BPECW LLC is a party or any governmental or judicial order, judgment, decree, statute, law, rule or regulation applicable to BPECW LLC, and this Agreement and all documents and other instruments to be executed and delivered by BPECW LLC in connection herewith constitute the legal, valid and binding obligations of BPECW LLC.

7.5.2 BPECW LLC is not a party to, or bound by, any unexpired, undischarged or unsatisfied contract, agreement, indenture, mortgage, debenture, note or other instrument under the terms of which performance by BPECW LLC according to the terms of this Agreement will be a default or an event of acceleration, or grounds for termination, or whereby timely performance by BPECW LLC, according to the terms of this Agreement, may be prohibited, prevented or delayed.

7.5.3 Investor is the sole member of BPECW LLC.

ARTICLE 8

LIMITATIONS

8.1 Limitations. Except for the representations and warranties set forth in Sections 5.3, 6.3 and 7.3 above (which shall survive the Closing until a date (the "LIMITATION DATE") which is

twelve (12) months after the Closing Date) all representations and warranties shall survive the Closing without any time limit other than those limits imposed by the applicable statute of limitations or other similar laws. The contractual limitation on the Partnership's rights set forth in the preceding sentence shall not constitute a waiver or release by the Partnership of its rights under Federal Securities Laws. Notwithstanding the foregoing, the non-breaching party(ies) shall have the right to commence or prosecute against the breaching party(ies) any claim for the breach of a representation or warranty under Sections 5.3, 6.3 and 7.3 relating to events or occurrences which occurred prior to the Limitation Date, provided such claim is actually filed no later than forty-five (45) days after the Limitation Date, and otherwise no action based thereon shall be commenced after the Closing Date. The representations and warranties of the parties made in this Agreement are personal to the other parties hereto and no Person other than a named party hereto shall be entitled to bring any action based thereon. The representations and warranties set forth above are further subject to the limitations of liability set forth in Section 11.1 hereof and Article 12 of the Master Transaction Agreement, which limitations are in addition to (and not in lieu of) the limitations set forth in this Agreement.

ARTICLE 9

COVENANTS

9.1 Confidentiality.

9.1.1 As used herein, "CONFIDENTIAL MATERIAL" means, with respect to any party hereto (the "PROVIDING PARTY"), all information, whether oral, written or otherwise, furnished to another party hereto (the "RECEIVING PARTY") or the Receiving Party's directors, officers, partners, Affiliates, employees or agents, or their respective representatives (collectively, "REPRESENTATIVES"), by the Providing Party and all reports, analyses, compilations, studies and other material prepared by the Receiving Party or its Representatives (in whatever form maintained, whether documentary, computer storage or otherwise) containing, reflecting or based upon, in whole or in part, any such information. The term "CONFIDENTIAL MATERIAL" does not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by the Receiving Party, its Representatives or anyone to whom the Receiving Party or any of its Representatives transmit any Confidential Material in violation of this Agreement or (ii) is or becomes known or available to the Receiving Party on a nonconfidential basis from a source (other than the Providing Party or one of its Representatives) who is not, to the knowledge of the Receiving Party, prohibited from transmitting the information to the Receiving Party or its Representatives by a contractual, legal, fiduciary or other obligation.

9.1.2 Subject to Section 9.1.3 below or except as required by applicable laws, regulations or legal process as reasonably interpreted by Public Company, the Confidential Material will be kept confidential and will not, without the prior written consent of the Providing Party, be disclosed by the Receiving Party or its Representatives, in whole or in part, and will not

be used by the Receiving Party or its Representatives, directly or indirectly, for any purpose other than in connection with this Agreement, the other Transaction Documents and the transactions contemplated hereby or thereby or evaluating, negotiating or advising with respect to such matters. Notwithstanding anything to the contrary herein, the Receiving Party has the right to transmit Confidential Material to its Representatives only if and to the extent that such Representatives need to know the Confidential Material for purposes of such transactions and are informed by the Receiving Party of the confidential nature of the Confidential Material and of the terms of this Section 9.1.2. Notwithstanding the foregoing, each of Public Company, Investor, BPECW LLC, the Partnership and the Prudential Partners shall have the right to disclose such Confidential Material to its actual or proposed financing and capital sources and their respective representatives, provided that, prior to disclosing such information to such Persons, as the case may be, it advises such Persons of the confidential nature of such Confidential Information and causes to be affixed to such Confidential Information and requires that such Information be used only for the purposes specified by the parties hereto in connection with the transactions contemplated by this Agreement and/or the Master Transaction Agreement. In any event, the Receiving Party will be responsible for any actions by its Representatives (and any other Person to whom such Confidential Material is conveyed in accordance with the provisions hereof) which are not in accordance with the provisions hereof.

9.1.3 In the event that the Receiving Party, its Representatives or anyone to whom the Receiving Party or its Representatives supply the Confidential Material are requested (by oral questions, interrogatories, requests for information or documents, subpoena, civil or criminal investigative demand, any informal or formal investigation by any government or governmental agency or authority or otherwise in connection with legal process) to disclose any Confidential Material, the Receiving Party agrees (i) to immediately notify the Providing Party of the existence, terms and circumstances surrounding such a request, (ii) to consult with the Providing Party on the advisability of taking legally available steps to resist or narrow such request, and (iii) if disclosure of such information is required, to furnish only that portion of the Confidential Material which, in the opinion of the Receiving Party's counsel, the Receiving Party is legally compelled to disclose and to cooperate with any action by the Providing Party to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Material (it being agreed that the Providing Party shall reimburse the Receiving Party for all reasonable out-of-pocket expenses incurred by the Receiving Party in connection with such cooperation).

9.1.4 In the event of the termination of this Agreement in accordance with its terms, promptly upon request from the Providing Party, the Receiving Party shall, except to the extent prohibited by applicable laws, regulations or legal process, redeliver to the Providing Party or destroy all tangible Confidential Material and will not retain any copies, extracts or other reproductions thereof in whole or in part. Any such destruction shall be certified in writing to the Providing Party by an authorized officer of the Receiving Party supervising the same.

9.2 Public Statements. The parties hereto shall consult with each other prior to issuing any press release or any written public statement with respect to this Agreement or the transactions contemplated hereby and, except as shall be required by applicable law or the rules or regulations of any securities exchange, shall not issue any such press release or written public statement prior to review and approval by the other parties, it being understood that such approval will not be unreasonably withheld or delayed.

9.3 Survival. The covenants in this Article 9 shall survive the Closing.

ARTICLE 10

CLOSING

10.1 Closing Deliveries.

10.1.1 Closing. As used herein, the term "CLOSING" shall mean the consummation of all transactions contemplated in this Agreement as provided in Sections 10.1.2 and 10.1.3 below.

10.1.2 Closing Deliveries of the Partnership. On the date hereof, the Partnership is hereby concurrently delivering to BPECW LLC, Investor and/or the Public Company, or causing to be delivered to the Escrow Agent, the following:

(a) Deed. A grant deed in the form of Exhibit G attached hereto and incorporated herein by this reference, conveying to BPECW LLC all of the Partnership's undivided tenancy-in-common right, title and interest in and to the Real Property, subject only to the Permitted Exceptions ("DEED").

(b) Bill of Sale. A bill of sale in the form of Exhibit H attached hereto and incorporated herein by this reference, conveying to BPECW LLC all of the Partnership's undivided tenancy-in-common right, title and interest in and to the Personal Property.

(c) Assignment of Tenant Leases. An assignment and assumption of leases in the form of Exhibit I attached hereto and incorporated herein by this reference ("ASSIGNMENT OF LEASES"), transferring to BPECW LLC all of the Partnership's undivided tenancy-in-common interest in the Leases encumbering the Property on the date hereof described on Exhibit E attached hereto and incorporated herein by this reference and any amendments, guarantees and other documents relating thereto (herein collectively called the "LEASES"), together with all assignable non-cash security deposits deposited by the tenants thereunder and not applied by the Partnership in accordance with the terms of such Leases.

(d) Assignment of Equipment Leases and Service Contracts. An assignment and assumption of equipment leases, service contracts, warranties and guaranties and the Other Property Rights (to the extent the same are not transferred by Deed, Bill of Sale or Assignment of Leases) in the form of Exhibit J attached hereto and incorporated herein by this reference ("ASSIGNMENT OF CONTRACTS"), transferring to BPECW LLC, to the extent assignable, without liability or expense to the Partnership, all of the Partnership's undivided tenancy-in-common interest in the equipment leases in effect at the Property on the date hereof, contracts described on Exhibit B, warranties and guaranties which remain in effect on the date hereof and any Other Property Rights not otherwise transferred to BPECW LLC (all of the foregoing being herein collectively called the "ASSIGNED CONTRACTS"). The Partnership shall not assign any existing policies of insurance for the Property, and the Partnership shall terminate the management agreement for the Property on or before the date hereof.

(e) Notices to Tenants. A single form letter in the form of Exhibit K attached hereto and incorporated herein by this reference to each tenant under the Leases, duplicate copies of which will be sent on or promptly after the date hereof notifying it of the transfer of the Property to BPECW LLC and advising it that all future payments of rent and other payments under the Leases are to be made to BPECW LLC at the address designated by BPECW LLC in such letter.

(f) Non-Foreign Status Affidavit. A non-foreign status affidavit in the form of Exhibit L attached hereto and incorporated herein by this reference, as required by Section 1445 of the Internal Revenue Code.

(g) Evidence of Authority. (i) A certificate of each general partner of the Partnership with respect to the authority to act on behalf of the Partnership to execute all documents contemplated by this Agreement and the authority of the individuals executing on behalf of the Partnership; and (ii) evidence of the organization, existence and authority of each Partner to enter into this Agreement and to consummate the transactions contemplated hereby, certified by an appropriate officer or partner of such Partner (together with an incumbency and signature certificate regarding the Person signing).

(h) Property Documents. (i) To the extent in the possession of the Partnership or PPS, (x) the original (or, if unavailable, a copy) of the existing certificate or certificates of occupancy for the Property, and (y) all originals (or, if unavailable, copies of) certificates, licenses, permits, authorizations and approvals issued for or with respect to the Property by governmental and quasi-governmental authorities having jurisdiction; and (ii) all books and records (excluding appraisals, budgets, the Partnership's and its partners' strategic plans for the Property, marketing information, submissions relating to the Partnership's

obtaining of corporate authorization, or other information in the possession or control of the Partnership, its partners or PPS prior to the date hereof and which is privileged, provided that inadvertent disclosure shall not constitute a waiver of any privilege) located at the Property or at the office of PPS relating to the Property and the ownership and operation thereof (the items described in clauses (i) and (ii) being herein collectively called the "PROPERTY DOCUMENTS").

(i) Other Documents. Such other documents as may be reasonably required by the Escrow Agent or as may be agreed upon by the Partnership and BPECW LLC to consummate the transactions contemplated by this Agreement.

(j) Letters of Credit as Tenant Security Deposits. With respect to any security deposits which are letters of credit, the Partnership shall, if the same are assignable, (i) deliver to BPECW LLC on the date hereof such letters of credit, (ii) execute and deliver such other instruments as the issuers of such letters of credit shall reasonably require, and (iii) cooperate with BPECW LLC to change the named beneficiary under such letters of credit to BPECW LLC so long as the Partnership does not incur any additional liability or expense in connection therewith.

(k) Keys and Original Documents. Keys to all locks on the Real Property (in the Partnership's or PPS's possession) and originals or, if originals are not available, copies, of the Leases and Assigned Contracts (unless canceled as set forth herein) encumbering the Property on the date hereof.

(l) Transfer Taxes. If applicable, duly completed and signed real estate transfer tax forms (i.e., Preliminary Change of Ownership Reports).

(m) Investor Agreement. The Investor Agreement in the form of Exhibit M attached hereto (the "INVESTOR AGREEMENT"), executed by the Partnership.

(n) Registration Rights Agreement. The Registration Rights Agreement in the form of Exhibit N attached hereto (the "REGISTRATION RIGHTS AGREEMENT"), executed by the Partnership.

(o) Representation Letter. A Representation Letter in the form attached hereto as Exhibit O attached hereto executed by the Partnership indicating thereon that the Partnership is an "accredited investor".

(p) Tax Reporting Agreement. The Tax Reporting Agreement in the form of Exhibit P attached hereto (the "TAX REPORTING AGREEMENT"), executed by the Partnership.

10.1.3 Closing Deliveries of BPECW LLC, Investor and/or Public Company. On the date hereof, BPECW LLC, Investor and/or Public Company are hereby concurrently delivering to the Partnership, or are causing to be delivered to the Escrow Agent, the following:

(a) Assignment of Leases. The Assignment of Leases executed by BPECW LLC.

(b) Assignment of Equipment Leases and Service Contracts. The Assignment of Contracts executed by BPECW LLC.

(c) Evidence of Authority. Documentation to establish to the Partnership's reasonable satisfaction the due authorization of BPECW LLC's acquisition of the Property and its signatories and Investor's delivery of the Contribution Units and documents required to be delivered by Investor pursuant to this Agreement.

(d) Other Documents. Such other documents as may be reasonably required by the Escrow Agent or may be agreed upon by the Partnership, BPECW LLC, Investor and Public Company to consummate the transactions contemplated by this Agreement.

(e) Transfer Taxes. If applicable, duly completed and signed real estate transfer tax forms (i.e., Preliminary Change of Ownership Reports).

(f) Organization. Evidence of the organization, existence and authority of BPECW LLC, Public Company and Investor to enter into this Agreement and to consummate the transactions contemplated hereby, certified by an appropriate officer of BPECW LLC, Public Company or Investor, as appropriate (together with an incumbency and signature certificate regarding the officer(s) signing on their behalf).

(g) Investor Agreement. The Investor Agreement executed by Public Company and any other partner whose execution is required by Investor's Investor Agreement, reflecting the issuance to the Partnership of the Investor Preferred Units in accordance with Section 2.2 hereof.

(h) Registration Rights Agreement. The Registration Rights Agreement, executed by Public Company.

(i) Tax Reporting Agreement. The Tax Reporting Agreement, executed by the Partnership and Public Company.

10.1.4 Delivery of Deed. Effective upon delivery of the Deed, actual and exclusive possession (subject only to the Permitted Exceptions) and risk of loss to the Property shall pass from the Partnership to BPECW LLC.

10.1.5 Waiver of Failure of Conditions Precedent. By closing the transactions contemplated by this Agreement, each party hereto shall be conclusively deemed to have waived the benefit of any remaining unfulfilled conditions precedent set forth in this Agreement and/or the Master Transaction Agreement.

10.1.6 Apportionment Credit. The Contribution Value (and the amount of Contribution Units delivered to the Partnership) shall be adjusted to reflect the prorations and other adjustments pursuant to and as provided in Exhibit V of the Master Transaction Agreement.

10.1.7 Delayed Adjustment. Investor and the Partnership shall administer the provisions of Exhibit V of the Master Transaction Agreement following the Closing based on the closing of the Property's books for the Closing Month. If, as a result of the Final Audit to be conducted pursuant to Exhibit V, the amount of an item listed in Exhibit V of the Master Transaction Agreement shall prove to be incorrect (whether as a result of an error in calculation or a lack of complete and accurate information as of the date hereof), Investor and the Partnership shall adjust the Contribution Units initially issued (proportionately to the Contribution Units initially issued) by Investor delivering an amended schedule to the Investor Agreement as reasonably agreed to by the Partnership reflecting the corrected number of Investor Preferred Units issued to the Partnership in order to correct such error upon receipt of reasonable proof of such error, provided that such proof is delivered to the party from whom payment is requested within 90 days of the date hereof. The correction of any such error shall be made effective as of the date hereof and shall include the further payment by Investor, or repayment by the Partnership, of any distributions made by Investor in respect of the increase, or decrease, of the number of Contribution Units initially held by the Partnership prior to such adjustment.

10.1.8 Survivability. The provisions of this Article 10 shall survive the Closing and not be merged therein for a period of six months after the Closing or such longer period as may be necessary to complete the Final Audit and make the adjustment described in Section 10.1.7.

10.1.9 Closing Costs. The parties shall bear certain closing costs of the transactions contemplated hereby as set forth in Exhibit V of the Master Transaction Agreement. Any other Closing costs not covered by Exhibit V of the Master Transaction Agreement shall be allocated between the parties in accordance with the local practice and custom in San Francisco, California.

ARTICLE 11

BREACH, DEFAULT, LIABILITY LIMITS

11.1 Rights of Investor and Public Company.

11.1.1 In the event of any claim, suit or other action against the Partnership or its Partners pertaining to (a) this Agreement, any of the documents executed in connection herewith or any of the transactions contemplated hereby or thereby (including, without limitation, any and all indemnification obligations of the Partnership hereunder or thereunder) or (b) a breach by the Partnership of any of the terms or provisions of this Agreement or of any of the documents executed by the Partnership in connection with the matters contemplated in this Agreement (including, without limitation, the breach of any representation or warranty of the Partnership set forth herein or therein), BPECW LLC's, Investor's and Public Company's sole remedy shall be an action for monetary damages against the Partnership (or, only if the Partnership has dissolved or does not hold sufficient Investor Preferred Units or other Securities received in exchange therefor and/or cash to satisfy the judgment, the Partners of the Partnership individually); provided that, except for the breach of the representations and warranties set forth in Sections 5.3.1, 5.3.2, 5.5 and 5.6 above (which will not be subject to any limitation on the amount of such liability), and notwithstanding any provision to the contrary contained in this Agreement, the Master Transaction Agreement or in any other documents executed in connection herewith or therewith, the maximum aggregate liability of the Partnership and its Partners, and the maximum aggregate amount which may be awarded to and collected by BPECW LLC, Investor and Public Company or any other Person, with respect to any claim, suit or other action relating to a breach of a representation, covenant or indemnity of this Agreement, the Master Transaction Agreement or any other documents executed in connection herewith or therewith shall not exceed the Three ECW Building Maximum Liability Amount. Each Partner's liability under this Agreement shall not exceed (x) an amount equal to the Three ECW Building Maximum Liability Amount minus the sum of all damages previously paid by, or concurrently being paid by, the Partnership, multiplied by, (y) such partner's percentage interest in the Partnership immediately prior to the Closing. Notwithstanding the foregoing, the terms and provisions of this Section 11.1.1 are further subject to the overall $43,000,000 limitation of liability set forth in Section 12.1.2 of the Master Transaction Agreement, it being acknowledged and agreed that the maximum liability caps described hereinabove may be further reduced as a result of recoveries made by BPECW LLC, Investor, Public Company or their Affiliates in connection with the other transactions described in the Master Transaction Agreement in accordance with said Section 12.1.2 of the Master Transaction Agreement. Notwithstanding the foregoing, the parties hereto hereby acknowledge and agree that the foregoing limitations on the amount of liability (and any other cap on the liability of the Partnership and/or its Partners set forth in any other Transaction Document) does not apply to the breach of any of the representations and warranties set forth in Sections 5.3.1, 5.3.2, 5.5 and 5.6 hereof.

11.1.2 Except as provided in the last sentence of this Section 11.1.2, BPECW LLC's, Investor's and Public Company's sole recourse against the Partnership and its Partners, individually and/or as a group, for liability assumed by, and for any indemnity of or breach of representation or warranty made by the Partnership shall be limited to the recovery by BPECW LLC, Investor and/or Public Company of Investor Preferred Units (and any Securities received in exchange therefor or upon conversion thereof) issued to the Partnership and then held by the Partnership or any Partner, and none of the Partnership or any of its Partners shall have any personal liability to pay any damages or other amounts in cash in respect thereof, except to the extent that the Partnership and its Partners collectively hold an insufficient amount of Investor Preferred Units and Securities to satisfy the claim or judgment, in which event such Person shall be obligated to pay any damages or other amounts not satisfied by the transfer of Investor Preferred Units or Securities in cash. The number of Investor Preferred Units or Shares recoverable from the Partnership or the Partners, as the case may be, in respect of any claim (or damages) to be satisfied by such Person as provided in this Agreement shall be determined on a full diluted basis as if converted by reference to the closing trading price of the Public Company's common shares on the date of payment of the damages or other amounts.

11.1.3 Investor shall promptly give the Partnership notice of any claim made by any third party which would reasonably be expected to result in liability of the Partnership or any Partner in respect of a breach of a representation made by the Partnership in this Agreement or otherwise and shall give the Partnership and its Partners the opportunity to cure any alleged claim and to defend against and settle all such claims at their sole cost. The failure to give such notice, however, shall not relieve the Partnership of any liabilities hereunder to the extent that it is not materially prejudiced as a result thereof.

11.1.4 The terms and provisions of this Section 11.1 shall survive the Closing and shall not be merged therein.

11.2 Rights of Partnership.

11.2.1 In the event of a breach by BPECW LLC, Investor or Public Company of any of the terms or provisions of this Agreement or any of the documents executed in connection herewith, the Partnership and Prudential Partners shall be entitled to pursue any and all rights and remedies at law or in equity available to the Partnership and/or its Partners with respect to such breach; provided that, except for breaches of the representations and warranties set forth in Articles 6 and 7 (which will not be subject to any liability cap), and except as otherwise expressly provided in any other Transaction Document, the maximum aggregate liability of BPECW LLC, Investor and Public Company for any and all breaches of the representations and warranties of BPECW LLC, Investor and/or Public Company contained in any Transaction Document shall not exceed an amount equal to Forty-Three Million Dollars ($43,000,000) in the aggregate.

11.2.2 The terms and provisions of this Section 11.2 shall survive the Closing and shall not be merged therein.

ARTICLE 12

MISCELLANEOUS

12.1 Commissions. The parties hereto each agree to indemnify, defend, protect and hold the others harmless from and against any and all commissions, finder's and/or similar fees or compensation claimed by any broker or finder in connection with the transactions described in this Agreement based on claimed contacts with, or other acts or omissions of, such indemnifying party. The terms and provisions of this Section 12.1 shall survive the Closing or termination of this Agreement.

12.2 Expenses. Except as otherwise expressly set forth herein or expressly set forth in the Master Transaction Agreement, each party hereto shall bear its own costs and expenses with respect to the transactions contemplated hereby.

12.3 Amendment. This Agreement may be amended, modified or supplemented but only in writing signed by each of the parties hereto.

12.4 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto shall be in writing and shall be deemed to have been given, (a) when received if given in person or by courier or a courier service, (b) on the date of transmission if sent by telex, facsimile or other wire transmission or (c) three business days after being deposited in the U.S. mail, certified or registered mail, postage prepaid:

12.4.1 If to BPECW LLC, Public Company or Investor, addressed as follows:

Boston Properties, Inc.
8 Arlington Street
Boston, Massachusetts 02116-3495
Attention: General Counsel
Facsimile: 617-421-1555
Telephone: 617-859-2600

with a copy to:

Goulston & Storrs, P.C.
400 Atlantic Avenue
Boston, Massachusetts 02110-3333
Attention: Eli Rubenstein, Esq.
Facsimile: 617-574-4112
Telephone: 617-482-1776

12.4.2 If to the Partnership, addressed as follows:

Prudential Realty Group
8 Campus Drive
4th Floor - Arbor Circle South
Parsippany, New Jersey 07054
Attention: John R. Triece
Facsimile: (201) 683-1797

with a copy to:

The Prudential Insurance Company
of America
c/o Prudential Capital Group
Four Embarcadero Center
Suite 2700
San Francisco, California 94111
Attention: Harry Mixon, Esq.
Facsimile: (415) 956-2197

and a copy to:

O'Melveny & Myers LLP
Embarcadero Center West
275 Battery Street
San Francisco, California 94111
Attention: Stephen A. Cowan, Esq.
Facsimile: (415) 984-8701

or to such other individual or address as a party hereto may designate for itself by notice given as herein provided.

12.5 Waivers. The failure of a party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

12.6 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.7 Interpretation. The headings preceding the text of Articles and Sections included in this Agreement and the headings to Exhibits and Schedules attached to this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. The use of the masculine, feminine or neuter gender herein shall not limit any provision of this Agreement. The use of the term "including" or "include" shall in all cases herein mean "including, without limitation" or "include, without limitation," respectively. Underscored references to Articles, Sections, Subsections, Exhibits or Schedules shall refer to those portions of this Agreement.

12.8 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

12.9 Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No assignment of any rights or obligations shall be made by any party without the written consent of each other party.

12.10 No Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and, to the extent provided herein, their respective Representatives, and no provision of this Agreement shall be deemed to confer upon other third parties any remedy, claim, liability, reimbursement, cause of action or other right.

12.11 Further Assurances. Upon reasonable request of any party, each other party will execute and deliver such other documents, releases, assignments and other instruments as may be required to effectuate completely the transfer and assignment to Investor of the Property and to issue the Investor Preferred Units, Investor Common Units and the Shares and to otherwise carry out the purposes of this Agreement.

12.12 Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

12.13 Remedies Cumulative. The remedies provided in this Agreement shall be cumulative and shall not preclude the assertion or exercise of any other rights or remedies available by law, in equity or otherwise.

12.14 Entire Understanding. This Agreement, together with the other Transaction Documents, sets forth the entire agreement and understanding of the parties hereto with respect to the matters set forth herein and supersedes any and all prior agreements, arrangements and understandings among the parties.

12.15 Consent to Jurisdiction and Service of Process. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PERSON ARISING OUT OF OR RELATING

TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any other party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

12.16 Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

PARTNERSHIP: THREE EMBARCADERO CENTER WEST,
a California limited partnership

By: THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA, a New Jersey corporation,
its General Partner

By: /s/ Gary L. Frazier

Name: _____
Title: _____

BPECW LLC: BP EC WEST LLC,
a Delaware limited liability company

By: BOSTON PROPERTIES LIMITED PARTNERSHIP,
a Delaware limited partnership,
its sole Member

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
its General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

INVESTOR: BOSTON PROPERTIES LIMITED PARTNERSHIP,
a Delaware limited partnership

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
its General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

PUBLIC COMPANY: BOSTON PROPERTIES, INC.,
a Delaware corporation

By: /s/ William J. Wedge

Name: William J. Wedge
Title: Senior Vice President

PRUDENTIAL: THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation

By: /s/ Gary L. Frazier

Name: _____
Title: _____

PIC: PIC REALTY CORPORATION,
a Delaware corporation

By: /s/ Gary L. Frazier

Name: _____
Title: _____

PRS: PRUDENTIAL REALTY SECURITIES II, INC.,
a Delaware corporation

By: /s/ Duane H. Tucker, Jr.

Name: Duane H. Tucker, Jr.
Title: President

EXHIBIT 99.6

[Embarcadero Portfolio Registration Rights Agreement]

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT

BY AND AMONG

BOSTON PROPERTIES, INC., BOSTON PROPERTIES LIMITED PARTNERSHIP

AND THE

HOLDERS NAMED HEREIN

November 12, 1998

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT

This Registration Rights and Lock-Up Agreement (this "Agreement") is entered into as of November 12, 1998 by and among Boston Properties, Inc., a Delaware corporation (the "Company"), Boston Properties Limited Partnership, a Delaware limited partnership (the "Partnership" and, with the "Company," collectively, the "Acquiror"), and the Persons whose names are set forth on Schedule A hereto (each a "Holder" and, collectively, the "Holders").

WHEREAS, certain of the Holders are parties to a Contribution Agreement (the "ECIP Contribution Agreement"), dated November 12, 1998, by and among the Partnership, Embarcadero Center Investors Partnership, a California limited partnership ("ECIP"), and such Holders relating to the contribution of interests in ECIP to the Partnership in exchange for preferred units of limited partnership in the Partnership denominated as "Series Two Preferred Units";

WHEREAS, certain of the Holders are parties to a Contribution Agreement (the "Three ECW Contribution Agreement"), dated November 12, 1998, by and among the Partnership, Three Embarcadero Center West, a California limited partnership ("Three ECW"), and such other Holders relating to the contribution of interests in Three ECW (other than those interests owned by The Prudential Insurance Company of America ("Prudential") to the Partnership in exchange for Series Two Preferred Units issued to such Holders (except that One Embarcadero Center Venture, Three Embarcadero Center Venture and Four Embarcadero Center Venture received Series Three Preferred Units (as defined below));

WHEREAS, Three ECW (a Holder under this Agreement) is a party to a Contribution Agreement (the "Three ECW Property Contribution Agreement" and, together with the ECIP Contribution Agreement and the Three ECW Contribution Agreement, the "Contribution Agreements"), dated November 12, 1998, by and among the Company, the Partnership, BP/ECW LLC, Three ECW, Prudential and certain Prudential affiliates, relating to the contribution by Three ECW of its entire undivided interest in the property known as Embarcadero Center West to the Partnership in exchange for preferred units of limited partnership in the Partnership denominated as "Series Three Preferred Units." The Series Two Preferred Units and the Series Three Preferred Units are collectively known as the "Preferred Units.";

WHEREAS, the Preferred Units are being issued to the Holders in a private placement transaction and accordingly constitute restricted securities;

WHEREAS, upon the presentation of Common Units of limited partnership in the Partnership ("Common Units") (which may be acquired upon conversion of Preferred Units) for redemption in accordance with the terms hereof and the terms of the Second Amended and

Restated Agreement of Limited Partnership of the Partnership (as amended, the "Limited Partnership Agreement"), the Common Units may be acquired by the Company for shares of the Company's common stock, par value $.01 per share ("Common Shares"), and the Company has agreed to provide certain registration rights to the Holders in respect of such Common Shares and the Holders have agreed to certain restrictions on the transferability and redemption of the Units and such Common Shares;

WHEREAS, the Preferred Units generally may not be converted into Common Units (and thus, from Common Units into Common Shares) until December 31, 2002 (the "Conversion Date"); and

WHEREAS, it is a condition precedent under the Contribution Agreements that each of the Company, the Partnership and the Holders enter into this Agreement.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and agreements set forth herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Certain Definitions.

As used in this Agreement, the following capitalized terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

"Acquiror" shall have the meaning set forth in the recitals hereto.

"Affiliate Holder" shall have the meaning set forth in Section 3A(a) hereof.

"Agreement" shall have the meaning set forth in the recitals hereto.

"Common Shares" shall have the meaning set forth in the recitals hereto.

"Company" shall have the meaning set forth in the recitals hereto.

"Contribution Agreements" shall have the meaning set forth in the recitals hereto.

"Conversion Date" shall have the meaning set forth in the recitals hereto.

"Dispose" and "Disposition" means any direct offer, pledge (unless the pledgee cannot foreclose on pledged Units until after the expiration of the Lock-Up Period), sale, contract to

sell, grant of an option to sell (unless the optionee cannot exercise such option until after the expiration of the Lock-Up Period) or other disposition.

"ECIP" shall have the meaning set forth in the recitals hereto.

"ECIP Contribution Agreement" shall have the meaning set forth in the recitals hereto.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Holder" shall have the meaning set forth in the recitals hereto.

"Issuance Registration Expiration Date" shall have the meaning set forth in Section 3A(a) hereof.

"Issuance Registration Statement" shall have the meaning set forth in Section 3A(a) hereof.

"Limited Partnership Agreement" shall have the meaning set forth in the recitals hereto.

"Maximum Share Number" shall mean 10,080,685 (i.e., that number of Common Shares equal to the difference between (a) 20% of the Company's outstanding Common Shares as of the date hereof (12,705,357) and (b) the number of Common Shares issuable upon conversion of Series A Preferred Shares issued to Prudential, or any of its designees, under that certain Stock Purchase Agreement of even date herewith between the Company and Prudential (2,624,672)). The Maximum Share Number shall be appropriately adjusted in the case of any dividends on Common Shares payable in Common Shares, any split of Common Shares, or any reverse split or combination of Common Shares.

"NASD" means the National Association of Securities Dealers, Inc.

"Non-Redemption Period" shall have the meaning set forth in Section 2(a) hereof.

"Outside Effective Date" shall have the meaning set forth in Section 3A(a) hereof.

"Partnership" shall have the meaning set forth in the recitals hereto.

"Permitted Distributee" means a direct or indirect holder of equity interests, as of the date hereof, in a Holder, as listed on Schedule B hereto, which Permitted Distributee has delivered to the Company a Representation Letter (as defined in the Contribution Agreements).

"Person" shall mean an individual, partnership, limited liability company, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Preferred Units" shall have the meaning set forth in the recitals hereto.

"Prospectus" shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Shares covered by such Registration Statement, and by all other amendments and supplements to such prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

"Prudential" shall have the meaning set forth in the recitals hereto.

"Resale Shelf Registration Expiration Date" shall have the meaning set forth in Section 3(A)(b) hereof.

"Resale Shelf Registration Statement" shall have the meaning set forth in Section 3A(b) hereof.

"Registrable Shares" (a) when used with respect to a non-Affiliate Holder, shall mean the Shares of such Holder, excluding (i) Shares for which a Registration Statement relating to the issuance or sale thereof shall have become effective under the Securities Act and which have been issued or disposed of under such Registration Statement, (ii) Shares sold pursuant to Rule 144 or (iii) Shares eligible for sale pursuant to Rule 144(k) (or any successor provision); (b) when used with respect to an Affiliate Holder, shall mean the Shares of such Affiliate Holder, excluding (i) Shares for which a Registration Statement relating to the sale thereof shall have become effective under the Securities Act and which have been disposed of under such Registration Statement, (ii) Shares sold pursuant to Rule 144 or (iii) Shares eligible for sale pursuant to Rule 144(k) (or any successor provision); and (c) when used without reference to a Holder, shall mean the Registrable Shares of all Holders.

"Registration Expenses" shall mean any and all expenses incident to performance of or compliance with this Agreement, including, without limitation: (i) all SEC, stock exchange or NASD registration and filing fees; (ii) all fees and expenses incurred in connection with compliance with state securities or "blue sky" laws (including reasonable fees and disbursements of counsel in connection with "blue sky" qualification of any of the Registrable Shares and the preparation of a Blue Sky Memorandum) and compliance with the rules of the NASD; (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any Prospectus, certificates

and other documents relating to the performance of and compliance with this Agreement; (iv) all fees and expenses incurred in connection with the listing, if any, of any of the Registrable Shares on any securities exchange or exchanges pursuant to Section 5 hereof; and (v) the fees and disbursements of counsel for the Company and of the independent public accountants of the Company. Registration Expenses shall specifically exclude underwriting discounts and commissions relating to the sale or disposition of Registrable Shares by a selling Holder, the fees and disbursements of counsel representing a selling Holder, and transfer taxes, if any, relating to the sale or disposition of Registrable Shares by a selling Holder, all of which shall be borne by such Holder in all cases.

"Registration Statement" shall mean any registration statement of the Company which covers the issuance or resale of any of the Registrable Shares on an appropriate form, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all materials incorporated by reference therein.

"Rule 144" shall mean Rule 144 under the Securities Act (or any successor provision).

"Securities Act" shall mean the Securities Act of 1933, as amended.

"SEC" shall mean the Securities and Exchange Commission.

"Series A Preferred Shares" shall mean shares of the Company's series of preferred stock, par value $.01 per share, called the Series A Preferred Stock.

"Series Three Preferred Units" shall have the meaning set forth in the recitals hereto.

"Series Two Preferred Units" shall have the meaning set forth in the recitals hereto.

"Shares" (a) when used with respect to a Holder, shall mean any Common Shares issued (or which are not currently outstanding but are issuable) to the Holder upon redemption or in exchange for Source Common Units and (b) when used without reference to a Holder, shall mean the Shares of all Holders; provided, that any Common Shares issued in respect of Shares as a stock dividend or in connection with a stock split, reorganization, reclassification, merger, consolidation or similar event shall also be deemed to be "Shares" for purposes of this Agreement.

"Source Common Units" shall mean Common Units which are held by a Holder and which Common Units were issued, or which are not currently outstanding but are issuable, upon conversion of Preferred Units which were issued by the Partnership pursuant to a Contribution Agreement.

"Three ECW" shall have the meaning set forth in the recitals hereto.

"Three ECW Contribution Agreement" shall have the meaning set forth in the recitals hereto.

"Three ECW Property Contribution Agreement" shall have the meaning set forth in the recitals hereto.

"Units" shall mean the Preferred Units and the Common Units that may be acquired upon conversion of the Preferred Units.

2. Disposition Restrictions; Mandatory Cash Redemptions.

(a) Lock-Up Period. Each Holder hereby agrees that for a period of one year after the date hereof (the "Lock-Up Period"), it will not Dispose of any Units; provided, however, that, subject to Sections 2(b), such Holder may:

(i) Dispose of Units to a Permitted Distributee;

(ii) Dispose of Units to another Holder;

(iii) Dispose of Units on his or her death to such Holder's estate, executor, administrator or personal representative or to such Holder's beneficiaries pursuant to a devise or bequest or by laws of descent and distribution; and

(iv) Dispose of Units to any other Person; provided, that within a reasonable period of time (but in no event less than five (5) business days) prior to such Disposition, such Holder provides to the Company (i) written notice reasonably describing the terms, circumstances and intended date of such Disposition and (ii) a written opinion of nationally recognized counsel that such Disposition shall not cause the Company or the Partnership to (a) violate, or have been in violation of, any law, statute, code, rule, regulation, administrative or executive order or other requirement or policy of any governmental authority or (b) be subject to, or have been in violation of, the disclosure or proxy-related obligations for roll-up transactions set forth in Section 14(h) of the Exchange Act or Items 901-915 of Regulation S-K of the Securities Act in connection with the issuance of the Units pursuant to the Contribution Agreements;

and provided, further, that the transferor shall, in connection with any Disposition, at the reasonable request of the Company, provide evidence reasonably satisfactory to the Company that the transfer is exempt from the registration requirements of the Securities Act.

Following the expiration of the Lock-Up Period, the only contractual restrictions on the Disposition of Units shall be those set forth herein and in the Limited Partnership Agreement and the Company's Certificate of Incorporation.

(b) Binding Obligation; Certain Provisions of Organizational Documents. If a Holder Disposes of Shares or Units under any provision of this Section 2, such Shares and Units shall remain subject to this Agreement and, as a condition of the validity of such disposition, the transferee shall be required to execute and deliver a counterpart of this Agreement unless such transferee is already a Holder. Thereafter, such transferee shall be deemed to be a Holder for purposes of this Agreement. The provisions set forth in this Agreement permitting Dispositions of the Shares and Units shall not be deemed in any manner to limit any provision of the Company's Certificate of Incorporation or the Partnership's Limited Partnership Agreement which set forth restrictions or limitations on the transferability of Shares or Units.

(c) After a number of Common Shares equal to the Maximum Share Number has been issued by the Company, pursuant to Section 8.6.B of the Limited Partnership Agreement, in exchange for Source Common Units presented to the Partnership for redemption, the Partnership shall be irrevocably obligated to pay to any Holder that presents Source Common Units for redemption the appropriate Cash Amount (as defined in the Limited Partnership Agreement), pursuant to Section 8.6.A of the Limited Partnership Agreement (i.e., the Company shall lose its rights under Section 8.6.B of the Limited Partnership Agreement to acquire such Units for Common Shares).

3A. Registration with Respect to Holders.

(a) Filing of Issuance Registration Statement. Subject to the conditions set forth in this Agreement, the Company shall cause to be filed with the SEC by September 2, 2002 a Registration Statement (the "Issuance Registration Statement") under Rule 415 under the Securities Act relating to (i) the issuance to the Holders of Registrable Shares upon the redemption of Common Units or in exchange for Common Units and (ii) the sale by any Holder who is an affiliate of the Company (as defined in Rule 144(a) under the Securities Act) (each, an "Affiliate Holder") of all of the Registrable Shares of such Holder or Holders in accordance with the terms hereof, and shall use reasonable best efforts to cause such Registration Statement to be declared effective by the SEC as soon as practicable thereafter. In the event that the Company is unable to cause the Issuance Registration Statement to be declared effective by the SEC prior to November 1, 2002 (the "Outside Effective Date"), then

the provisions of Section 3A(b) shall apply. The Company agrees to use reasonable best efforts to keep the Registration Statement, after its date of effectiveness, continuously effective until the date on which (i) all Holders have redeemed or exchanged for Common Shares the Common Units that may be issued upon conversion of Preferred Units and (ii) the Affiliate Holders (A) no longer hold any Registrable Shares or (B) may sell all of the Registrable Shares held by such Affiliate Holders pursuant to Rule 144(k) (or any successor provision) (hereinafter referred to as the "Issuance Registration Expiration Date").

(a-1) Notwithstanding the foregoing, in the event the Conversion Date with respect to a Holder's Preferred Units accelerates due to the consummation of a "Cash Business Combination" (as defined in the relevant Preferred Units' Certificate of Designations), (i) the Company's obligations under Section 3A(b) below shall become immediately effective with respect to such Holder (provided, however, that the Company must file the Resale Registration Statement (as defined below) within forty-five (45) days of the consummation of such transaction) and (ii) the Company's obligations under Section 3A(a) above shall terminate with respect to such Holder.

(b) Registration Statement Covering Resale of Common Shares. In the event that the Company determines that it is unable to cause the Issuance Registration Statement to be declared effective by the SEC by the Outside Effective Date or (except as otherwise permitted by Sections 9(b) and 10) is unable or it is impracticable to keep such Issuance Registration Statement continuously effective until the Issuance Registration Expiration Date, the Company shall cause to be filed with the SEC, within ten (10) business days after the Company makes such determination, a Registration Statement (the "Resale Shelf Registration Statement") under Rule 415 under the Securities Act relating to the resale by each Holder of all Registrable Shares of such Holder. The Company shall use reasonable best efforts to cause such Registration Statement to be declared effective by the SEC as soon as practicable thereafter. The Company agrees to use reasonable best efforts to keep the Resale Shelf Registration Statement, after its date of effectiveness, continuously effective until the earlier of (a) the date on which all Registrable Shares have been disposed of by the Holders or (b) the date on which all Registrable Shares have become eligible for sale pursuant to Rule 144(k) (or any successor provision) (the "Resale Shelf Expiration Date"). After the Company has filed the Resale Shelf Registration Statement, any obligation of the Company to file the Issuance Registration Statement pursuant to Section 3A(a) shall be suspended for so long as the Resale Shelf Registration Statement remains effective.

(c) Demand Registration. Subject to the conditions set forth in this Agreement, at any time after the later of the Resale Shelf Registration Expiration Date and the Issuance Registration Expiration Date and while any Registrable Shares are outstanding (or are not currently outstanding, but are issuable), the Company shall, at the written request of any Holder holding Registrable Shares, cause to be filed within twenty (20) business days after the

date of such request by such Holder a Registration Statement under Rule 415 under the Securities Act relating to the sale by the Holder of all of the Registrable Shares held by such Holder in accordance with the terms hereof, and shall use reasonable best efforts to cause such Registration Statement to be declared effective by the SEC as soon as practicable thereafter. The Company may, in its sole discretion, elect to file the Registration Statement before receipt of notice from any Holder. The Company agrees to use reasonable efforts to keep the Registration Statement continuously effective, after its date of effectiveness, until the date on which such Holder no longer holds any Registrable Shares.

(d) Piggyback Registration. If at any time after the Conversion Date, while any Registrable Shares of a Holder are outstanding (or are not currently outstanding, but are issuable) and (except as otherwise permitted by Sections 9(b) and 10) a Registration Statement applicable to Holders under Sections 3A(a), 3A(b) or 3A(c) is not effective, the Company proposes to file a registration statement under the Securities Act with respect to an offering solely of Common Shares solely for cash (other than a registration statement (i) on Form S-8 or any successor form to such Form or in connection with any employee or director welfare, benefit or compensation plan, (ii) on Form S-4 or any successor form to such Form or in connection with an exchange offer, (iii) in connection with a rights offering exclusively to existing holders of Common Shares, (iv) in connection with an offering solely to employees of the Company or its subsidiaries, or (v) relating to a transaction pursuant to Rule 145 of the Securities Act), for its own account or for the accounts of other Holders, the Company shall give prompt written notice of such proposed filing to the Holders. The notice referred to in the preceding sentence shall offer the Holders the opportunity to register such amount of Registrable Shares as each Holder may request (a "Piggyback Registration"). Subject to the provisions of Section 4 below, the Company shall include in such Piggyback Registration, in the registration and qualification for sale under the blue sky or securities laws of the various states and in any underwriting in connection therewith all Registrable Shares for which the Company has received written requests for inclusion therein from Holders within twenty (20) calendar days after the notice referred to above has been given by the Company to the Holders. Holders of Registrable Shares shall be permitted to withdraw all or part of the Registrable Shares from a Piggyback Registration at any time prior to the effective date of such Piggyback Registration. If a Piggyback Registration is an underwritten primary registration on behalf of the Company and the managing underwriter advises the Company that the total number of Common Shares requested to be included in such registration by the Holders and holders under similar registration rights agreements exceeds the number of Common Shares that can be sold in such offering without impairing the pricing or other commercial practicality of such offering, the Company will include in such registration in the following priority: (i) first, all Common Shares the Company proposes to sell, (ii) second, up to the full number of applicable Common Shares requested to be included in such registration by any holders identified in that certain Registration Rights and Lock-Up Agreement dated June 23, 1997, as amended from time to time, by and among the Company and such holders, and (iii) third, up to the full

number of applicable Registrable Shares requested to be included in such registration by any Holders and any other holders under similar registration rights agreements with the Company which, in the case of this clause (iii), in the opinion of such managing underwriter, can be sold without adversely affecting the price range or probability of success of such offering (with, to the extent necessary, Registrable Shares allocated pro rata among the Holders
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and such other holders on the basis of the total number of Common Shares requested to be included in such registration by all such holders). If in connection with any registration under this Section 3A(d), the Common Shares to be registered will be distributed by or through one or more underwriters, then the Company will make reasonable efforts, upon the request of any Holder requesting registration of Registrable Shares under this Section 3A(d), to arrange for such underwriters to include the Registrable Shares of such Holder among the Shares to be distributed by or through such underwriters.

3B. Miscellaneous Provisions Relating to Registration Statements.

(a) Notification and Distribution of Materials. The Company shall notify
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each Holder of the effectiveness of any Registration Statement applicable to the Shares of such Holder and shall furnish to each such Holder such number of copies of the Registration Statement (including any amendments, supplements and exhibits), the Prospectus contained therein (including each preliminary prospectus and all related amendments and supplements) and any documents incorporated by reference in the Registration Statement or such other documents as such Holder may reasonably request in order to facilitate its sale of the Registrable Shares in the manner described in the Registration Statement.

(b) Amendments and Supplements. The Company shall prepare and file with
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the SEC from time to time such amendments and supplements to the Registration Statement and Prospectus used in connection therewith as may be necessary to keep the Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all the Registrable Shares until the earlier of (a) the Issuance Registration Expiration Date (in the case of a Registration Statement filed pursuant to Section 3A(a) hereof) or the Resale Registration Expiration Date (in the case of a Registration Statement filed pursuant to Section 3A(b) hereof) or (b) the date on which the Registration Statement ceases to be effective in accordance with the terms of this Section 3. Upon ten (10) business days' notice, the Company shall file any supplement or post-effective amendment to the Registration Statement with respect to the plan of distribution or such Holder's ownership interests in Registrable Shares that is reasonably necessary to permit the sale of the Holder's Registrable Shares pursuant to the Registration Statement. The Company shall file any necessary listing applications or amendments to the existing applications to cause the Shares registered under any Registration Statement to be then listed or quoted on the primary exchange or quotation system on which the Common Shares are then listed or quoted.

(c) Notice of Certain Events. The Company shall promptly notify each applicable Holder of, and confirm in writing, the filing of the Registration Statement or any Prospectus, amendment or supplement related thereto or any post-effective amendment to the Registration Statement applicable to such Holder and the effectiveness of any post-effective amendment.

At any time when a Prospectus relating to the Registration Statement is required to be delivered under the Securities Act by a Holder to a transferee, the Company shall immediately notify each Holder of the happening of any event as a result of which the Prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. In such event, the Company shall promptly prepare and furnish to each applicable Holder a reasonable number of copies of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered to the purchasers of Registrable Shares, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading. The Company will, if necessary, amend the Registration Statement of which such Prospectus is a part to reflect such amendment or supplement.

(d) Underwritten Offerings. In the case of an underwritten offering of Registrable Shares in which Holders will offer a number of Registrable Shares with an aggregate offering price to the public of at least $35 million (provided such number of shares represents at least 20 times the average daily trading volume of Common Shares during the four weeks preceding the request by the Holders to initiate an underwritten offering), the Company shall permit Holders who hold a majority of all Registrable Shares held by the Holders who are participating in such offering to select the investment banker(s) and manager(s) who will administer such offering, subject to the approval of the Company which will not be unreasonably withheld. In connection with any such underwritten offering, the Company (upon ten (10) business days advance notice) will (i) enter into underwriting and related agreements reasonably acceptable to the Company with customary terms (including representations and warranties and indemnification provisions, such provisions to be, to the extent customary, in favor of the selling Holders as well as the underwriters, but which terms, however, shall be no less favorable to the Company than the most recent underwriting agreement entered into by the Company); (ii) to the extent not otherwise disruptive of the Company's operations, reasonably cooperate with the underwriter(s); (iii) provide customary closing documentation; (iv) to the extent necessary, amend the Registration Statement; (v) to the extent not otherwise disruptive of the Company's operations, provide such information and make available appropriate personnel as may reasonably be requested by the Holders or the managing underwriters, and (vi) to the extent not otherwise disruptive of the Company's operations, provide such Holder and underwriters and their respective counsel and accountants,

if any, the opportunity to participate in the preparation of such Registration Statement, provided, that (a) Company personnel will not be required to participate in road show presentations (but, upon reasonable advance notice and to the extent not unduly disruptive of the Company's operations, Company personnel whose identity and office may be reasonably determined by the Company will be available to participate in a reasonable number of conference calls) and (b) the Company will be reimbursed by the Holders participating in the offering (who shall be jointly and severally liable for such reimbursement) for any out of pocket costs and expenses in connection with such cooperation to the extent such expenses are greater than the expenses, or are not the type of expenses, which would be borne by the Company in the case of other Registration Statements filed hereunder (e.g., the cost of preparing glossy prospectuses with pictures and the cost of any road show presentations in which the Company may in its sole discretion may elect to participate).

4. State Securities Laws. Subject to the conditions set forth in this Agreement, the Company shall, in connection with the filing of any Registration Statement hereunder, file such documents as may be necessary to register or qualify the Registrable Shares under the securities or "Blue Sky" laws of such states as any Holder may reasonably request, and the Company shall use its best efforts to cause such filings to become effective; provided, however, that the Company shall not be obligated to qualify as a foreign corporation to do business under the laws of any such state in which it is not then qualified or to file any general consent to service of process in any such state. Once effective, the Company shall use its best efforts to keep such filings effective until the earlier of (a) such time as all of the Registrable Shares have been disposed of in accordance with the intended methods of disposition by the Holder as set forth in the Registration Statement, (b) in the case of a particular state, a Holder has notified the Company that it no longer requires an effective filing in such state in accordance with its original request for filing or (c) the date on which the Registration Statement ceases to be effective.

5. Expenses. Except as provided in Section 3B(d), the Company shall bear all Registration Expenses incurred in connection with the registration of the Registrable Shares pursuant to this Agreement, except that each Holder shall be responsible for any brokerage or underwriting commissions and taxes of any kind (including, without limitation, transfer taxes) with respect to any disposition, sale or transfer of Registrable Shares sold by it and for any legal, accounting and other expenses incurred by it.

6. Indemnification by the Company. The Company agrees to indemnify each of the Holders and their respective officers, directors, employees, agents, representatives, fiduciaries and affiliates, and any underwriter (as defined in the Securities Act (unless a formal underwriting agreement is entered into between the Company and such underwriter, in which case the indemnification provisions, if any, set forth therein shall apply), and each person or entity, if any, that controls a Holder within the meaning of the Securities Act, and each other

person or entity, if any, subject to liability because of his, her or its connection with a Holder (each, an "Indemnitee"), against any and all losses, claims, damages, actions, liabilities, costs and expenses (including without limitation reasonable fees, expenses and disbursements of attorneys and other professionals), joint or several, arising out of or based upon any violation by the Company of the Securities Act or of any rule or regulation promulgated thereunder (i) applicable to the Company and relating to action or inaction required of the Company in connection with any Registration Statement or Prospectus, or (ii) upon any untrue or alleged untrue statement of material fact contained in the Registration Statement or any Prospectus, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, that the Company shall not be liable to such Indemnitee or any person who participates as an underwriter in the offering or sale of Registrable Shares or any other person, if any, who controls such underwriter within the meaning of the Securities Act, in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon (a) an untrue statement or alleged untrue statement or omission or alleged omission made in such Registration Statement or in any such Prospectus in reliance upon and in conformity with information regarding such Indemnitee or its plan of distribution or ownership interests which was furnished in writing by such person to the Company for use in connection with the Registration Statement or the Prospectus contained therein by such Indemnitee or (b) such Holder's failure to send or give a copy of the final, amended or supplemented prospectus furnished to the Holder by the Company at or prior to the time such action is required by the Securities Act to the person claiming an untrue statement or alleged untrue statement or omission or alleged omission if such statement or omission was corrected in such final, amended or supplemented prospectus.

7. Covenants of Holders. Each of the Holders (severally and not jointly) hereby agrees (a) to cooperate with the Company and to furnish to the Company all such information concerning its plan of distribution and ownership interests with respect to its Registrable Shares in connection with the preparation of a Registration Statement with respect to such Holder's Registrable Shares and any filings with any state securities commissions as the Company may reasonably request, (b) to deliver or cause delivery of the Prospectus contained in such Registration Statement to any purchaser of the shares covered by such Registration Statement from the Holder and (c) to indemnify the Company, its officers, directors, employees, agents, representatives and affiliates, and each person, if any, who controls the Company within the meaning of the Securities Act, and each other person, if any, subject to liability because of his connection with the Company, against any and all losses, claims, damages, actions, liabilities, costs and expenses (including, without limitation, reasonable fees, expenses and disbursements of attorneys and other professionals) arising out of or based upon (i) any untrue statement or alleged untrue statement of material fact contained in either such Registration Statement or the Prospectus contained therein, or any omission or alleged

omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, if and to the extent that such statement or omission occurs from reliance upon and in conformity with written information regarding such Holder, its plan of distribution or its ownership interests, which was furnished to the Company by such Holder expressly for use therein unless such statement or omission was corrected in writing to the Company not less than three (3) business days prior to the date of the final prospectus (as supplemented or amended, as the case may be) or (ii) the failure by the Holder to deliver or cause to be delivered the Prospectus contained in such Registration Statement (as amended or supplemented, if applicable) furnished by the Company to the Holder to any purchaser of the shares covered by such Registration Statement from the Holder through no fault of the Company. Notwithstanding the provisions of this Section 7, no Holder shall be required to pay as indemnification hereunder any amount in excess of the gross proceeds from the sale of Shares by such Holder which gave rise to the incurrence of such indemnification.

8. Indemnification Procedures.

Any person entitled to indemnification under this Agreement shall notify promptly the indemnifying party in writing of the commencement of any action or proceeding with respect to which a claim for indemnification may be made hereunder, but the failure of any indemnified party to provide such notice shall not relieve the indemnifying party of its obligations hereunder, except to the extent the indemnifying party is materially prejudiced thereby and shall not relieve the indemnifying party from any liability which it may have to any indemnified party otherwise than hereunder. In case any action or proceeding is brought against an indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, unless in the reasonable opinion of outside counsel to the indemnified party a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, to assume the defense thereof (alone or jointly with any other indemnifying party similarly notified), to the extent that it chooses, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party that it so chooses, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof; provided, however, that (i) if the indemnifying party fails to take reasonable steps necessary to defend diligently the action or proceeding within twenty (20) business days after receiving notice from such indemnified party that the indemnified party believes it has failed to do so; or (ii) if such indemnified party who is a defendant in any action or proceeding which is also brought against the indemnifying party reasonably shall have reasonably concluded, based on the advice of counsel, that there may be one or more legal defenses available to such indemnified party which are not available to the indemnifying party; or (iii) if representation of both parties by the same counsel is otherwise inappropriate under applicable standards of

professional conduct, then, in any such case, the indemnified party shall have the right to assume or continue its own defense as set forth above (but with no more than one firm of counsel for all indemnified parties in each jurisdiction, except to the extent any indemnified party or parties reasonably shall have concluded, based on the advice of counsel, that there may be legal defenses available to such party or parties which are not available to the other indemnified parties or to the extent representation of all indemnified parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct) and the indemnifying party shall be liable for any expenses therefor. No indemnifying party shall, without the written consent of the indemnified party (which shall not be unreasonably withheld), effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or (to the knowledge of the indemnifying party) threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (A) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (B) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

9. Suspension of Registration Requirement; Restriction on Sales.

(a) The Company shall promptly notify each Holder of, and confirm in writing, the issuance by the SEC of any stop order suspending the effectiveness of a Registration Statement with respect to such Holder's Registrable Shares or the initiation of any proceedings for that purpose. The Company shall use its best efforts to obtain the withdrawal of any order suspending the effectiveness of such a Registration Statement at the earliest possible moment.

(b) Notwithstanding anything to the contrary set forth in this Agreement, the Company's obligation under this Agreement to cause a Registration Statement and any filings with any state securities commission to become effective or to amend or supplement a Registration Statement shall be suspended in the event and during such period as unforeseen circumstances exist (including without limitation (i) an underwritten primary offering by the Company if the Company is advised by the underwriters that the sale of Registrable Shares under the Registration Statement would impair the pricing or commercial practicality of the primary offering or (ii) pending negotiations relating to, or consummation of, a transaction or the occurrence of an event that would require additional disclosure of material information by the Company in the Registration Statement or such filing, as to which the Company has a bona fide business purpose for preserving confidentiality or which renders the Company unable to comply with SEC requirements) (such unforeseen circumstances being hereinafter referred to as a "Suspension Event") that would make it impractical or unadvisable to cause the Registration Statement or such filings to become effective or to amend or supplement the

Registration Statement, but such suspension shall continue only for so long as such event or its effect is continuing. The Company shall promptly notify the Holders of the existence and, in the case of circumstances referred to in clause (i) of this Section 9(b), nature of any Suspension Event, and shall promptly notify the Holders upon the expiration of such Suspension Event.

(c) Each holder of Registrable Shares agrees, if requested by the Company in the case of a Company-initiated non-underwritten offering or if requested by the managing underwriter or underwriters in a Company-initiated underwritten offering, not to effect any public sale or distribution of any of the securities of the Company, including a sale pursuant to Rule 144, during the fifteen (15) day period prior to, and during the sixty (60) day period beginning on, the date of commencement of such Company-initiated offering (such period, or such lesser period as the Company may specify, a "Company Sale Period"), subject to its rights under Section 3A(d) hereof, and provided, that any such request shall be made no more then two times in any twelve-month period.

(d) Notwithstanding anything to the contrary in this Agreement, in no event shall Suspension Events be permitted to take effect more than twice in any twelve-month period and in no event shall Suspension Events and Company Sale Periods be permitted to take effect for more than an aggregate of one hundred twenty (120) days in any twelve-month period.

10. Black-Out Period. Each Holder agrees that, following the effectiveness of any Registration Statement (except an Issuance Registration Statement) relating to Registrable Shares of such Holder, such Holder will not effect any sales of the Registrable Shares pursuant to the Registration Statement or any filings with any state Securities Commission at any time after such Holder has received notice from the Company to suspend sales as a result of the occurrence or existence of any Suspension Event or so that the Company may correct or update the Registration Statement or such filing. During such period, the Company will not be obligated to effect redemptions of Common Units under an Issuance Registration Statement. The Holder may recommence effecting sales of the Shares pursuant to the Registration Statement or such filings, and the Company will be obligated to resume effecting redemptions of Common Units under an Issuance Registration Statement, and all other obligations which are suspended as a result of a Suspension Event shall no longer be so suspended, following further notice to such effect from the Company, which notice shall be given by the Company not later than five (5) business days after the conclusion of any such Suspension Event.

11. Additional Shares. The Company, at its option, may register, under any Registration Statement and any filings with any state securities commissions filed pursuant to this Agreement, any number of unissued Common Shares of the Company or any Common Shares of the Company owned by any other shareholder or shareholders of the Company.

12. Contribution. If the indemnification provided for in Sections 6 and 7 is unavailable to an indemnified party with respect to any losses, claims, damages, actions, liabilities, costs or expenses referred to therein or is insufficient to hold the indemnified party harmless as contemplated therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, actions, liabilities, costs or expenses in such proportion as is appropriate to reflect the relative fault of the Company, on the one hand, and the Indemnitee, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, actions, liabilities, costs or expenses as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of the Indemnitee, on the other hand, shall be determined by reference to, among other factors, whether the untrue or alleged untrue statement of a material fact or omission to state a material fact relates to information supplied by the Company or by the Indemnitee and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that in no event shall the obligation of any indemnifying party to contribute under this Section 12 exceed the amount that such indemnifying party would have been obligated to pay by way of indemnification if the indemnification provided for under Sections 6 or 7 hereof had been available under the circumstances.

The Company and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 12 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph.

Notwithstanding the provisions of this Section 12, no Holder shall be required to contribute any amount in excess of the amount by which the gross proceeds from the sale of Shares exceeds the amount of any damages that the Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission. No indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any indemnifying party who was not guilty of such fraudulent misrepresentation.

13. Amendments and Waivers. The provisions of this Agreement may not be amended, modified, or supplemented or waived without the prior written consent of the Company and Holders holding in excess of one-half of the aggregate of all Shares held by (or issuable to) such Holders.

14. Notices. Except as set forth below, all notices and other communications provided for or permitted hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or sent by registered or certified mail (return receipt requested),

postage prepaid or courier or overnight delivery service to the respective parties at the following addresses (or at such other address for any party as shall be specified by like notice, provided, that notices of a change of address shall be effective only upon receipt thereof):

If to the Company:	Boston Properties, Inc. 8 Arlington Street Boston, MA 02116 Attn: Chief Financial Officer Telecopy: (617) 536-4233
with a copy to:	Goodwin, Procter & Hoar LLP Exchange Place Boston, MA 02109 Attn: Edward M. Schulman, Esq. Telecopy: (617) 523-1231
If to the Holders: (other than Holders of Series Three Preferred Units)	As listed on the applicable Holder Signature Page
with a copy to:	Willkie Farr & Gallagher 787 Seventh Avenue New York, NY 10019 Attn: Bruce M. Montgomerie, Esq. Telecopy: (212) 728-8111
If to Holders of Series Three Preferred Units:	As listed on the applicable Holder Signature Page
with a copy to:	O'Melveny & Myers LLP Embarcadero Center West 275 Battery Street San Francisco, CA 94111 Attn: Stephen A. Cowan, Esq. Telecopy: (415) 984-8701

In addition to the manner of notice permitted above, notices given pursuant to Sections 9 and 10 hereof may be effected telephonically and confirmed in writing thereafter in the manner described above.

15. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement may not be assigned by any Holder and any attempted assignment hereof by any Holder will be void and of no effect and shall terminate all obligations of the Company hereunder; provided, that any Holder may assign its rights hereunder to any person to whom such Holder may Dispose of Shares and/or Units pursuant to Section 2 hereof.

16. Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed wholly within said State.

18. Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all of the rights and privileges of the parties hereto shall be enforceable to the fullest extent permitted by law.

19. Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be the complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to such subject matter. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

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

BOSTON PROPERTIES, INC.

By: /s/ William J. Wedge

Name: William J. Wedge
Title: Senior Vice President

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: Boston Properties, Inc.,
its general partner

By: /s/ William J. Wedge

Name: William J. Wedge
Title: Senior Vice President

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT
HOLDER SIGNATURE PAGE

Reference is made to that certain Registration Rights and Lock-Up Agreement (the "Registration Rights Agreement") entered into on November 12, 1998 by and among Boston Properties, Inc., Boston Properties Limited Partnership, and the Holders named therein. The undersigned, by its execution hereof, agrees to be bound by all the terms of a Holder thereunder.

THREE EMBARCADERO CENTER WEST,
a California limited partnership

By: THE PRUDENTIAL INSURANCE
COMPANY OF AMERICA, a New Jersey
corporation, General Partner

By: /s/ Gary L. Frazier

Name: Gary L. Frazier
Title: Vice President

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT
HOLDER SIGNATURE PAGE

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Rockmark Corporation

/s/ Richard E. Salomon

By: Richard E. Salomon, President

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT
HOLDER SIGNATURE PAGE

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Louis R. Benzak

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon, President

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT
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John R. H. Blum

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon, President

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT
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James R. Bronkema Trust

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon, President

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT
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Vincent deP. Farrell

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon, President

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Leslie H. Larsen

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon, President

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Bruce M. Montgomerie

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

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Bill F. Osborne

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Mr. Richard E. Salomon, President

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William F. Pounds

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Mr. Richard E. Salomon, President

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David Rockefeller

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Mr. Richard E. Salomon, President

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DR & Descendants Partnership

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Mr. Richard E. Salomon, President

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Estate of Richard B. Salomon

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Mr. Richard E. Salomon, President

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/s/ Richard E. Salomon

Name: Mr. Richard E. Salomon

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Salomon 1968 Trust

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Mr. Richard E. Salomon, President

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Salomon 1969 Trust

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Mr. Richard E. Salomon, President

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William G. Spears

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Mr. Richard E. Salomon, President

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George M. Topliff

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Mr. Richard E. Salomon, President

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John O. Wolcott

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon, President

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Fedmark Corporation

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon, President

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ECW Investor Associates

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon, President

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Realrock I

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon, President

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT
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ECW Claymark, Investors

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon, President

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WR Trust

By: Rockmark Corporation, attorney-in-fact

/s/ Richard E. Salomon

Name: Richard E. Salomon, President

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT
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EC Holdings, Inc.

[Signature Illegible]

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Portman Family Trust

By: /s/ John C. Portman, Jr.

By: /s/ Joan N. Portman

By: /s/ John C. Portman III

REGISTRATION RIGHTS AND LOCK-UP AGREEMENT
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WRTEC, Inc.

By: /s/ Marion Burton

Name: Marion Burton, President

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Winrock International Institute for
Agricultural Development

By: /s/ Byron T. Edwards

Name: Byron T. Edwards, Presedent & CEO

SCHEDULE A

LIST OF HOLDERS

SERIES TWO PREFERRED UNITS

Rockmark Corporation
Louis R. Benzak
John R.H. Blum
James R. Bronkema Trust
Vincent deP. Farrell, Jr.
Leslie H. Larsen
Bruce M. Montgomerie
Bill F. Osborne
EC HOLDINGS, INC.
Portman Family Trust
William F. Pounds
David Rockefeller
DR & Descendants Partnership
Estate of Richard B. Salomon
Richard E. Salomon
Salomon 1968 Trust
Salomon 1969 Trust
William G. Spears
George M. Topliff
Winrock International Institute for Agricultural Development
WRTEC, INC.
John O. Wolcott
Fedmark Corporation
ECW Investor Associates
Realrock I
ECW Claymark Investors
WR Trust

SERIES THREE PREFERRED UNITS

One Embarcadero Center Venture
Three Embarcadero Center Venture
Four Embarcadero Center Venture
Three Embarcadero Center West

EXHIBIT 99.7

THIRD AMENDED AND RESTATED PARTNERSHIP AGREEMENT

OF

ONE EMBARCADERO CENTER VENTURE

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SCHEDULES AND EXHIBITS

THIRD AMENDED AND RESTATED
PARTNERSHIP AGREEMENT

OF

ONE EMBARCADERO CENTER VENTURE

This THIRD AMENDED AND RESTATED PARTNERSHIP AGREEMENT OF ONE EMBARCADERO CENTER VENTURE (this "Agreement") is entered into and shall be effective as of the 12th day of November, 1998, by and between Boston Properties LLC, a Delaware limited liability company, having a mailing address c/o Boston Properties, Inc., 8 Arlington Street, Boston, Massachusetts 02116, as managing general partner ("BPLLC" or the "Managing General Partner"), BP EC1 Holdings LLC, a Delaware limited liability company, having a mailing address c/o Boston Properties, Inc., 8 Arlington Street, Boston, Massachusetts 02116, as non-managing general partner ("Holdings LLC"), and PIC Realty Corporation, a Delaware corporation, having a mailing address c/o Prudential Realty Group, 8 Campus Drive, 4th Floor - Arbor Circle South, Parsippany, New Jersey 07054 ("PIC"), as non-managing general partner. Holdings LLC and PIC are sometimes hereinafter referred to as the "Non-Managing General Partners" and each as a "Non-Managing General Partner." The Managing General Partner and the Non-Managing General Partners are sometimes hereinafter referred to as the "Partners."

RECITALS:

A. ONE EMBARCADERO CENTER VENTURE (the "Partnership") is a California general partnership formed pursuant to and governed by that certain Agreement of Partnership dated as of January 1, 1973, creating a general partnership named Block 230 Associates, and as subsequently amended on March 1, 1973 and June 10, 1977, amended and restated on January 1, 1979, and further amended on September 1, 1979, December 29, 1986, December 31, 1986, January 1, 1992 and September 28, 1998 (as revised to such date, the "Prior Partnership Agreement").

B. The Partnership owns and has in operation that certain parcel of real property situated in the City and County of San Francisco, California, and more particularly described on Exhibit A hereto, upon which is erected an office building, related improvements and personal property owned by the Partnership and situated thereon or therein, known generally as One Embarcadero Center (the "Real Property").

C. On September 30, 1998, the interest of Fedmark Corporation, a Delaware corporation ("Fedmark"), in the Partnership was redeemed for cash. Following such redemption, all of the outstanding partnership interests in the Partnership were held by PIC, with a 50.016956% partnership interest, and Embarcadero Center Investors Partnership, a California limited partnership ("ECIP"), with a 49.983044% partnership interest.

D. Pursuant to that certain Master Transaction Agreement, dated September 28, 1998 (the "Master Transaction Agreement"), by and among (i) The Prudential Insurance Company of America, a New Jersey corporation, PIC, Fedmark, ECIP, Pacific Property Services, L.P., a California limited partnership, and the other persons identified therein on Exhibit A-1 thereto, on the one hand, and (ii) Boston Properties Limited Partnership, a Delaware limited partnership (the "Operating Partnership"), and Boston Properties, Inc., a Delaware corporation ("Public Company") on the other hand, the Operating Partnership acquired the right, subject to the satisfaction of various conditions, to have all of the partners of ECIP contribute to the Operating Partnership all of their interests in ECIP. On November 12, 1998, following the redemption of Fedmark as a partner of the Partnership as described in the preceding paragraph, the closing of the transactions contemplated by the Master Transaction Agreement occurred, and the Operating Partnership directed the partners of ECIP to convey their interests in ECIP to Holdings LLC and the partners of ECIP did so convey their interests in ECIP to Holdings LLC (which conveyance constituted a contribution to the Operating Partnership). Upon such conveyance, by operation of law ECIP dissolved and Holdings LLC succeeded to ECIP's 49.983044% partnership interest in the Partnership. Prior to the amendment and restatement of this Agreement, Holdings LLC conveyed to BPLLC a 0.499830% partnership interest in the Partnership. As a result of the foregoing, (i) ECIP and Fedmark (the "Withdrawing Partners") have ceased to be partners of the Partnership, (ii) BPLLC and Holdings LLC have been admitted as partners of the Partnership, and (iii) as of the date hereof BPLLC, PIC and Holdings LLC are the sole partners of the Partnership with percentage interests of 0.499830%, 50.016956% and 49.483214%, respectively.

E. To reflect the transfers, successions, admissions and withdrawals recited above, to provide for the continuation of the Partnership as a California general partnership under the Act, and to provide for the revised terms and conditions under which the Partnership will continue in existence and be governed, the parties wish to amend and restate the Prior Partnership Agreement in its entirety, as provided herein.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. Transfer of Partnership Interests. Pursuant to the transactions described in the Recitals above, the Withdrawing Partners have ceased to be partners in the Partnership, BPLLC has been admitted as the Managing General Partner of the Partnership with a 0.499830% Percentage Interest and Holdings LLC has been admitted as a Non-Managing General Partner of the Partnership with a 49.483214% Percentage Interest. PIC shall continue as a Non-Managing General Partner of the Partnership with a 50.016956% Percentage Interest.

II. Amendment and Restatement. The Original Partnership Agreement is hereby amended and restated in its entirety as follows:

ARTICLE 1 - THE PARTNERSHIP

SECTION 1.1 Continuation of the Partnership.

The Partners hereby agree to continue the Partnership as a general partnership under and pursuant to the Uniform Partnership Act of the State of California (the "Act") as the same is now or hereafter amended. The Partners shall promptly execute, and the Managing General Partner shall promptly cause to be filed with the proper offices, any certificate or amendments thereto required by the Act or any other applicable partnership act, fictitious name act, or similar statute in effect, or for any reasonable purpose.

SECTION 1.2 Partnership Name.

The name of the Partnership shall continue to be "ONE EMBARCADERO CENTER VENTURE." All business of the Partnership shall be conducted under such name or under such variations thereof as the Managing General Partner deems necessary or appropriate to comply with the requirements of law in any applicable jurisdiction in which the Partnership may do business.

SECTION 1.3 Place of Business.

The principal place of business of the Partnership shall be c/o Boston Properties, Inc., Four Embarcadero Center, Suite 2600, San Francisco, California 94111, or at such other place or places as the Managing General Partner may designate.

SECTION 1.4 General Partnership.

The Partnership shall be a general partnership, governed by the Act. The interests of the Partners in the Partnership shall be personal property for all purposes. All real and other property owned by the Partnership shall be deemed owned by the Partnership, as a partnership, and no Partner, individually, shall have any ownership of such property.

SECTION 1.5 Term of Partnership.

The term of the Partnership shall continue until 12:00 noon on December 31, 2050, unless sooner terminated in accordance with the terms and conditions of this Agreement, or by applicable law.

SECTION 1.6 Purposes of the Partnership.

The purpose of the Partnership shall be:

(a) to own, manage, develop, improve, renovate, rehabilitate, operate, hold for investment, lease, encumber, mortgage, pledge, assign, exchange, sell and/or otherwise deal with the Property;

(b) to retain managing agents and consultants therefor, and to do all things necessary or useful in connection with any of the foregoing;

(c) in addition to, and in furtherance of these purposes and powers, the Partnership shall have the power (i) to borrow money and issue evidences of indebtedness and to secure same by mortgage, pledge or other lien (including, without limitation, obtaining the Equity Redemption Loan and Prudential Guarantied Loan), and (ii) to guarantee the obligations of any other Person when done in furtherance of the Partnership's business, including any indebtedness of such Person, and to secure such guarantee obligations by mortgage, pledge or other lien on any asset of the Partnership;

(d) to make and service the Investment Loan as contemplated herein;

(e) subject to the express terms, provisions and restrictions of this Agreement, to engage in and consummate the transactions described in the Master Transaction Agreement;

(f) to enter into the Redemption Agreement and consummate the transactions described therein; and

(g) to enter into, perform and carry out contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of any of the foregoing purposes; and

(h) to use the Excess Mortgage Loan Proceeds to make the Special BP Loan.

The Partnership shall not engage in any other business. It is further agreed that the Partnership shall at all times adhere to at least the level of quality in the maintenance and operation of the Property as a first class office and retail complex as maintained by the Partnership during the twelve (12) month period preceding the date hereof.

SECTION 1.7 Definitions.

In addition to the capitalized terms defined in the recitals and elsewhere herein, the following terms shall have the following meanings:

"Act" has the meaning set forth in Section 1.1 hereof.

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing. No officer, director or equity owner of the Managing General Partner shall be considered an Affiliate of the Managing General Partner solely as a result of serving in such capacity or being an equity owner of the Managing General Partner.

"Approved Loan Costs" shall mean all fees, costs and expenses incurred by the Partnership or any Partner in connection with the Equity Redemption Loan or Prudential Guarantied Loan that are expressly approved by each of the Partners (which approval shall not be unreasonably withheld, conditioned or delayed), including, without limitation, (i) all fees and expenses of the lender(s) thereof subject to reimbursement by the Partnership or any Partner, and (ii) all of the reasonable legal fees and expenses incurred directly by such Persons (or any of their constituent owners) in connection with the Equity Redemption Loan and the Prudential Guarantied Loan.

"Borrowing Costs" of a loan shall mean the cost of procuring and repaying such loan expressed as an "all-in" effective annual interest rate per annum to be determined taking into account all costs of procuring and repaying such loan including, without limitation, all (i) periodic interest and other amounts due and payable in connection with such loan, (ii) all loan points and fees paid with respect to such loan, (iii) all fees and expenses of the lender(s) thereof that are subject to payment or reimbursement by the borrower in connection therewith, and (iv) all legal fees and expenses incurred by the borrower in connection therewith; provided that, all points, fees, costs and expenses will be amortized on a straight-line basis over the term of the loan.

"BP Note" means a note, in the form and for a purpose described in Exhibit B hereto, given by the Partnership to the Managing General Partner or any of its Affiliates.

"BP Partners" means Boston Properties LLC, the Managing General Partner, and BP EC1 Holdings LLC, a Non-Managing General Partner.

"Capital Contributions" means, with respect to any Partner, the amount of money and the initial fair market value of any property (other than money) contributed to the Partnership with respect to the interest in the Partnership held by such Person less the amount of liabilities to which such property is subject and which the Partnership is considered to assume pursuant to the provisions of Section 752 of the Code (as defined below).

"Code" means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

"Equity Redemption Loan" shall mean a loan to the Partnership governed by the term loan agreement particularly described on Exhibit C attached hereto, a true, correct and complete copy of which has been delivered to each of the Partners prior to the date hereof. "Equity Redemption Loan" shall also include any extension or modification of the Equity Redemption Loan and any new loan obtained by the Partnership to replace or refinance the Equity Redemption Loan; provided that, any such extension, modification or new loan shall be in compliance with the terms and provisions of this Agreement and the Redemption Agreement.

"Excess Mortgage Loan Proceeds" shall mean the excess proceeds of any new mortgage loan borrowing secured by the Real Property over and above the amounts of such proceeds used to (i) repay any existing mortgage debt secured by the Real Property prior to the date hereof, (ii) pay any prepayment penalty, premium or fee in connection with any such existing mortgage loan that is repaid, and (iii) pay the transaction costs incurred by the Partnership in connection with such borrowing or the prepayment of any existing mortgage loan.

"Indemnitee" means (i) any Person made a party to a claim or proceeding by reason of (A) his or its status as a Partner, or as a director or officer of the Partnership or a Partner, or (B) his or its liabilities, pursuant to a loan guarantee or otherwise, for any indebtedness of the Partnership (including, without limitation, any indebtedness which the Partnership has assumed or taken assets subject to); and (ii) such other Persons (including Affiliates of a Partner or the Partnership) as the Managing General Partner may reasonably designate from time to time (whether before or after the event giving rise to potential liability), for a purpose related to Partnership business.

"Interest Rate Approved Loan Costs" has the meaning given thereto in Section 2.5(e)(i).

"Investment Loan" shall mean a loan made by the Partnership to the Investment Loan Borrower in an aggregate amount equal to $88,200,000 pursuant to (and in accordance with the terms and provisions of) that certain Note Purchase Agreement of even date herewith, by and between the Partnership and Investment Loan Borrower.

"Investment Loan Borrower" shall mean Prudential Realty Securities, Inc., a Delaware corporation.

"Investment Notes" means the promissory notes of the Investment Loan Borrower acquired by the Partnership in connection with the Investment Loan.

"Non-Managing General Partner" means BP EC1 Holdings LLC, a Delaware limited liability company, and PIC Realty Corporation, a Delaware corporation, and any other Person who may become a Non-Managing General Partner pursuant to the terms of this Agreement, in each such case until such Person has ceased to be a Non-Managing General Partner pursuant to

the terms of this Agreement. "Non-Managing General Partners" means all such Persons, if there is more than one. If at any time there is more than one Non-Managing General Partner, then all references herein to the Non-Managing General Partner shall, unless the context requires otherwise, be deemed to refer to the Non-Managing General Partners.

"Managing General Partner" means Boston Properties LLC, a Delaware limited liability company, and any other Person who may become a Managing General Partner pursuant to the terms of this Agreement, in either case until such Person has ceased to be a Managing General Partner pursuant to the terms of this Agreement.

"Partnership" means the partnership governed by this Agreement and any partnership continuing the business of the Partnership in the event of dissolution as herein provided.

"Percentage Interest" means, with respect to any Partner, the Percentage Interest set forth opposite such Partner's name on Schedule A. In the event any Partner's interest in the Partnership is transferred in accordance with the provisions of this Agreement, the transferee of such interest shall succeed to the Percentage Interest of his transferor to the extent it relates to the transferred interest.

"Person" means any individual, partnership, corporation, trust, or other entity.

"Property" shall mean the Real Property, including all real property, improvements, leases, licenses, fixtures and tangible and intangible personal property (including, without limitation, cash, deposit accounts, money and other sums and Investment Notes so long as the Partnership holds the same) owned by the Partnership from time to time.

"Prudential Guarantied Loan" shall mean a loan to the Partnership governed by the term loan agreement particularly described on Exhibit D attached hereto, a true, correct and complete copy of which has been delivered to each of the Partners prior to the date hereof.

"Redemption Agreement" shall mean that certain Redemption Agreement of even date herewith, by and among the Partnership and each of the Partners.

"Redemption Distribution" means the distribution to PIC, in full redemption of its interest in the Partnership, of all or a portion of the Investment Notes and, if applicable, cash, as determined in accordance with the Redemption Agreement.

"Regulations" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Special BP Loan" shall mean a loan in the principal amount equal to the Excess Mortgage Loan Proceeds and at an interest rate per annum equal to twelve (12) basis points above the Borrowing Costs of the Excess Mortgage Loan Proceeds, made by the Partnership to

any BP Partner, or any Affiliate of any BP Partner and evidenced by a promissory note in the form of Exhibit G attached hereto.

"Transfer" means, as a noun, any voluntary or involuntary transfer, sale, pledge, hypothecation, or other disposition and, as a verb, voluntarily or involuntarily to transfer, sell, pledge, hypothecate, or otherwise dispose of.

ARTICLE 2 - CAPITALIZATION

SECTION 2.1 Partners' Percentage Interests.

The names and Percentage Interests of the Partners are set forth on Schedule A hereto.

SECTION 2.2 Additional Capital Contributions; Limitations on Future Capital Contributions; Obligation of Managing Partner to Purchase BP Notes.

(a) No Partner shall, except as otherwise required by the Act, other applicable law or this Agreement, be required to make any further Capital Contributions to the Partnership, and so long as PIC or any Affiliate of PIC is a Partner, no Capital Contributions shall be made to the Partnership without the prior written consent of PIC.

(b) At no time prior to the second anniversary of the Redemption Distribution shall the Managing General Partner call or accept Capital Contributions from any Partner for the purpose of repaying the Equity Redemption Loan or any debt replacing or refinancing the Equity Redemption Loan, and during such period no Capital Contributions made after the date hereof shall be used in such manner.

(c) To the extent that it is necessary or desirable for the Partnership, in the sole discretion of the Managing General Partner, to raise cash for the purpose of funding working capital, capital expenditures, leasing commissions, tenant improvements or other expenditures relating to the Property at a time when the Partnership is unable to raise such cash through the receipt of Capital Contributions because of the prohibition set forth in Section 2.2(a), the Managing General Partner agrees that it (or an Affiliate of the Managing General Partner) will lend funds to the Partnership for such purposes by purchasing BP Notes from the Partnership.

SECTION 2.3 Admission of Additional Partners.

The Managing General Partner shall have the right, from time to time, provided it obtains the consent of the Non-Managing General Partners, to admit additional Non-Managing General Partners to the Partnership.

Upon the admission of any new Non-Managing General Partner, an amendment of this Agreement, reflecting such change, shall be signed by the Managing General Partner and the additional Non-Managing General Partner, and an amendment to the Certificate, reflecting such change, to the extent required or appropriate under applicable law, shall be signed by all Partners either individually or by the Managing General Partner on their behalf and filed with the Secretary of State of the State of California.

SECTION 2.4 Return of Capital Accounts and Redemption of Partnership Interests.

Except as otherwise provided in this Agreement or as set forth in the Redemption Agreement, (i) no Partner shall have the right to demand and withdraw a return of its Capital Account, and (ii) no Partner shall have the right to receive property other than cash upon a distribution to the Partners, redemption of any Partner's interest or liquidation of the Partnership.

No Partner shall receive any interest, salary, or drawing with respect to its Capital Contributions or its Capital Account or for services rendered on behalf of the Partnership or otherwise in its capacity as Partner, except (i) interest received, if any, on BP Notes or (ii) as otherwise provided in this Agreement.

SECTION 2.5 Investment Loan, Equity Redemption Loan, Prudential Guarantied Loan, Existing Loans and Replacement Loans.

(a) The Partnership is hereby authorized to, and shall, make the Investment Loan to Investment Loan Borrower and acquire the Investment Notes on the date hereof.

(b) The Partnership is hereby authorized to, and shall, borrow the Equity Redemption Loan and Prudential Guarantied Loan on the date hereof and shall thereafter perform its obligations in respect thereof subject to the terms and limitations of this Agreement. The proceeds of the Equity Redemption Loan and Prudential Guarantied Loan shall be applied to make the Investment Loan and acquire the Investment Notes on the date hereof.

(c) In accordance with Section 2.2(b), the Partnership shall not, at any time prior to the second anniversary of the Redemption Date, use Capital Contributions made after the date hereof for the purpose of repaying the Equity Redemption Loan or any debt replacing the Equity Redemption Loan.

(d) Except as otherwise expressly provided in this Agreement, all costs, fees, penalties and expenses incurred in connection with the satisfaction of any debt of the Partnership on the date hereof shall be paid by PIC, on the one hand, and the BP Partners, on the other hand, in accordance with the terms and provisions of Exhibit V to the Master Transaction Agreement. All Borrowing Costs of the Excess Mortgage Loan Proceeds ("Excess Proceeds Borrowing Costs") shall be paid by the Partnership and capitalized and amortized over the term of the loan from which the Excess Mortgage Loan Proceeds were derived. All other Borrowing Costs

incurred in connection with any Partnership borrowing (other than those described hereinabove and in subsection (e) below) shall be paid by the BP Partners.

(e) Notwithstanding anything to the contrary provided in this Agreement, all costs, fees and expenses incurred in connection with the consummation of the Equity Redemption Loan and Prudential Guarantied Loan shall be paid by the Partnership and borne by the Partners (and reflected in the Partnership's books as follows):

(i) Any and all Approved Loan Costs paid in order to reduce or lock the interest rate for the Equity Redemption Loan or Prudential Guarantied Loan (including, without limitation, interest rate lock fees and loan points charged to obtain a reduced, fixed or more favorable rate (collectively, "Interest Rate Approved Loan Costs")) shall be paid by the Partnership and capitalized and amortized over the term of the appropriate loan;

(ii) All other Approved Loan Costs shall be paid by the Partnership as current expenses and borne by each Partner in accordance with its Percentage Interest on the date hereof;

(iii) Any other costs and expenses incurred by the Partnership with respect to the Equity Redemption Loan shall be paid by the BP Partners; and

(iv) Any other costs and expenses incurred by the Partnership with respect to the Prudential Guarantied Loan shall be paid by PIC.

ARTICLE 3 - ALLOCATIONS OF PROFITS AND LOSSES AND MAINTENANCE OF CAPITAL ACCOUNTS

SECTION 3.1 Capital Accounts and Allocations of Profit and Loss.

(a) Capital Accounts. A separate capital account (a "Capital Account") shall be maintained for each Partner in accordance with Section 1.704-1(b)(2)(iv) of the Regulations, and this Section 3.1 shall be interpreted and applied in a manner consistent with such section of the Regulations. The Partnership may, at the election of the Managing General Partner, adjust the Capital Accounts of its Partners to reflect revaluations of the Partnership property whenever the adjustment would be permitted under Regulations Section 1.704-1(b)(2)(iv)(f). In the event that the Capital Accounts of the Partners are so adjusted, (i) the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization and gain or loss, as computed for book purposes, with respect to such property, and (ii) the Partners' distributive shares of depreciation, depletion, amortization and gain or loss, as computed for tax purposes, with respect to such property shall be determined so as to take account of the variation between the adjusted tax basis and book value of such property in the same manner as under Section 704(c) of the Code. In the event that

Code Section 704(c) applies to partnership property, the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization and gain and loss, as computed for book purposes, with respect to such property. The Partners' distributive shares of depreciation, depletion, amortization and gain or loss, as computed for tax purposes, with respect to such property shall be determined so as to take account of the variation between the adjusted tax basis and book value of such property in the same manner as under Code Section 704(c), and the amount of upward and/or downward adjustments to the book value of the Partnership property shall be treated as income, gain, deduction and/or loss for purposes of applying the allocation provisions of this Article 3. In the event that Code Section 704(c) applies to Partnership property, the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization and gain and loss, as computed for book purposes, with respect to such property. The amount of all distributions to Partners shall be determined pursuant to Section 4.1 hereof. Notwithstanding any provision contained herein to the contrary, no Partner shall be required to restore any negative balance in its Capital Account.

(b) Allocation of Profit and Loss. Generally, all profits and losses
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will be allocated in accordance with the Percentage Interests of the Partners. It is the intention of the Partners that all items of Partnership income, gain, loss, and deduction, as determined for book purposes, shall be allocated among the Partners, and shall be credited or debited to their respective Capital Accounts in accordance with Regulations Section 1.704(b)(2)(iv), so as to ensure to the maximum extent possible (i) that such allocations satisfy the economic effect equivalence test of Regulations Section 1.704(b)(2)(ii)(i), by allocating items that can have economic effect in such a manner that the balance of each Partner's Capital Account at the end of any taxable year (increased by such Partner's "share of Partnership minimum gain and Partner minimum gain", as defined in Regulations Section 1.704-2) would be positive in the amount of cash that such Partner would receive (or would be negative in the amount of cash that such Partner would be required to contribute to the Partnership) if the Partnership sold all of its property for an amount of cash equal to the book value (as determined pursuant to Regulations Section 1.704-1(b)(2)(iv)) of such property (reduced, but not below zero, by the amount of nonrecourse debt to which such property is subject) and all of the cash of the Partnership remaining after payment of all liabilities (other than nonrecourse liabilities) of the Partnership were distributed in liquidation immediately following the end of such taxable year pursuant to Article 9, and (ii) that all allocations of items that cannot have economic effect (including credits and nonrecourse deductions) are allocated to the Partners in accordance with the Partners' interests in the Partnership, which, unless otherwise required by Code Section 704(b) and the Regulations promulgated thereunder, shall be their Percentage Interests for the taxable year.

(c) Section 704(c) Items. Except to the extent otherwise required by
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the Code, Regulations Section 1.704-3 shall apply to all tax allocations governed by Code Section 704(c) and all "reverse section 704(c) allocations". The Managing General Partner shall determine the method of allocation to be used pursuant to Regulations Section 1.704-3 and shall make all elections under such section; provided, however, that with respect to the "reverse
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Section 704(c) allocations," caused by the transfers contemplated by the Master Transaction Agreement, the Partnership will use the "traditional method without curative allocations."

(d) The tax returns for the Partnership for the 1998 calendar year shall be prepared using the interim closing of the books method.

ARTICLE 4 - DISTRIBUTIONS

SECTION 4.1 Distributions.

(a) Except as provided in Section 4.1(b) or Section 7.5, and subject to the needs of the Partnership to accumulate reserves, which prior to the Redemption Distribution shall be determined in the sole discretion of the Managing General Partner, distributions to the Partners shall be made in proportion to the Partners' Percentage Interests. Distributions shall be made from time to time at the discretion of the Managing General Partner.

(b) Notwithstanding anything to the contrary provided in this Agreement, all payments in respect of title insurance received by the Partnership the amount of which was affected by the non-imputation endorsement to the Partnership's title insurance policy issued as of the date hereof with respect to the Property will be distributed only to the BP Partners in proportion to their respective Percentage Interests.

SECTION 4.2 Amounts Withheld.

All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment or distribution to the Partnership, the Managing General Partner or the Non-Managing General Partners shall be treated as amounts distributed to the Managing General Partner or Non-Managing General Partners pursuant to this Article for all purposes under this Agreement. The Managing General Partner may allocate any such amounts among the Partners in any manner that is in accordance with applicable law.

ARTICLE 5 - MANAGEMENT OF THE PARTNERSHIP

SECTION 5.1 Management.

The management powers over the business and affairs of the Partnership are and shall be exclusively vested in the Managing General Partner, who shall be subject to the provisions of this Agreement and to applicable law, and, subject to the consent rights set forth in Section 5.4 hereof, no Non-Managing General Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership.

SECTION 5.2 Rights to Delegate and Employ.

The Managing General Partner shall devote such time and effort to the Partnership as it deems necessary and may retain agents as reasonably required or desirable to assist it. The Managing General Partner shall review the status and condition of the Property and shall supervise the activities of any agents engaged by it. The Managing General Partner may delegate any of its powers, rights and obligations hereunder, and, in furtherance of any such delegation, may appoint, employ, contract or otherwise deal with any Person (including Affiliates, but only so long as such employment, contract or other deal is not less favorable to the Partnership than would be an arms-length transaction on market terms) for the transaction of the business of the Partnership, which Persons may, under the supervision of the Managing General Partner, perform any acts or services for the Partnership as the Managing General Partner may approve.

SECTION 5.3 Enumeration of Specific Rights and Powers.

Subject to Section 5.4, the Managing General Partner shall have all the rights and powers which may be possessed by a general partner in a partnership formed under the Act, which are otherwise conferred by law or which are necessary, advisable or convenient to the discharge of duties under this Agreement and to the management, direction and control of the business and affairs of the Partnership, exercisable without the consent of the Non-Managing General Partners (except as herein expressly provided), including the following rights and powers:

(a) to conduct the tax, financial and business affairs of the Partnership;

(b) to take all action necessary to acquire, purchase, renovate, rehabilitate, hold, own, improve, operate, encumber, mortgage, pledge, assign, exchange, or to sign notes or guarantee payment of any loans relating to the purposes of the Partnership;

(c) to manage, repair, insure, service, promote, advertise, lease, sublease, and create or release interests in the Partnership property;

(d) to timely pay out of Partnership funds such expenses as are necessary to carry out the intentions and purposes of the Partnership including real estate taxes and debt service payments to the extent there is sufficient gross cash proceeds.

(e) to sell and/or otherwise dispose of all or any portion of the Property;

(f) to make appropriate elections permitted under any applicable tax law, provided that such elections will not, in the opinion of counsel or the accountants for the Partnership, be disadvantageous to a majority in interest of the Non-Managing General Partners;

(g) to change the principal office of the Partnership to other places subject to the notice provision herein provided;

(h) to employ agents, attorneys, public accountants (which shall be, in all events, a "Big Five" accounting firm), and depositories and to grant powers of attorney;

(i) to employ persons necessary and appropriate in the operation and management of the Partnership and the Property, including, but not limited to, supervisory managing agents, insurance brokers, real estate brokers, and loan brokers, on such terms and for such compensation which does not exceed generally prevailing market rates, all to act under the supervision of the Managing General Partner, and the Managing General Partner on behalf of the Partnership is hereby authorized to enter into an agreement with any Managing General Partner in their individual capacities or a corporation or other entity affiliated with any Managing General Partner for the performance of such services to the Partnership except as otherwise provided for in this Agreement;

(j) to enter into any contract of insurance which the Managing General Partner deems necessary and proper for the protection of the Partnership, the conservation of the Property or any other asset of the Partnership, or for a purpose convenient or beneficial to the Partnership, including but not limited to, a contract naming the Managing General Partner as additional insured, and to continue in force any policies required by any mortgage, lease or other agreement relating to the Property or any part thereof; provided that, so long
as PIC or any Affiliate of PIC is a Partner, (i) the Partnership shall maintain reasonable and customary insurance with respect to the Property with amounts and types of coverage that are at least comparable to that maintained by Affiliates of the BP Partners with respect to other properties owned by such Affiliates (after giving effect to differences in the value and nature of such properties) and (ii) the Partnership shall maintain business interruption and commercial general liability insurance in at least the amounts set forth on Exhibit E hereto;

(k) to pay, collect, compromise, arbitrate, resort to legal action or otherwise make or defend claims or demands of or against the Partnership; provided that, so long as PIC, or an Affiliate of PIC, is a Partner, neither the Managing General Partner nor the Partnership shall compromise or settle any claim or demand of, or against, the Partnership without PIC's, or its Affiliate's, consent, which consent will not be unreasonably withheld;

(l) to borrow money and issue evidences of indebtedness in furtherance of any and all purposes of the Partnership, including borrowings from Partners of the Partnership, as contemplated by Section 5.7 hereof or otherwise, and including borrowings made in accordance with the financing plan for the Partnership described in Exhibit F hereto; to guarantee the obligations of any other Person (but only when such guaranty is made in furtherance of the business of the Partnership), including the indebtedness of such Person; and to secure any or all of the above by mortgage, pledge, guaranty or other lien on the Property and/or any other asset of the Partnership; and

(m) to lend money to any BP Partner or any Affiliate of any BP Partner pursuant to a Special BP Loan.

SECTION 5.4 Limitations on Managing General Partner's Authority.

(a) Notwithstanding anything in this Agreement to the contrary, for so long as PIC is a Partner, the Managing General Partner shall not have the power or authority to, and shall not, cause the Partnership to take any of the following actions, without the consent of PIC, which consent shall not be unreasonably withheld:

(i) other than in the ordinary course of business, cause any closing of a material portion of the Property for renovations (other than repairs necessitated as a result of a fire or other casualty);

(ii) cause or permit the engagement by the Partnership in any business other than as contemplated under Section 1.6;

(iii) take any action or make any decision involving credit, management or servicing decisions relating to the Investment Notes other than making an election to accelerate the Investment Notes upon the occurrence of (and during the continuance of) an Event of Default or taking any action or decision relating to the Redemption Distribution;

(iv) make a loan to or guarantee the indebtedness of any Person other than (A) loans to tenants of the Property for tenant improvements or (B) a Special BP Loan;

(v) cause or permit the sale of (A) all or any material portion of the Property, except leases, concessionaire agreements and space licenses entered into in the ordinary course of business of the Property, or (B) except in connection with the Redemption Distribution, the Investment Notes or any portion thereof or interest therein;

(vi) cause the Partnership to (A) obtain any borrowing, (B) issue evidences of indebtedness, or (C) guaranty the obligations of any Person, if such borrowing, issuance or guaranty provides for recourse to PIC (other than the Prudential Guarantied Loan or the Equity Redemption Loan or any Replacement Debt (as defined in Exhibit F);

(vii) amend this Agreement if such amendment affects or could affect (A) the receipt, amount or timing of any distributions to PIC, or (B) PIC's rights or obligations under this Agreement or the Redemption Agreement;

(viii) cause the dissolution of the Partnership, or cause the Partnership to file or otherwise commence a voluntary bankruptcy case, or consent to the commencement of an involuntary bankruptcy case, under the United States Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case, or consent to the

appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of the Property;

(ix) borrow money from the Managing General Partner or any Affiliate of the Managing General Partner except as permitted or required under Sections 2.2(c) and 5.7 or otherwise in this Agreement;

(x) assign, relinquish, settle, compromise, waive or impair any of the Partnership's rights under or with respect to, or amend, terminate, extend the term of (or time for payments due, or performance to be rendered, to the Partnership under) or otherwise modify any instrument or agreement under which the Partnership has rights and to which the Managing General Partner or any of its Related Parties is a party; or

(xi) engage in any activity without a good faith business purpose therefor and with the intent of manipulating the "Operating Profits" or "Operating Losses" of the Partnership described in the Redemption Agreement in a manner intended to materially adversely affect, to the benefit of the other Partners, the amounts that PIC would be entitled to receive under this Agreement or the Redemption Agreement.

SECTION 5.5 Filing of Returns and Other Writings.

The Managing General Partner shall be the Tax Matters Partner and is also specifically authorized to and shall cause the preparation and timely filing of all Partnership tax returns and shall, on behalf of the Partnership, subject to the terms and provisions of the Redemption Agreement, make such tax elections for the Partnership as it, after consultation with the Partnership's accountants, shall determine to be in the best interests of the Partners. In addition, the Managing General Partner shall timely file all other forms, documents or other writings with respect to the business and operation of the Partnership which shall be required by any governmental agency or authority having jurisdiction to require such forms, documents or other writings, and shall transmit to each Partner any form or document required to be transmitted by any such governmental agency.

SECTION 5.6 Other Permissible Activities.

Nothing herein contained shall be deemed to prevent any Partner or any shareholder or affiliate thereof from engaging in other activities for profit, whether in the real estate business or otherwise. The Managing General Partner (or any shareholder or affiliate thereof), or any Partner, may, in the future, organize and manage joint ventures, additional limited partnerships or other business entities for the acquisition, management and sale of real estate. Neither this Agreement nor any activity undertaken pursuant hereto shall prevent any Partner or any affiliate from engaging in such activities, or require any Partner to permit the Partnership or any Partner to participate in any such activities and, as a material part of the consideration for each Partner's execution hereof, each Partner, for the benefit of the other Partners, hereby waives, relinquishes and renounces any such right or claim of participation.

SECTION 5.7 Contracts with Affiliates; Borrowing from Partners.

The Managing General Partner is authorized to enter into agreements on behalf of the Partnership with other persons or entities affiliated with the Partnership and the Partners, including with respect to the borrowing of money from, and issuance of evidences of indebtedness to, Partners of the Partnership in furtherance of any and all purposes of the Partnership, including borrowing from the Managing General Partner or any of its Affiliates for the purposes and on the terms set forth on Exhibit B attached hereto and incorporated herein by reference; provided, however, that all such agreements (other than the giving of BP Notes and the making of the Special BP Loans) shall be disclosed to the other Partners and shall not be less favorable to the Partnership than had such agreement been negotiated at arms-length and on market terms. Notwithstanding any other provision of this Agreement, it is acknowledged and agreed that an Affiliate of the Managing General Partner shall enter into a management agreement with the Partnership for a management fee that does not exceed the management fee that was payable to Pacific Property Services, L.P. (the previous management company that managed the Property) as of May 1, 1998.

SECTION 5.8 Indemnification.

(a) To the fullest extent permitted by California law, the Partnership shall indemnify each Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, attorneys fees and other legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement, in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith, was the result of active and deliberate dishonesty, or was the result of a breach of this Agreement by such Indemnitee (or by the Partner of which such Indemnitee is a director or officer); or (ii) the Indemnitee actually received an improper personal benefit in money, property or services, or in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guaranty (except a guaranty by a Partner of nonrecourse indebtedness of the Partnership or as otherwise provided in any such loan guaranty) or otherwise for any indebtedness of the Partnership, and the Managing General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 5.8 in favor of any Indemnitee having or potentially having liability for any such indebtedness. The termination of any proceeding by conviction of an Indemnitee or upon a plea of nolo contendere or its equivalent by an Indemnitee, or an entry of an order of probation against an Indemnitee prior to judgment, creates a rebuttable presumption that such Indemnitee acted in a manner contrary to that specified in this Section 5.8(a). Any indemnification pursuant to this Section 5.8 shall be made only out of the assets of the Partnership and shall not impose any personal liability on any Partner, and neither the Managing General Partner nor any Non-Managing General

Partner shall have any obligation to contribute to the capital of the Partnership, or otherwise provide funds, to enable the Partnership to fund its obligations under this Section 5.8.

(b) If the Managing General Partner avails itself of the indemnification provisions set forth herein, the Managing General Partner shall promptly notify in writing the other Partners of such fact and shall provide a brief description of the nature and magnitude of the indemnification claimed. An Indemnitee, other than the Managing General Partner, may assert a claim for indemnification hereunder by giving written notice thereof to the Managing General Partner. If indemnification is sought for a claim or liability asserted by a third party, the Indemnitee shall also give written notice thereof to the Managing General Partner promptly after it receives notice of the claim or liability being asserted. Such notice shall summarize the bases for the claim for indemnification and any claim or liability being asserted by a third party. The Managing General Partner, on behalf of the Partnership, shall be entitled to direct the defense against a third party claim or liability with counsel selected by it (subject to the consent of the Indemnitee, which consent shall not be unreasonably withheld) as long as the Partnership is conducting a good faith and diligent defense. The Indemnitee shall, at all times, have the right to fully participate in the defense of a third party claim or liability at its own expense, directly or through counsel; provided, however, that if the named
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parties to the action or proceeding include both the Partnership and the Indemnitee, and the Indemnitee is advised by counsel that representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the Indemnitee may engage separate counsel, whose reasonable fees and expenses shall be borne by the Partnership. If no notice of intent to dispute and defend a third party claim or liability is given by the Managing General Partner within 20 business days of receiving notice of such claim or liability, the Indemnitee shall have the right, at the expense of the Partnership, to undertake the defense of such claim or liability (with counsel selected by the Indemnitee), and to compromise or settle it, exercising reasonable business judgment. If the third party claim or liability is one that, by its nature, cannot be defended solely by the Partnership, then the Indemnitee shall make available such information and assistance as the Managing General Partner may reasonably request and shall cooperate with the Partnership in such defense, at the expense of the Partnership.

(c) Subject to the procedures set forth in Section 5.8(b), reasonable expenses incurred by an Indemnitee who is a party to a proceeding in a matter for which the Indemnitee has undertaken the defense pursuant to the provisions of this Section 5.8 (other than as a result of the rejection or dispute by the Managing General Partner of a claim for indemnification under Section 5.8(b)) shall be paid or reimbursed by the Partnership in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in Section 5.8(a) has been met, and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(d) The indemnification provided by this Section 5.8 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under this

Agreement or any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity unless otherwise provided in a written agreement pursuant to which such Indemnitee is indemnified.

(e) The Partnership may, but shall not be obligated to, purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the Managing General Partner shall determine in its reasonable discretion, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(f) In no event may an Indemnitee subject any of the Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 5.8 solely because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 5.8 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 5.8 or any provision hereof shall be prospective only and shall not in any way affect the Partnership's liability to any Indemnitee under this Section 5.8, as in effect immediately prior to such amendment, modification, or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

SECTION 5.9 Liability of the Managing General Partner.

(a) Notwithstanding anything to the contrary set forth in this Agreement, except as otherwise expressly provided in this Agreement, the Managing General Partner and its officers and directors shall not be liable for monetary damages to the Partnership, any Partners or any Assignees for losses sustained or liabilities incurred as a result of reasonable errors in judgment or of any act or omission if the Managing General Partner acted in good faith; provided, however, that the Managing General Partner shall be liable to the Partnership and Partners for its material breaches of this Agreement.

(b) Subject to its obligations and duties as Managing General Partner set forth in Section 5.3 hereof, and subject to the limitations set forth in Section 5.4 hereof, the Managing General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents. The Managing General Partner shall not be responsible for any misconduct or negligence on the part

of any such agent appointed by the Managing General Partner in good faith, except as otherwise expressly provided herein.

(c) Any amendment, modification or repeal of this Section 5.9 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the Managing General Partner's liability (and that of its officers and directors) to the Partnership and the Non-Managing General Partners under this Section 5.9 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

SECTION 5.10 Other Matters Concerning the Managing General Partner.

(a) The Managing General Partner may rely and shall be protected in acting, or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

(b) The Managing General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers, architects, engineers, environmental consultants and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters which such Managing General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) The Managing General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and duly appointed attorneys-in-fact. Each such attorney shall, to the extent provided by the Managing General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the Managing General Partner hereunder.

ARTICLE 6 - ACCOUNTING

SECTION 6.1 Fiscal Year and Tax Accounting Method.

The Partnership shall operate on the basis of a calendar year, and shall report its operations for tax and all other purposes in accordance with those methods the Managing General Partner and the Partnership's accountant deem advisable.

SECTION 6.2 Books, Records, and Tax Reports.

The Partnership shall maintain full and accurate books at its principal office which all Partners shall have the right to inspect and examine during business hours upon reasonable written notice to the Managing General Partner. The Managing General Partner shall keep or cause such books to be kept and shall fully and accurately enter all transactions of the Partnership therein. Such books shall be closed and balanced at the end of each calendar year. On or before March 31 of each year, the Managing General Partner will furnish the Non-Managing General Partners with a balance sheet and a statement of income and expenses of the Partners for the prior calendar year and a report on Treasury Form K-1 containing information relating to the Partnership to be used in preparing a Non-Managing General Partner's personal federal income tax return.

SECTION 6.3 Accounting Practice.

The books of account of the Partnership shall be kept in accordance with good and accepted bookkeeping and accounting practices for similar properties, provided that all methods of accounting and of treating particular transactions shall be in accordance with the methods of accounting employed for Federal income tax purposes. The determinations of the Managing General Partner with respect to the treatment of any items or its allocation for federal, state or local tax purposes shall be binding upon all the Partners so long as such determination shall not be inconsistent with any express term hereof or of the Redemption Agreement.

SECTION 6.4 Accountants.

The Partnership's certified public accountant shall be designated by the Managing General Partner, subject to the terms and provisions of Section 5.3(h).

SECTION 6.5 Bank Accounts.

The Managing General Partner shall, on behalf of the Partnership, open and maintain a bank account or accounts in a bank or other financial institution of its choosing in which shall be deposited all of the capital, cash receipts and other funds of the Partnership.

ARTICLE 7 - RIGHTS AND OBLIGATIONS OF THE NON-MANAGING GENERAL PARTNERS

SECTION 7.1 Contributions by Non-Managing General Partners.

Except as provided herein, the Non-Managing General Partners shall not be obligated to make a contribution of any sort whatsoever to the capital of the Partnership, or to provide a loan.

SECTION 7.2 Corporate Authority.

Each Partner hereby represents and covenants that its execution of this Agreement has been duly authorized by proper corporate action or otherwise.

SECTION 7.3 Role of Non-Managing General Partners.

Except as otherwise provided in this Agreement, no Non-Managing General Partner shall take part in, or interfere in any manner with, the conduct or control of the business of the Partnership, or shall have any right or authority to act for or bind the Partnership.

SECTION 7.4 Rights and Obligations Under the Act.

In addition to the foregoing rights (including any limitations thereof) and obligations, the Non-Managing General Partners shall each have those rights and obligations conferred or imposed upon partners of a general partnership under applicable law, to the extent not inconsistent with the terms hereof.

SECTION 7.5 Redemption Rights.

Except as specifically provided in the Redemption Agreement, no Partner shall have the right to withdraw from the Partnership or have its interest in the Partnership redeemed by the Partnership.

ARTICLE 8 - WITHDRAWAL AND REPLACEMENT OF PARTNERS AND TRANSFER OF PARTNERSHIP INTEREST

SECTION 8.1 Non-Managing General Partners.

No Non-Managing General Partner's interest shall be sold, assigned, transferred, pledged or hypothecated or encumbered (any such transaction, a "Transfer"), in whole or in part, except in accordance with the terms and conditions set forth in this Article 8. Any Transfer or purported Transfer of a Non-Managing General Partner's interest not made in accordance with this Article 8 shall be null and void.

SECTION 8.2 Managing General Partner.

The Managing General Partner may not Transfer its interest in the Partnership or withdraw from the Partnership without the consent of the Non-Managing General Partners.

SECTION 8.3 Transfer of Partnership Interests.

(a) Subject to the provisions of this Article 8, a Non-Managing General Partner may transfer its interest in the Partnership with the consent of the Managing General Partner, which consent may be withheld by the Managing General Partner in its sole and absolute

discretion. Nothing in this Agreement shall be deemed to preclude the purchase by the Managing General Partner of any Non-Managing General Partnership interest and the admission of a Managing General Partner as a Non-Managing General Partner in connection therewith.

(b) If the interest, or any part thereof, of a Partner in the Partnership is disposed of pursuant to this Section, such Partner shall nevertheless be entitled to a portion of the income, gain, loss, deduction and credit allocated to such interest or part thereof in accordance with the provisions of this agreement for the fiscal year of the Partnership in which such disposition occurs, based upon the number of months during such year that such Partner owned such interest or part thereof. Any predecessor or successor of such Partner in respect of such interest or part thereof shall share in such profits and losses for the fiscal year in which such disposition occurs and the Partnership shall be bound by such allocation, provided the same shall be deemed reasonable by the Partnership's accountants, upon being furnished with timely written notice of same. Distributions of cash or other property shall be made only to such persons who are Partners on the date of distribution.

(c) Without limiting the foregoing, the Managing General Partner may prohibit any transfer by a Non-Managing General Partner of its interest in the Partnership if, in the opinion of legal counsel to the Partnership, such transfer would require filing of a registration statement under the Securities Act of 1933 or would otherwise violate any federal or state securities laws or regulations applicable to the Partnership or interests in the Partnership, or would cause a termination of the Partnership under Section 708 of the Code.

(d) Without limiting the foregoing, no transfer by a Non-Managing General Partner of its interests in the Partnership may be made to any Person if (i) in the opinion of legal counsel for the Partnership, it would result in the Partnership being treated as an association taxable as a corporation; (ii) such transfer is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code; (iii) such transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code); (iv) such transfer would, in the opinion of legal counsel for the Partnership, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.2-101; or (v) such transfer would subject the Partnership to be regulated under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or the Employee Retirement Income Security Act of 1974, each as amended, or would violate any loan documents to which the Partnership is a party.

(e) The transfer of a Partnership interest shall not constitute, or result in, a dissolution of the Partnership.

SECTION 8.4 Substituted Non-Managing General Partners.

(a) No Non-Managing General Partner shall have the right to substitute a transferee as a Non-Managing General Partner in his place. The Managing General Partner shall, however, have the right to consent to the admission of a transferee of the interest of a Non-Managing General Partner pursuant to this Section 8.4 as a Substituted Non-Managing General Partner, which consent may be given or withheld by the Managing General Partner in its sole and absolute discretion. The Managing General Partner's failure or refusal to permit a transferee of any such interests to become a Substituted Non-Managing General Partner shall not give rise to any cause of action against the Partnership or any Partner.

(b) A transferee who has been admitted as a Substituted Non-Managing General Partner in accordance with this Article 8 shall have all the rights and powers and be subject to all the restrictions and liabilities of a Non-Managing General Partner under this Agreement.

(c) Upon the admission of a Substituted Non-Managing General Partner, the Managing General Partner shall amend Schedule A to reflect the name, address, and Percentage Interest of such Substituted Non-Managing General Partner and to eliminate or adjust, if necessary, the name, address and interest of the predecessor of such Substituted Non-Managing General Partner.

SECTION 8.5 Assignees.

If the Managing General Partner, in its sole and absolute discretion, does not consent to the admission of any permitted transferee as a Substituted Non-Managing General Partner, as described in Section 8.4, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be deemed to have had assigned to it, and shall be entitled to receive distributions from the Partnership and the share of net income, net losses, and any other items, gain, loss deduction and credit of the Partnership attributable to the interest in the Partnership assigned to such transferee, but except as otherwise provided herein shall not be deemed to be a holder of an interest in the Partnership for any other purpose under this Agreement, and shall not be entitled to vote in any matter presented to the Non-Managing General Partners for a vote (such interest in the Partnership being deemed to have been voted on such matter in the same proportion as all other interests held by Non-Managing General Partners are voted). In the event any such transferee desires to make a further assignment of any such interest in the Partnership, such transferee shall be subject to all of the provisions of this Article 8 to the same extent and in the same manner as any Non-Managing General Partner desiring to make such an assignment.

ARTICLE 9 - DISSOLUTION, LIQUIDATION AND TERMINATION

SECTION 9.1 Dissolution.

(a) Except as herein otherwise expressly provided, the Partnership shall be dissolved upon the occurrence of any of the following events:

(1) agreement by all of the Partners to dissolve the Partnership;

(2) expiration of the term provided in Section 1.5 hereof;

(3) sale or taking by eminent domain or other lawful government action resulting in transfer of title of substantially all of the Partnership's assets; or

(4) any other event which, under applicable law, results in the dissolution of the Partnership.

(b) Dissolution shall be effective on the date of the event giving rise to the dissolution, but the Partnership shall not terminate until the assets thereof have been distributed in accordance with the provisions of Section 9.2 hereof.

SECTION 9.2 Liquidation.

(a) If the Partnership shall be dissolved by reason of the occurrence of any of the circumstances described in Section 9.1, no further business shall be conducted by the Partnership except for taking of such action as shall be necessary for the winding up of its affairs and distribution of its assets to the Partners pursuant to the provisions of this Article 9. Upon such dissolution, the Managing General Partner shall act as liquidator or, if it is unable or unwilling to so act, it shall appoint one or more liquidators, who shall have full authority to wind up the affairs of the Partnership and to make final distribution as provided herein.

Upon such dissolution of the Partnership, the liquidator(s) shall determine which, if any, Partnership properties and assets should be distributed in kind, and dispose of all other Partnership properties and assets at the best cash price obtainable therefor and distribute the proceeds as follows:

(1) First, to the payment and discharge of all of the Partnership's debts and liabilities to creditors other than the Partners;

(2) Second, to the payment and discharge of all of the Partnership's debts and liabilities to Partners in their capacities as creditors of the Partnership;

(3) The balance, if any, to the Partners in accordance with the provisions of Article 4.

(b) Notwithstanding the foregoing, if any Partner shall be indebted to the Partnership, then, until payment of such indebtedness by said Partner, the liquidator(s) shall retain such Partner's distributive share of the Partnership properties and assets and, after applying the cost of operation of such properties and assets during the period of such liquidation against the income therefrom, the balance of such income shall be applied in liquidation of such indebtedness. However, if at the expiration of six (6) months after notice of such outstanding indebtedness has been given to such Partner and such amount has not been paid or otherwise liquidated in full, the liquidator(s) may sell the assets allocable to such Partner at public or private sale at the best price immediately obtainable, such best price to be determined in the sole judgement of the liquidator(s). So much of the proceeds of such sale as shall be necessary to liquidate such indebtedness shall then be so applied, and the balance of such proceeds, if any, shall be distributed to such Partner. Any gain or loss realized for Federal income tax purposes upon the disposition of such assets shall, to the extent permitted by law, be allocated to such Partner, and to the extent not so permitted, to the Partners.

Thereafter, the liquidator(s) shall comply with all requirements of the Act, or other applicable law, pertaining to the winding up of a limited partnership, at which time the Partnership shall stand terminated.

(c) In the event the Managing General Partner's interest in the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) (including, without limitation, upon the liquidation of the Partnership) and the Managing General Partner's Capital Account has a deficit balance after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs, the Managing General Partner shall contribute to the capital of the Partnership the amount necessary to restore such deficit balance to zero in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(3).

ARTICLE 10 - MISCELLANEOUS

SECTION 10.1 Redemption Agreement.

This Agreement and the Partners hereto are subject to the terms and provisions of the Redemption Agreement. If, and to the extent that, any terms or provisions of this Agreement are inconsistent with any terms and provisions of the Redemption Agreement, the terms and provisions of the Redemption Agreement shall govern and control.

SECTION 10.2 Notice.

All notices, demands, consents, options, elections, or other communications hereunder shall be in writing and shall be deemed to have been exercised, made or given upon delivery if delivered by hand or by courier service and three (3) business days after being deposited in the United States mail and sent by certified or registered mail, return receipt requested, postage prepaid. Any notice required to be sent to any Partner shall be sent to the addresses specified on

Schedule A attached hereto and incorporated herein. Any party may designate an alternative address on five (5) days' notice to the Partnership.

SECTION 10.3 Further Assurances.

Each of the Partners will hereafter execute and deliver such further instruments, and do such further acts as may be required to carry out the intent and purposes of this Agreement.

SECTION 10.4 Agreement in Counterparts.

This Agreement may be executed in one or more counterparts and all such counterparts shall constitute one agreement binding on all the parties, notwithstanding that all the parties are not signatories to the original or the several counterparts.

SECTION 10.5 Construction.

None of the provisions of this Agreement shall be for the benefit or enforceable by the creditors of the Partnership.

SECTION 10.6 Governing Law.

This Agreement shall, except as herein otherwise expressly provided, be governed and construed in accordance with the laws of the State of California.

SECTION 10.7 Amendments.

This Agreement may be amended only by a written amendment signed by all of the Partners.

SECTION 10.8 Pronouns.

Any pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the undersigned may require.

SECTION 10.9 Successors in Interest.

Except as otherwise provided herein, all provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the respective heirs, executors, administrators, personal representatives, successors and permitted assigns of any of the parties to this Agreement. However, nothing in this Agreement, whether expressed or implied, is intended to confer upon any entity, other than specifically provided, any rights or benefits under or by reason of this Agreement.

SECTION 10.10 Headings.

The headings contained at the beginning of each Article and Section are for purposes of convenience only and are not intended to limit, expand or define the content thereof.

SECTION 10.11 Consent to Jurisdiction and Service of Process.

ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PARTY HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

SECTION 10.12 Waiver of Jury Trial.

EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this Agreement, including, without limitation, contract claims, tort claims, beach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

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

WITNESS:

/s/ Bradley A. Jacobson

MANAGING GENERAL PARTNER:

BOSTON PROPERTIES LLC

By: Boston Properties Limited Partnership, Managing Member

By: Boston Properties, Inc., General Partner

By: /s/ Thomas J. O'Connor
Name: Thomas J. O'Connor
Title: Vice President

WITNESS:

/s/ Bradley A. Jacobson

NON-MANAGING GENERAL PARTNERS:

BP EC1 HOLDINGS LLC

By: Boston Properties Limited Partnership, Managing Member

By: Boston Properties, Inc., General Partner

By: /s/ Thomas J. O'Connor
Name: Thomas J. O'Connor
Title: Vice President

WITNESS:

/s/ Bradley A. Jacobson

PIC REALTY CORPORATION

By: /s/ Gary L. Frazier
Name: Gary L. Frazier
Title: Vice President

SCHEDULE A

ATTACHED TO AMENDED AND RESTATED
PARTNERSHIP AGREEMENT OF
ONE EMBARCADERO CENTER VENTURE

Managing General Partner

Name and Address	Percentage Interest
Boston Properties LLC c/o Boston Properties, Inc. 8 Arlington Street Boston, Massachusetts 02116	0.499830%

Non-Managing Partners

Name and Address	Percentage Interest
BP EC1 Holdings LLC c/o Boston Properties, Inc. 8 Arlington Street Boston, Massachusetts 02116	49.483214%
PIC Realty Corporation c/o Prudential Realty Group 8 Campus Drive 4th Floor - Arbor Circle South Parsippany, New Jersey 07054 Attention: John R. Triece Facsimile: (201) 683-1797	50.016956%

with copies to:

Prudential Insurance Company of America
4 Embarcadero Center, Suite 2700
San Francisco, CA 94111
Attention: Harry Mixon
Facsimile: (415) 956-2197

O'Melveny & Myers
Embarcadero Center West
275 Battery Street
San Francisco, CA 94111
Attention: Stephen A. Cowan
Facsimile: (415) 984-8701

EXHIBIT A

Legal Description of One Embarcadero Center

[INTENTIONALLY OMITTED]

EXHIBIT B

Approved Terms and Conditions of Loans from Managing General Partner

The Partnership shall be permitted to borrow funds from the Managing General Partner from time to time, as determined in the sole discretion of the Managing General Partner, for the purpose of funding working capital, leasing commissions, tenant improvements, capital expenditures and other expenditures relating to the Property. Each such borrowing shall be in the form of an unsecured loan and shall be evidenced by a note issued by the Partnership to the Managing General Partner in the form of Exhibit A attached to this Exhibit B.

Exhibit A [FORM OF BP NOTE]
- ---------

DELAYED DEMAND NOTE

$_____ San Francisco, California
_____, 19__

At any time after _____, 199_ [the date which is 120 days after the date of the Closing under the Master Transaction Agreement], FOR VALUE RECEIVED, ONE EMBARCADERO CENTER VENTURE, a California general partnership with a principal place of business in San Francisco, California (the "Maker"), promises
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to pay [BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership] [other BPLLC affiliate] with a principal place of business in Boston, Massachusetts, ON DEMAND, the principal sum of _____ ($_____), with interest thereon at the rate of ten percent (10%) per annum. Interest shall be computed on the number of days principal is outstanding based on a 365 day year. All interest accruing under this Note shall be due and payable (i) monthly in arrears on the fifth (5th) day of each succeeding calendar month, commencing _____, 199_ [fifth day of calendar month following month in which note is made] and continuing thereafter until all amounts due hereunder have been paid in full, or (ii) at the option of the holder, on demand at any time after _____, 199_ [the date which is 120 days after the date of the Closing under the Master Transaction Agreement].

The outstanding balance of principal due hereunder may be prepaid in full at any time, or from time to time in part in multiples of One Thousand Dollars ($1,000.00) without any prepayment premium.

The Maker agrees to pay all charges of the holder hereof in connection with the collection and enforcement of this Note, including reasonable attorneys' fees and disbursements.

The Maker hereby waives presentment, demand, notice, protest and all other suretyship defenses generally and agrees that any renewal, extension or postponement of the time of payment or any other indulgence, may be effected without notice to and without releasing the Maker from any liability hereunder.

This Note shall have the effect of an instrument under seal.

ONE EMBARCADERO CENTER VENTURE

By: Boston Properties LLC, its managing general partner

By: Boston Properties Limited Partnership, its managing member

By: Boston Properties, Inc., its general partner

By:_____
Name:
Title:

EXHIBIT C

DESCRIPTION OF EQUITY REDEMPTION LOAN

The "Equity Redemption Loan" shall mean that certain loan to the Partnership in the aggregate principal amount of $74,200,000, which loan is made pursuant to a certain Term Loan Agreement dated as of November 12, 1998 by and among BankBoston, N.A., The Chase Manhattan Bank, Fleet National Bank, PNC Bank, National Association, Dresdner Bank AG New York Branch and Grand Cayman Branch, The Bank of New York, Key Bank National Association, Citizens Bank and other banks which may become parties thereto as the lenders thereunder, and One Embarcadero Center Venture, Embarcadero Center Associates, Three Embarcadero Center Venture and Four Embarcadero Center Venture, collectively as the borrowers thereunder, which Term Loan Agreement provides for loans to the borrowers in the aggregate principal amount of $328,143,000. The $74,200,000 loan to the Partnership under such Term Loan Agreement is evidenced by a promissory note of the Partnership in the form provided in such Term Loan Agreement.

EXHIBIT D

DESCRIPTION OF PRUDENTIAL GUARANTIED LOAN

The "Prudential Guarantied Loan" shall mean that certain loan to the Partnership in the aggregate principal amount of $14,000,000, which loan is made pursuant to a certain Term Loan Agreement dated as of November 12, 1998 by and among The Chase Manhattan Bank as lender thereunder, and One Embarcadero Center Venture, Embarcadero Center Associates, Three Embarcadero Center Venture and Four Embarcadero Center Venture, collectively as the borrowers thereunder, which Term Loan Agreement provides for loans to the borrowers in the aggregate principal amount of $92,000,000. The $14,000,000 loan to the Partnership under such Term Loan Agreement is evidenced by a promissory note of the Partnership in the form provided in such Term Loan Agreement.

EXHIBIT E

Description of Business Interruption and General Liability Insurance

Business Interruption Insurance	$145,000,000
Commercial General Liability	$ 2,000,000
Umbrella Liability Program	$200,000,000

EXHIBIT F

Description of Financing Plan for One Embarcadero Center Venture

1. Equity Redemption Loan. Upon the execution of this Agreement, the Partnership will enter into a 90 day Term Loan Agreement with BankBoston, N.A., on behalf of itself and as agent for the several banks that are parties thereto, to borrow approximately $74,200,000 with a term of 90 days, which borrowing shall be guaranteed by Boston Properties Limited Partnership ("BPLP"). This loan constitutes the Equity Redemption Loan. Interest on the outstanding indebtedness under the Equity Redemption Loan shall accrue at a rate equal to the 30 day Eurodollar rate plus 50 basis points. In addition, upon the closing of the Equity Redemption Loan, the Partnership will pay its proportionate share of the closing fee in the approximate aggregate amount of $116,000. The Partnership shall pledge the Investment Notes to secure obligations of the Partnership under the Equity Redemption Loan.

2. Prudential Guarantied Loan. Upon the execution of this Agreement, the Partnership will also enter into a Term Loan Agreement with The Chase Manhattan Bank, N.A. to borrow approximately $14,000,000 with a term of 90 days, which borrowing shall be guaranteed by The Prudential Insurance Company of America. This loan constitutes the Prudential Guarantied Loan. Interest on the outstanding indebtedness under the Prudential Guarantied Loan shall accrue at a rate equal to the 30 day Eurodollar rate plus 30 basis points. In addition, upon the closing of the Prudential Guarantied Loan, the Partnership will pay its proportionate share of the closing fee in the approximate aggregate amount of $40,000.

3. Advance Under BPLP Line of Credit. Upon the execution of this Agreement, BPLP will amend its existing Amended and Restated Revolving Credit Agreement (the "Credit Agreement") with BankBoston, N.A., and certain other banks for which BankBoston, N.A. serves as agent, to add, inter alia, the Partnership as a Borrower under the Credit Agreement for the purpose of the advance described in the next paragraph.

The Equity Redemption Loan will, upon the earlier of the redemption of PIC Realty Corporation from the Partnership or the 90th day after the date of execution of this Agreement, be repaid through (i) a draw on the Credit Agreement by the Partnership of approximately $6,600,000 and (ii) cash of the Partnership in an amount equal to approximately $67,600,500, which cash will represent proceeds from the repayment of the Special BP Loan. As a result of the draw under the Credit Agreement, the Partnership will be a primary obligor with respect to approximately $6,600,000 of indebtedness under the Credit Agreement.

4. Assumption and Release with respect to Prudential Guarantied Loan. The Prudential Guarantied Loan will, upon the redemption of the interest of PIC Realty Corporation in the Partnership, be assumed by PIC Realty Corporation and the Partnership will be released as a borrower with respect to the Prudential Guarantied Loan and all other obligations with respect thereto, as contemplated by, and subject to the terms and conditions of, the Redemption Agreement.

In the event that the interest of PIC Realty Corporation in the Partnership is not redeemed by February 10, 1999, or in the event that the Partnership is not, by such date, released in full from all obligations with respect to the Prudential Guarantied Loan and related obligations, then either (i) Prudential shall continue to guaranty the Prudential Guarantied Loan until such redemption, assumption and release occurs or (ii) if the Partnership repays and refinances the Prudential Guarantied Loan by obtaining any replacement debt ("Replacement Debt"), Prudential shall guarantee the lenders thereof of the punctual payment in full and all other obligations of such Replacement Debt.

5. Secured Financing. Upon the execution of this Agreement, the Partnership, as a co-borrower, will enter into a certain first deed of trust loan in the aggregate principal amount of $320 million with New York Life Insurance Company, The Equitable Life Assurance Society of the United States and Teachers Assurance and Annuity Association of America. As among the co-borrowers, the Partnership will be the primary obligor on $160 million.

EXHIBIT 99.8

THIRD AMENDED AND RESTATED PARTNERSHIP AGREEMENT

OF

EMBARCADERO CENTER ASSOCIATES

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Schedules and Exhibits

THIRD AMENDED AND RESTATED
PARTNERSHIP AGREEMENT

OF

EMBARCADERO CENTER ASSOCIATES

This THIRD AMENDED AND RESTATED PARTNERSHIP AGREEMENT OF ONE EMBARCADERO CENTER VENTURE (this "Agreement") is entered into and shall be effective as of the 12th day of November, 1998, by and between Boston Properties LLC, a Delaware limited liability company, having a mailing address c/o Boston Properties, Inc., 8 Arlington Street, Boston, Massachusetts 02116, as managing general partner ("BPLLC" or the "Managing General Partner"), BP EC2 Holdings LLC, a Delaware limited liability company, having a mailing address c/o Boston Properties, Inc., 8 Arlington Street, Boston, Massachusetts 02116, as non-managing general partner ("Holdings LLC"), and PIC Realty Corporation, a Delaware corporation, having a mailing address c/o Prudential Realty Group, 8 Campus Drive, 4th Floor - Arbor Circle South, Parsippany, New Jersey 07054 ("PIC"), as non-managing general partner. Holdings LLC and PIC are sometimes hereinafter referred to as the "Non-Managing General Partners" and each as a "Non-Managing General Partner." The Managing General Partner and the Non-Managing General Partners are sometimes hereinafter referred to as the "Partners."

RECITALS:

A. EMBARCADERO CENTER ASSOCIATES (the "Partnership") is a California general partnership formed pursuant to and governed by that certain Agreement of Partnership dated as of March 16, 1971, creating a general partnership named Embarcadero Center, and as subsequently amended on January 10, 1972, March 1, 1973, April 30, 1973, February 28, 1974, June 6, 1974, March 26, 1975, February 27, 1976, June 1, 1976, August 4, 1976 and June 10, 1977, amended and restated on January 1, 1979, and further amended on December 31, 1986, April 15, 1988, January 1, 1992 and September 28, 1998 (as revised to such date, the "Prior Partnership Agreement").

B. The Partnership owns and has in operation that certain parcel of real property situated in the City and County of San Francisco, California, and more particularly described on Exhibit A hereto, upon which is erected an office building, related improvements and personal property owned by the Partnership and situated thereon or therein, known generally as Two Embarcadero Center (the "Real Property").

C. On October 31, 1998, all of the outstanding partnership interests in the Partnership were held by PIC, with a 60.0% partnership interest, and Embarcadero Center Investors Partnership, a California limited partnership

("ECIP"), with a 40% partnership interest.

D. Pursuant to that certain Master Transaction Agreement, dated September 28, 1998 (the "Master Transaction Agreement"), by and among (i) The Prudential Insurance Company of America, a New Jersey corporation, PIC, Fedmark Corporation, a Delaware corporation ("Fedmark"), ECIP, Pacific Property Services, L.P., a California limited partnership, and the other persons identified therein on Exhibit A thereto, on the one hand, and (ii) Boston Properties Limited Partnership, a Delaware limited partnership (the "Operating Partnership"), and Boston Properties, Inc., a Delaware corporation ("Public Company") on the other hand, the Operating Partnership acquired the right, subject to the satisfaction of various conditions, to have all of the partners of ECIP contribute to the Operating Partnership all of their interests in ECIP. On November 12, 1998, the closing of the transactions contemplated by the Master Transaction Agreement occurred, and the Operating Partnership directed the partners of ECIP to convey their interests in ECIP to BP EC1 Holdings LLC, a Delaware limited liability Company ("Holdings 1 LLC") and the partners of ECIP did so convey their interests in ECIP to Holdings 1 LLC (which conveyance constituted a contribution to the Operating Partnership). Upon such conveyance, by operation of law ECIP dissolved and Holdings 1 LLC succeeded to ECIP's 40% partnership interest in the Partnership. Prior to the amendment and restatement of this Agreement, Holdings 1 LLC conveyed to BPLLC a 0.4% partnership interest in the Partnership and conveyed to Holdings LLC a 39.6% Partnership interest in the Partnership. As a result of the foregoing, (i) ECIP (the "Withdrawing Partner") has ceased to be a partner of the Partnership, (ii) BPLLC and Holdings LLC have been admitted as partners of the Partnership, and (iii) as of the date hereof BPLLC, PIC and Holdings LLC are the sole partners of the Partnership with percentage interests of 0.4%, 60.0% and 39.6%, respectively.

E. To reflect the transfers, successions, admissions and withdrawals recited above, to provide for the continuation of the Partnership as a California general partnership under the Act, and to provide for the revised terms and conditions under which the Partnership will continue in existence and be governed, the parties wish to amend and restate the Prior Partnership Agreement in its entirety, as provided herein.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. Transfer of Partnership Interests. Pursuant to the transactions described in the Recitals above, the Withdrawing Partners have ceased to be partners in the Partnership, BPLLC has been admitted as the Managing General Partner of the Partnership with a 0.4% Percentage Interest and Holdings LLC has been admitted as a Non-Managing General Partner of the Partnership with a 39.6% Percentage Interest. PIC shall continue as a Non-Managing General Partner of the Partnership with a 60.0% Percentage Interest.

II. Amendment and Restatement. The Original Partnership Agreement is hereby amended and restated in its entirety as follows:

ARTICLE 1 - THE PARTNERSHIP

SECTION 1.1 Continuation of the Partnership.

The Partners hereby agree to continue the Partnership as a general partnership under and pursuant to the Uniform Partnership Act of the State of California (the "Act") as the same is now or hereafter amended. The Partners shall promptly execute, and the Managing General Partner shall promptly cause to be filed with the proper offices, any certificate or amendments thereto required by the Act or any other applicable partnership act, fictitious name act, or similar statute in effect, or for any reasonable purpose.

SECTION 1.2 Partnership Name.

The name of the Partnership shall continue to be "EMBARCADERO CENTER ASSOCIATES." All business of the Partnership shall be conducted under such name or under such variations thereof as the Managing General Partner deems necessary or appropriate to comply with the requirements of law in any applicable jurisdiction in which the Partnership may do business.

SECTION 1.3 Place of Business.

The principal place of business of the Partnership shall be c/o Boston Properties, Inc., Four Embarcadero Center, Suite 2600, San Francisco, California 94111, or at such other place or places as the Managing General Partner may designate.

SECTION 1.4 General Partnership.

The Partnership shall be a general partnership, governed by the Act. The interests of the Partners in the Partnership shall be personal property for all purposes. All real and other property owned by the Partnership shall be deemed owned by the Partnership, as a partnership, and no Partner, individually, shall have any ownership of such property.

SECTION 1.5 Term of Partnership.

The term of the Partnership shall continue until 12:00 noon on December 31, 2050, unless sooner terminated in accordance with the terms and conditions of this Agreement, or by applicable law.

SECTION 1.6 Purposes of the Partnership.

The purpose of the Partnership shall be:

(a) to own, manage, develop, improve, renovate, rehabilitate, operate, hold for investment, lease, encumber, mortgage, pledge, assign, exchange, sell and/or otherwise deal with the Property;

(b) to retain managing agents and consultants therefor, and to do all things necessary or useful in connection with any of the foregoing;

(c) in addition to, and in furtherance of these purposes and powers, the Partnership shall have the power (i) to borrow money and issue evidences of indebtedness and to secure same by mortgage, pledge or other lien (including, without limitation, obtaining the Equity Redemption Loan and Prudential Guarantied Loan), and (ii) to guarantee the obligations of any other Person when done in furtherance of the Partnership's business, including any indebtedness of such Person, and to secure such guarantee obligations by mortgage, pledge or other lien on any asset of the Partnership;

(d) to make and service the Investment Loan as contemplated herein;

(e) subject to the express terms, provisions and restrictions of this Agreement, to engage in and consummate the transactions described in the Master Transaction Agreement;

(f) to enter into the Redemption Agreement and consummate the transactions described therein; and

(g) to enter into, perform and carry out contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of any of the foregoing purposes; and

(h) to use the Excess Mortgage Loan Proceeds to make the Special BP Loan.

The Partnership shall not engage in any other business. It is further agreed that the Partnership shall at all times adhere to at least the level of quality in the maintenance and operation of the Property as a first class office and retail complex as maintained by the Partnership during the twelve (12) month period preceding the date hereof.

SECTION 1.7 Definitions.

In addition to the capitalized terms defined in the recitals and elsewhere herein, the following terms shall have the following meanings:

"Act" has the meaning set forth in Section 1.1 hereof.

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing. No officer, director or equity owner of the Managing General Partner shall be considered an Affiliate of the Managing General Partner solely as a result of serving in such capacity or being an equity owner of the Managing General Partner.

"Approved Loan Costs" shall mean all fees, costs and expenses incurred by the Partnership or any Partner in connection with the Equity Redemption Loan or Prudential Guarantied Loan that are expressly approved by each of the Partners (which approval shall not be unreasonably withheld, conditioned or delayed), including, without limitation, (i) all fees and expenses of the lender(s) thereof subject to reimbursement by the Partnership or any Partner, and (ii) all of the reasonable legal fees and expenses incurred directly by such Persons (or any of their constituent owners) in connection with the Equity Redemption Loan and the Prudential Guarantied Loan.

"Borrowing Costs" of a loan shall mean the cost of procuring and repaying such loan expressed as an "all-in" effective annual interest rate per annum to be determined taking into account all costs of procuring and repaying such loan including, without limitation, all (i) periodic interest and other amounts due and payable in connection with such loan, (ii) all loan points and fees paid with respect to such loan, (iii) all fees and expenses of the lender(s) thereof that are subject to payment or reimbursement by the borrower in connection therewith, and (iv) all legal fees and expenses incurred by the borrower in connection therewith; provided that, all points, fees, costs and expenses will be amortized on a straight-line basis over the term of the loan.

"BP Note" means a note, in the form and for a purpose described in Exhibit B hereto, given by the Partnership to the Managing General Partner or any of its Affiliates.

"BP Partners" means Boston Properties LLC, the Managing General Partner, and BP EC2 Holdings LLC, a Non-Managing General Partner.

"Capital Contributions" means, with respect to any Partner, the amount of money and the initial fair market value of any property (other than money) contributed to the Partnership with respect to the interest in the Partnership held by such Person less the amount of liabilities to which such property is subject and which the Partnership is considered to assume pursuant to the provisions of Section 752 of the Code (as defined below).

"Code" means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

"Equity Redemption Loan" shall mean a loan to the Partnership governed by the term loan agreement described on Exhibit C attached hereto, a true, correct and complete copy of which has been delivered to each of the Partners prior to the date hereof. "Equity Redemption Loan" shall also include any extension or modification of the Equity Redemption Loan and any new loan obtained by the Partnership to replace or refinance the Equity Redemption Loan; provided that, any such extension, modification or new loan shall be in compliance with the terms and provisions of this Agreement and the Redemption Agreement.

"Excess Mortgage Loan Proceeds" shall mean the excess proceeds of any new mortgage loan borrowing secured by the Real Property over and above the amounts of such proceeds used to (i) repay any existing mortgage debt secured by the Real Property prior to the date hereof, (ii) pay any prepayment penalty, premium or fee in connection with any such existing mortgage loan that is repaid, and (iii) pay the transaction costs incurred by the Partnership in connection with such borrowing or the prepayment of any existing mortgage loan.

"Indemnitee" means (i) any Person made a party to a claim or proceeding by reason of (A) his or its status as a Partner, or as a director or officer of the Partnership or a Partner, or (B) his or its liabilities, pursuant to a loan guarantee or otherwise, for any indebtedness of the Partnership (including, without limitation, any indebtedness which the Partnership has assumed or taken assets subject to); and (ii) such other Persons (including Affiliates of a Partner or the Partnership) as the Managing General Partner may reasonably designate from time to time (whether before or after the event giving rise to potential liability), for a purpose related to Partnership business.

"Interest Rate Approved Loan Costs" has the meaning given thereto in Section 2.5(e)(i).

"Investment Loan" shall mean a loan made by the Partnership to the Investment Loan Borrower in an amount equal to $111,927,000 pursuant to (and in accordance with the terms and provisions of) that certain Note Purchase Agreement of even date herewith, by and between the Partnership and Investment Loan Borrower.

"Investment Loan Borrower" shall mean Prudential Realty Securities, Inc., a Delaware corporation.

"Investment Notes" means the promissory notes of the Investment Loan Borrower acquired by the Partnership in connection with the Investment Loan.

"Managing General Partner" means Boston Properties LLC, a Delaware limited liability company, and any other Person who may become a Managing General Partner pursuant to the terms of this Agreement, in either case until such Person has ceased to be a Managing General Partner pursuant to the terms of this Agreement.

"Non-Managing General Partner" means BP EC2 Holdings LLC, a Delaware limited liability company, and PIC Realty Corporation, a Delaware corporation, and any other Person

who may become a Non-Managing General Partner pursuant to the terms of this Agreement, in each such case until such Person has ceased to be a Non-Managing General Partner pursuant to the terms of this Agreement. "Non-Managing General Partners" means all such Persons, if there is more than one. If at any time there is more than one Non-Managing General Partner, then all references herein to the Non-Managing General Partner shall, unless the context requires otherwise, be deemed to refer to the Non-Managing General Partners.

"Partnership" means the partnership governed by this Agreement and any partnership continuing the business of the Partnership in the event of dissolution as herein provided.

"Percentage Interest" means, with respect to any Partner, the Percentage Interest set forth opposite such Partner's name on Schedule A. In the event any Partner's interest in the Partnership is transferred in accordance with the provisions of this Agreement, the transferee of such interest shall succeed to the Percentage Interest of his transferor to the extent it relates to the transferred interest.

"Person" means any individual, partnership, corporation, trust, or other entity.

"Property" shall mean the Real Property, including all real property, improvements, leases, licenses, fixtures and tangible and intangible personal property (including, without limitation, cash, deposit accounts, money and other sums and Investment Notes so long as the Partnership holds the same) owned by the Partnership from time to time.

"Prudential Guarantied Loan" shall mean a loan to the Partnership governed by the term loan agreement described on Exhibit D attached hereto, a true, correct and complete copy of which has been delivered to each of the Partners prior to the date hereof.

"Redemption Agreement" shall mean that certain Redemption Agreement of even date herewith, by and among the Partnership and each of the Partners.

"Redemption Distribution" means the distribution to PIC, in full redemption of its interest in the Partnership, of all or a portion of the Investment Notes and, if applicable, cash, as determined in accordance with the Redemption Agreement.

"Regulations" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Special BP Loan" shall mean a loan in the principal amount equal to the Excess Mortgage Loan Proceeds and at an interest rate per annum equal to twelve (12) basis points above the Borrowing Costs of the Excess Mortgage Loan Proceeds, made by the Partnership to any BP Partner, or any Affiliate of any BP Partner and evidenced by a promissory note in the form of Exhibit G attached hereto.

"Transfer" means, as a noun, any voluntary or involuntary transfer, sale, pledge, hypothecation, or other disposition and, as a verb, voluntarily or involuntarily to transfer, sell, pledge, hypothecate, or otherwise dispose of.

ARTICLE 2 - CAPITALIZATION

SECTION 2.1 Partners' Percentage Interests.

The names and Percentage Interests of the Partners are set forth on Schedule A hereto.

SECTION 2.2 Additional Capital Contributions; Limitations on Future Capital Contributions; Obligation of Managing Partner to Purchase BP Notes.

(a) No Partner shall, except as otherwise required by the Act, other applicable law or this Agreement, be required to make any further Capital Contributions to the Partnership, and so long as PIC or any Affiliate of PIC is a Partner, no Capital Contributions shall be made to the Partnership without the prior written consent of PIC.

(b) At no time prior to the second anniversary of the Redemption Distribution shall the Managing General Partner call or accept Capital Contributions from any Partner for the purpose of repaying the Equity Redemption Loan or any debt replacing or refinancing the Equity Redemption Loan, and during such period no Capital Contributions made after the date hereof shall be used in such manner.

(c) To the extent that it is necessary or desirable for the Partnership, in the sole discretion of the Managing General Partner, to raise cash for the purpose of funding working capital, capital expenditures, leasing commissions, tenant improvements or other expenditures relating to the Property at a time when the Partnership is unable to raise such cash through the receipt of Capital Contributions because of the prohibition set forth in Section 2.2(a), the Managing General Partner agrees that it (or an Affiliate of the Managing General Partner) will lend funds to the Partnership for such purposes by purchasing BP Notes from the Partnership.

SECTION 2.3 Admission of Additional Partners.

The Managing General Partner shall have the right, from time to time, provided it obtains the consent of the Non-Managing General Partners, to admit additional Non-Managing General Partners to the Partnership.

Upon the admission of any new Non-Managing General Partner, an amendment of this Agreement, reflecting such change, shall be signed by the Managing General Partner and the additional Non-Managing General Partner, and an amendment to the Certificate, reflecting such change, to the extent required or appropriate under applicable law, shall be signed by all Partners

either individually or by the Managing General Partner on their behalf and filed with the Secretary of State of the State of California.

SECTION 2.4 Return of Capital Accounts and Redemption of Partnership Interests.

Except as otherwise provided in this Agreement or as set forth in the Redemption Agreement, (i) no Partner shall have the right to demand and withdraw a return of its Capital Account, and (ii) no Partner shall have the right to receive property other than cash upon a distribution to the Partners, redemption of any Partner's interest or liquidation of the Partnership.

No Partner shall receive any interest, salary, or drawing with respect to its Capital Contributions or its Capital Account or for services rendered on behalf of the Partnership or otherwise in its capacity as Partner, except (i) interest received, if any, on BP Notes or (ii) as otherwise provided in this Agreement.

SECTION 2.5 Investment Loan, Equity Redemption Loan, Prudential Guarantied Loan, Existing Loans and Replacement Loans.

(a) The Partnership is hereby authorized to, and shall, make the Investment Loan to Investment Loan Borrower and acquire the Investment Notes on the date hereof.

(b) The Partnership is hereby authorized to, and shall, borrow the Equity Redemption Loan and Prudential Guarantied Loan on the date hereof and shall thereafter perform its obligations in respect thereof subject to the terms and limitations of this Agreement. The proceeds of the Equity Redemption Loan and Prudential Guarantied Loan shall be applied to make the Investment Loan and acquire the Investment Notes on the date hereof.

(c) In accordance with Section 2.2(b), the Partnership shall not, at any time prior to the second anniversary of the Redemption Date, use Capital Contributions made after the date hereof for the purpose of repaying the Equity Redemption Loan or any debt replacing the Equity Redemption Loan.

(d) Except as otherwise expressly provided in this Agreement, all costs, fees, penalties and expenses incurred in connection with the satisfaction of any debt of the Partnership on the date hereof shall be paid by PIC, on the one hand, and the BP Partners, on the other hand, in accordance with the terms and provisions of Exhibit V to the Master Transaction Agreement. All Borrowing Costs of the Excess Mortgage Loan Proceeds ("Excess Proceeds Borrowing Costs") shall be paid by the Partnership and capitalized and amortized over the term of the loan from which the Excess Mortgage Loan Proceeds were derived. All other Borrowing Costs incurred in connection with any Partnership borrowing (other than those described hereinabove and in subsection (e) below) shall be paid by the BP Partners.

(e) Notwithstanding anything to the contrary provided in this Agreement, all costs, fees and expenses incurred in connection with the consummation of the Equity

Redemption Loan and Prudential Guarantied Loan shall be paid by the Partnership and borne by the Partners (and reflected in the Partnership's books as follows):

(i) Any and all Approved Loan Costs paid in order to reduce or lock the interest rate for the Equity Redemption Loan or Prudential Guarantied Loan (including, without limitation, interest rate lock fees and loan points charged to obtain a reduced, fixed or more favorable rate (collectively, "Interest Rate Approved Loan Costs")) shall be paid by the Partnership and capitalized and amortized over the term of the appropriate loan;

(ii) All other Approved Loan Costs shall be paid by the Partnership as current expenses and borne by each Partner in accordance with its Percentage Interest on the date hereof;

(iii) Any other costs and expenses incurred by the Partnership with respect to the Equity Redemption Loan shall be paid by the BP Partners; and

(iv) Any other costs and expenses incurred by the Partnership with respect to the Prudential Guarantied Loan shall be paid by PIC.

ARTICLE 3 - ALLOCATIONS OF PROFITS AND LOSSES AND MAINTENANCE OF CAPITAL ACCOUNTS

SECTION 3.1 Capital Accounts and Allocations of Profit and Loss.

(a) Capital Accounts. A separate capital account (a "Capital Account") shall be maintained for each Partner in accordance with Section 1.704-1(b)(2)(iv) of the Regulations, and this Section 3.1 shall be interpreted and applied in a manner consistent with such section of the Regulations. The Partnership may, at the election of the Managing General Partner, adjust the Capital Accounts of its Partners to reflect revaluations of the Partnership property whenever the adjustment would be permitted under Regulations Section 1.704-1(b)(2)(iv)(f). In the event that the Capital Accounts of the Partners are so adjusted, (i) the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization and gain or loss, as computed for book purposes, with respect to such property, and (ii) the Partners' distributive shares of depreciation, depletion, amortization and gain or loss, as computed for tax purposes, with respect to such property shall be determined so as to take account of the variation between the adjusted tax basis and book value of such property in the same manner as under Section 704(c) of the Code. In the event that Code Section 704(c) applies to partnership property, the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization and gain and loss, as computed for book purposes, with respect to such property. The Partners' distributive shares of depreciation, depletion, amortization and gain or loss, as computed for tax purposes, with respect to such property shall

be determined so as to take account of the variation between the adjusted tax basis and book value of such property in the same manner as under Code Section 704(c), and the amount of upward and/or downward adjustments to the book value of the Partnership property shall be treated as income, gain, deduction and/or loss for purposes of applying the allocation provisions of this Article 3. In the event that Code Section 704(c) applies to Partnership property, the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization and gain and loss, as computed for book purposes, with respect to such property. The amount of all distributions to Partners shall be determined pursuant to Section 4.1 hereof. Notwithstanding any provision contained herein to the contrary, no Partner shall be required to restore any negative balance in its Capital Account.

(b) Allocation of Profit and Loss. Generally, all profits and losses
will be allocated in accordance with the Percentage Interests of the Partners. It is the intention of the Partners that all items of Partnership income, gain, loss, and deduction, as determined for book purposes, shall be allocated among the Partners, and shall be credited or debited to their respective Capital Accounts in accordance with Regulations Section 1.704(b)(2)(iv), so as to ensure to the maximum extent possible (i) that such allocations satisfy the economic effect equivalence test of Regulations Section 1.704(b)(2)(ii)(i), by allocating items that can have economic effect in such a manner that the balance of each Partner's Capital Account at the end of any taxable year (increased by such Partner's "share of Partnership minimum gain and Partner minimum gain", as defined in Regulations Section 1.704-2) would be positive in the amount of cash that such Partner would receive (or would be negative in the amount of cash that such Partner would be required to contribute to the Partnership) if the Partnership sold all of its property for an amount of cash equal to the book value (as determined pursuant to Regulations Section 1.704-1(b)(2)(iv)) of such property (reduced, but not below zero, by the amount of nonrecourse debt to which such property is subject) and all of the cash of the Partnership remaining after payment of all liabilities (other than nonrecourse liabilities) of the Partnership were distributed in liquidation immediately following the end of such taxable year pursuant to Article 9, and (ii) that all allocations of items that cannot have economic effect (including credits and nonrecourse deductions) are allocated to the Partners in accordance with the Partners' interests in the Partnership, which, unless otherwise required by Code Section 704(b) and the Regulations promulgated thereunder, shall be their Percentage Interests for the taxable year.

(c) Section 704(c) Items. Except to the extent otherwise required by
the Code, Regulations Section 1.704-3 shall apply to all tax allocations governed by Code Section 704(c) and all "reverse section 704(c) allocations". The Managing General Partner shall determine the method of allocation to be used pursuant to Regulations Section 1.704-3 and shall make all elections under such section; provided, however, that with respect to the "reverse Section 704(c)
allocations," caused by the transfers contemplated by the Master Transaction Agreement, the Partnership will use the "traditional method without curative allocations."

(d) The tax returns for the Partnership for the 1998 calendar year shall be prepared using the interim closing of the books method.

ARTICLE 4 - DISTRIBUTIONS

SECTION 4.1 Distributions.

(a) Except as provided in Section 4.1(b) or Section 7.5, and subject to the needs of the Partnership to accumulate reserves, which prior to the Redemption Distribution shall be determined in the sole discretion of the Managing General Partner, distributions to the Partners shall be made in proportion to the Partners' Percentage Interests. Distributions shall be made from time to time at the discretion of the Managing General Partner.

(b) Notwithstanding anything to the contrary provided in this Agreement, all payments in respect of title insurance received by the Partnership the amount of which was affected by the non-imputation endorsement to the Partnership's title insurance policy issued as of the date hereof with respect to the Property will be distributed only to the BP Partners in proportion to their respective Percentage Interests.

SECTION 4.2 Amounts Withheld.

All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment or distribution to the Partnership, the Managing General Partner or the Non-Managing General Partners shall be treated as amounts distributed to the Managing General Partner or Non-Managing General Partners pursuant to this Article for all purposes under this Agreement. The Managing General Partner may allocate any such amounts among the Partners in any manner that is in accordance with applicable law.

ARTICLE 5 - MANAGEMENT OF THE PARTNERSHIP

SECTION 5.1 Management.

The management powers over the business and affairs of the Partnership are and shall be exclusively vested in the Managing General Partner, who shall be subject to the provisions of this Agreement and to applicable law, and, subject to the consent rights set forth in Section 5.4 hereof, no Non-Managing General Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership.

SECTION 5.2 Rights to Delegate and Employ.

The Managing General Partner shall devote such time and effort to the Partnership as it deems necessary and may retain agents as reasonably required or desirable to assist it. The Managing General Partner shall review the status and condition of the Property and shall supervise the activities of any agents engaged by it. The Managing General Partner may delegate any of its powers, rights and obligations hereunder, and, in furtherance of any such delegation, may appoint, employ, contract or otherwise deal with any Person (including Affiliates, but only so long as such employment, contract or other deal is not less favorable to the Partnership than would be an arms-length transaction on market terms) for the transaction of the business of the Partnership, which Persons may, under the supervision of the Managing General Partner, perform any acts or services for the Partnership as the Managing General Partner may approve.

SECTION 5.3 Enumeration of Specific Rights and Powers.

Subject to Section 5.4, the Managing General Partner shall have all the rights and powers which may be possessed by a general partner in a partnership formed under the Act, which are otherwise conferred by law or which are necessary, advisable or convenient to the discharge of duties under this Agreement and to the management, direction and control of the business and affairs of the Partnership, exercisable without the consent of the Non-Managing General Partners (except as herein expressly provided), including the following rights and powers:

(a) to conduct the tax, financial and business affairs of the Partnership;

(b) to take all action necessary to acquire, purchase, renovate, rehabilitate, hold, own, improve, operate, encumber, mortgage, pledge, assign, exchange, or to sign notes or guarantee payment of any loans relating to the purposes of the Partnership;

(c) to manage, repair, insure, service, promote, advertise, lease, sublease, and create or release interests in the Partnership property;

(d) to timely pay out of Partnership funds such expenses as are necessary to carry out the intentions and purposes of the Partnership including real estate taxes and debt service payments to the extent there is sufficient gross cash proceeds.

(e) to sell and/or otherwise dispose of all or any portion of the Property;

(f) to make appropriate elections permitted under any applicable tax law, provided that such elections will not, in the opinion of counsel or the accountants for the Partnership, be disadvantageous to a majority in interest of the Non-Managing General Partners;

(g) to change the principal office of the Partnership to other places subject to the notice provision herein provided;

(h) to employ agents, attorneys, public accountants (which shall be, in all events, a "Big Five" accounting firm), and depositories and to grant powers of attorney;

(i) to employ persons necessary and appropriate in the operation and management of the Partnership and the Property, including, but not limited to, supervisory managing agents, insurance brokers, real estate brokers, and loan brokers, on such terms and for such compensation which does not exceed generally prevailing market rates, all to act under the supervision of the Managing General Partner, and the Managing General Partner on behalf of the Partnership is hereby authorized to enter into an agreement with any Managing General Partner in their individual capacities or a corporation or other entity affiliated with any Managing General Partner for the performance of such services to the Partnership except as otherwise provided for in this Agreement;

(j) to enter into any contract of insurance which the Managing General Partner deems necessary and proper for the protection of the Partnership, the conservation of the Property or any other asset of the Partnership, or for a purpose convenient or beneficial to the Partnership, including but not limited to, a contract naming the Managing General Partner as additional insured, and to continue in force any policies required by any mortgage, lease or other agreement relating to the Property or any part thereof; provided that, so long
as PIC or any Affiliate of PIC is a Partner, (i) the Partnership shall maintain reasonable and customary insurance with respect to the Property with amounts and types of coverage that are at least comparable to that maintained by Affiliates of the BP Partners with respect to other properties owned by such Affiliates (after giving effect to differences in the value and nature of such properties) and (ii) the Partnership shall maintain business interruption and commercial general liability insurance in at least the amounts set forth on Exhibit E hereto;

(k) to pay, collect, compromise, arbitrate, resort to legal action or otherwise make or defend claims or demands of or against the Partnership; provided that, so long as PIC, or an Affiliate of PIC, is a Partner, neither the Managing General Partner nor the Partnership shall compromise or settle any claim or demand of, or against, the Partnership without PIC's, or its Affiliate's, consent, which consent will not be unreasonably withheld;

(l) to borrow money and issue evidences of indebtedness in furtherance of any and all purposes of the Partnership, including borrowings from Partners of the Partnership, as contemplated by Section 5.7 hereof or otherwise, and including borrowings made in accordance with the financing plan for the Partnership described in Exhibit F hereto; to guarantee the obligations of any other Person (but only when such guaranty is made in furtherance of the business of the Partnership), including the indebtedness of such Person; and to secure any or all of the above by mortgage, pledge, guaranty or other lien on the Property and/or any other asset of the Partnership; and

(m) to lend money to any BP Partner or any Affiliate of any BP Partner pursuant to a Special BP Loan.

SECTION 5.4 Limitations on Managing General Partner's Authority.

(a) Notwithstanding anything in this Agreement to the contrary, for so long as PIC is a Partner, the Managing General Partner shall not have the power or authority to, and shall not, cause the Partnership to take any of the following actions, without the consent of PIC, which consent shall not be unreasonably withheld:

(i) other than in the ordinary course of business, cause any closing of a material portion of the Property for renovations (other than repairs necessitated as a result of a fire or other casualty);

(ii) cause or permit the engagement by the Partnership in any business other than as contemplated under Section 1.6;

(iii) take any action or make any decision involving credit, management or servicing decisions relating to the Investment Notes other than making an election to accelerate the Investment Notes upon the occurrence of (and during the continuance of) an Event of Default or taking any action or decision relating to the Redemption Distribution;

(iv) make a loan to or guarantee the indebtedness of any Person other than (A) loans to tenants of the Property for tenant improvements or (B) a Special BP Loan;

(v) cause or permit the sale of (A) all or any material portion of the Property, except leases, concessionaire agreements and space licenses entered into in the ordinary course of business of the Property, or (B) except in connection with the Redemption Distribution, the Investment Notes or any portion thereof or interest therein;

(vi) cause the Partnership to (A) obtain any borrowing, (B) issue evidences of indebtedness, or (C) guaranty the obligations of any Person, if such borrowing, issuance or guaranty provides for recourse to PIC (other than the Prudential Guarantied Loan or the Equity Redemption Loan or any Replacement Debt (as defined in Exhibit F);

(vii) amend this Agreement if such amendment affects or could affect (A) the receipt, amount or timing of any distributions to PIC, or (B) PIC's rights or obligations under this Agreement or the Redemption Agreement;

(viii) cause the dissolution of the Partnership, or cause the Partnership to file or otherwise commence a voluntary bankruptcy case, or consent to the commencement of an involuntary bankruptcy case, under the United States Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case, or consent to the

appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of the Property;

(ix) borrow money from the Managing General Partner or any Affiliate of the Managing General Partner except as permitted or required under Sections 2.2(c) and 5.7 or otherwise in this Agreement;

(x) assign, relinquish, settle, compromise, waive or impair any of the Partnership's rights under or with respect to, or amend, terminate, extend the term of (or time for payments due, or performance to be rendered, to the Partnership under) or otherwise modify any instrument or agreement under which the Partnership has rights and to which the Managing General Partner or any of its Related Parties is a party; or

(xi) engage in any activity without a good faith business purpose therefor and with the intent of manipulating the "Operating Profits" or "Operating Losses" of the Partnership described in the Redemption Agreement in a manner intended to materially adversely affect, to the benefit of the other Partners, the amounts that PIC would be entitled to receive under this Agreement or the Redemption Agreement.

SECTION 5.5 Filing of Returns and Other Writings.

The Managing General Partner shall be the Tax Matters Partner and is also specifically authorized to and shall cause the preparation and timely filing of all Partnership tax returns and shall, on behalf of the Partnership, subject to the terms and provisions of the Redemption Agreement, make such tax elections for the Partnership as it, after consultation with the Partnership's accountants, shall determine to be in the best interests of the Partners. In addition, the Managing General Partner shall timely file all other forms, documents or other writings with respect to the business and operation of the Partnership which shall be required by any governmental agency or authority having jurisdiction to require such forms, documents or other writings, and shall transmit to each Partner any form or document required to be transmitted by any such governmental agency.

SECTION 5.6 Other Permissible Activities.

Nothing herein contained shall be deemed to prevent any Partner or any shareholder or affiliate thereof from engaging in other activities for profit, whether in the real estate business or otherwise. The Managing General Partner (or any shareholder or affiliate thereof), or any Partner, may, in the future, organize and manage joint ventures, additional limited partnerships or other business entities for the acquisition, management and sale of real estate. Neither this Agreement nor any activity undertaken pursuant hereto shall prevent any Partner or any affiliate from engaging in such activities, or require any Partner to permit the Partnership or any Partner to participate in any such activities and, as a material part of the consideration for each Partner's execution hereof, each Partner, for the benefit of the other Partners, hereby waives, relinquishes and renounces any such right or claim of participation.

SECTION 5.7 Contracts with Affiliates; Borrowing from Partners.

The Managing General Partner is authorized to enter into agreements on behalf of the Partnership with other persons or entities affiliated with the Partnership and the Partners, including with respect to the borrowing of money from, and issuance of evidences of indebtedness to, Partners of the Partnership in furtherance of any and all purposes of the Partnership, including borrowing from the Managing General Partner or any of its Affiliates for the purposes and on the terms set forth on Exhibit B attached hereto and incorporated herein by reference; provided, however, that all such agreements (other than the giving of BP Notes and the making of the Special BP Loans) shall be disclosed to the other Partners and shall not be less favorable to the Partnership than had such agreement been negotiated at arms-length and on market terms. Notwithstanding any other provision of this Agreement, it is acknowledged and agreed that an Affiliate of the Managing General Partner shall enter into a management agreement with the Partnership for a management fee that does not exceed the management fee that was payable to Pacific Property Services, L.P. (the previous management company that managed the Property) as of May 1, 1998.

SECTION 5.8 Indemnification.

(a) To the fullest extent permitted by California law, the Partnership shall indemnify each Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, attorneys fees and other legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement, in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith, was the result of active and deliberate dishonesty, or was the result of a breach of this Agreement by such Indemnitee (or by the Partner of which such Indemnitee is a director or officer); or (ii) the Indemnitee actually received an improper personal benefit in money, property or services, or in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guaranty (except a guaranty by a Partner of nonrecourse indebtedness of the Partnership or as otherwise provided in any such loan guaranty) or otherwise for any indebtedness of the Partnership, and the Managing General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 5.8 in favor of any Indemnitee having or potentially having liability for any such indebtedness. The termination of any proceeding by conviction of an Indemnitee or upon a plea of nolo contendere or its equivalent by an Indemnitee, or an entry of an order of probation against an Indemnitee prior to judgment, creates a rebuttable presumption that such Indemnitee acted in a manner contrary to that specified in this Section 5.8(a). Any indemnification pursuant to this Section 5.8 shall be made only out of the assets of the Partnership and shall not impose any personal liability on any Partner, and neither the Managing General Partner nor any Non-Managing General

Partner shall have any obligation to contribute to the capital of the Partnership, or otherwise provide funds, to enable the Partnership to fund its obligations under this Section 5.8.

(b) If the Managing General Partner avails itself of the indemnification provisions set forth herein, the Managing General Partner shall promptly notify in writing the other Partners of such fact and shall provide a brief description of the nature and magnitude of the indemnification claimed. An Indemnitee, other than the Managing General Partner, may assert a claim for indemnification hereunder by giving written notice thereof to the Managing General Partner. If indemnification is sought for a claim or liability asserted by a third party, the Indemnitee shall also give written notice thereof to the Managing General Partner promptly after it receives notice of the claim or liability being asserted. Such notice shall summarize the bases for the claim for indemnification and any claim or liability being asserted by a third party. The Managing General Partner, on behalf of the Partnership, shall be entitled to direct the defense against a third party claim or liability with counsel selected by it (subject to the consent of the Indemnitee, which consent shall not be unreasonably withheld) as long as the Partnership is conducting a good faith and diligent defense. The Indemnitee shall, at all times, have the right to fully participate in the defense of a third party claim or liability at its own expense, directly or through counsel; provided, however, that if the named
-------- -------
parties to the action or proceeding include both the Partnership and the Indemnitee, and the Indemnitee is advised by counsel that representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the Indemnitee may engage separate counsel, whose reasonable fees and expenses shall be borne by the Partnership. If no notice of intent to dispute and defend a third party claim or liability is given by the Managing General Partner within 20 business days of receiving notice of such claim or liability, the Indemnitee shall have the right, at the expense of the Partnership, to undertake the defense of such claim or liability (with counsel selected by the Indemnitee), and to compromise or settle it, exercising reasonable business judgment. If the third party claim or liability is one that, by its nature, cannot be defended solely by the Partnership, then the Indemnitee shall make available such information and assistance as the Managing General Partner may reasonably request and shall cooperate with the Partnership in such defense, at the expense of the Partnership.

(c) Subject to the procedures set forth in Section 5.8(b), reasonable expenses incurred by an Indemnitee who is a party to a proceeding in a matter for which the Indemnitee has undertaken the defense pursuant to the provisions of this Section 5.8 (other than as a result of the rejection or dispute by the Managing General Partner of a claim for indemnification under Section 5.8(b)) shall be paid or reimbursed by the Partnership in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in Section 5.8(a) has been met, and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(d) The indemnification provided by this Section 5.8 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under this

Agreement or any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity unless otherwise provided in a written agreement pursuant to which such Indemnitee is indemnified.

(e) The Partnership may, but shall not be obligated to, purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the Managing General Partner shall determine in its reasonable discretion, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(f) In no event may an Indemnitee subject any of the Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 5.8 solely because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 5.8 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 5.8 or any provision hereof shall be prospective only and shall not in any way affect the Partnership's liability to any Indemnitee under this Section 5.8, as in effect immediately prior to such amendment, modification, or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

SECTION 5.9 Liability of the Managing General Partner.

(a) Notwithstanding anything to the contrary set forth in this Agreement, except as otherwise expressly provided in this Agreement, the Managing General Partner and its officers and directors shall not be liable for monetary damages to the Partnership, any Partners or any Assignees for losses sustained or liabilities incurred as a result of reasonable errors in judgment or of any act or omission if the Managing General Partner acted in good faith; provided, however, that the Managing General Partner shall be liable to the Partnership and Partners for its material breaches of this Agreement.

(b) Subject to its obligations and duties as Managing General Partner set forth in Section 5.3 hereof, and subject to the limitations set forth in Section 5.4 hereof, the Managing General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents. The Managing General Partner shall not be responsible for any misconduct or negligence on the part

of any such agent appointed by the Managing General Partner in good faith, except as otherwise expressly provided herein.

(c) Any amendment, modification or repeal of this Section 5.9 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the Managing General Partner's liability (and that of its officers and directors) to the Partnership and the Non-Managing General Partners under this Section 5.9 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

SECTION 5.10 Other Matters Concerning the Managing General Partner.

(a) The Managing General Partner may rely and shall be protected in acting, or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

(b) The Managing General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers, architects, engineers, environmental consultants and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters which such Managing General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) The Managing General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and duly appointed attorneys-in-fact. Each such attorney shall, to the extent provided by the Managing General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the Managing General Partner hereunder.

ARTICLE 6 - ACCOUNTING

SECTION 6.1 Fiscal Year and Tax Accounting Method.

The Partnership shall operate on the basis of a calendar year, and shall report its operations for tax and all other purposes in accordance with those methods the Managing General Partner and the Partnership's accountant deem advisable.

SECTION 6.2 Books, Records, and Tax Reports.

The Partnership shall maintain full and accurate books at its principal office which all Partners shall have the right to inspect and examine during business hours upon reasonable written notice to the Managing General Partner. The Managing General Partner shall keep or cause such books to be kept and shall fully and accurately enter all transactions of the Partnership therein. Such books shall be closed and balanced at the end of each calendar year. On or before March 31 of each year, the Managing General Partner will furnish the Non-Managing General Partners with a balance sheet and a statement of income and expenses of the Partners for the prior calendar year and a report on Treasury Form K-1 containing information relating to the Partnership to be used in preparing a Non-Managing General Partner's personal federal income tax return.

SECTION 6.3 Accounting Practice.

The books of account of the Partnership shall be kept in accordance with good and accepted bookkeeping and accounting practices for similar properties, provided that all methods of accounting and of treating particular transactions shall be in accordance with the methods of accounting employed for Federal income tax purposes. The determinations of the Managing General Partner with respect to the treatment of any items or its allocation for federal, state or local tax purposes shall be binding upon all the Partners so long as such determination shall not be inconsistent with any express term hereof or of the Redemption Agreement.

SECTION 6.4 Accountants.

The Partnership's certified public accountant shall be designated by the Managing General Partner, subject to the terms and provisions of Section 5.3(h).

SECTION 6.5 Bank Accounts.

The Managing General Partner shall, on behalf of the Partnership, open and maintain a bank account or accounts in a bank or other financial institution of its choosing in which shall be deposited all of the capital, cash receipts and other funds of the Partnership.

ARTICLE 7 - RIGHTS AND OBLIGATIONS OF THE NON-MANAGING GENERAL PARTNERS

SECTION 7.1 Contributions by Non-Managing General Partners.

Except as provided herein, the Non-Managing General Partners shall not be obligated to make a contribution of any sort whatsoever to the capital of the Partnership, or to provide a loan.

SECTION 7.2 Corporate Authority.

Each Partner hereby represents and covenants that its execution of this Agreement has been duly authorized by proper corporate action or otherwise.

SECTION 7.3 Role of Non-Managing General Partners.

Except as otherwise provided in this Agreement, no Non-Managing General Partner shall take part in, or interfere in any manner with, the conduct or control of the business of the Partnership, or shall have any right or authority to act for or bind the Partnership.

SECTION 7.4 Rights and Obligations Under the Act.

In addition to the foregoing rights (including any limitations thereof) and obligations, the Non-Managing General Partners shall each have those rights and obligations conferred or imposed upon partners of a general partnership under applicable law, to the extent not inconsistent with the terms hereof.

SECTION 7.5 Redemption Rights.

Except as specifically provided in the Redemption Agreement, no Partner shall have the right to withdraw from the Partnership or have its interest in the Partnership redeemed by the Partnership.

ARTICLE 8 - WITHDRAWAL AND REPLACEMENT OF PARTNERS AND TRANSFER OF PARTNERSHIP INTEREST

SECTION 8.1 Non-Managing General Partners.

No Non-Managing General Partner's interest shall be sold, assigned, transferred, pledged or hypothecated or encumbered (any such transaction, a "Transfer"), in whole or in part, except in accordance with the terms and conditions set forth in this Article 8. Any Transfer or purported Transfer of a Non-Managing General Partner's interest not made in accordance with this Article 8 shall be null and void.

SECTION 8.2 Managing General Partner.

The Managing General Partner may not Transfer its interest in the Partnership or withdraw from the Partnership without the consent of the Non-Managing General Partners.

SECTION 8.3 Transfer of Partnership Interests.

(a) Subject to the provisions of this Article 8, a Non-Managing General Partner may transfer its interest in the Partnership with the consent of the Managing General Partner, which consent may be withheld by the Managing General Partner in its sole and absolute discretion. Nothing in this Agreement shall be deemed to preclude the purchase by the Managing General Partner of any Non-Managing General Partnership interest and the admission of a Managing General Partner as a Non-Managing General Partner in connection therewith.

(b) If the interest, or any part thereof, of a Partner in the Partnership is disposed of pursuant to this Section, such Partner shall nevertheless be entitled to a portion of the income, gain, loss, deduction and credit allocated to such interest or part thereof in accordance with the provisions of this agreement for the fiscal year of the Partnership in which such disposition occurs, based upon the number of months during such year that such Partner owned such interest or part thereof. Any predecessor or successor of such Partner in respect of such interest or part thereof shall share in such profits and losses for the fiscal year in which such disposition occurs and the Partnership shall be bound by such allocation, provided the same shall be deemed reasonable by the Partnership's accountants, upon being furnished with timely written notice of same. Distributions of cash or other property shall be made only to such persons who are Partners on the date of distribution.

(c) Without limiting the foregoing, the Managing General Partner may prohibit any transfer by a Non-Managing General Partner of its interest in the Partnership if, in the opinion of legal counsel to the Partnership, such transfer would require filing of a registration statement under the Securities Act of 1933 or would otherwise violate any federal or state securities laws or regulations applicable to the Partnership or interests in the Partnership, or would cause a termination of the Partnership under Section 708 of the Code.

(d) Without limiting the foregoing, no transfer by a Non-Managing General Partner of its interests in the Partnership may be made to any Person if (i) in the opinion of legal counsel for the Partnership, it would result in the Partnership being treated as an association taxable as a corporation; (ii) such transfer is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code; (iii) such transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code); (iv) such transfer would, in the opinion of legal counsel for the Partnership, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.2-101; or (v) such transfer would subject the Partnership to be regulated under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or the Employee Retirement Income Security Act of 1974, each as amended, or would violate any loan documents to which the Partnership is a party.

(e) The transfer of a Partnership interest shall not constitute, or result in, a dissolution of the Partnership.

SECTION 8.4 Substituted Non-Managing General Partners.

(a) No Non-Managing General Partner shall have the right to substitute a transferee as a Non-Managing General Partner in his place. The Managing General Partner shall, however, have the right to consent to the admission of a transferee of the interest of a Non-Managing General Partner pursuant to this Section 8.4 as a Substituted Non-Managing General Partner, which consent may be given or withheld by the Managing General Partner in its sole and absolute discretion. The Managing General Partner's failure or refusal to permit a transferee of any such interests to become a Substituted Non-Managing General Partner shall not give rise to any cause of action against the Partnership or any Partner.

(b) A transferee who has been admitted as a Substituted Non-Managing General Partner in accordance with this Article 8 shall have all the rights and powers and be subject to all the restrictions and liabilities of a Non-Managing General Partner under this Agreement.

(c) Upon the admission of a Substituted Non-Managing General Partner, the Managing General Partner shall amend Schedule A to reflect the name, address, and Percentage Interest of such Substituted Non-Managing General Partner and to eliminate or adjust, if necessary, the name, address and interest of the predecessor of such Substituted Non-Managing General Partner.

SECTION 8.5 Assignees.

If the Managing General Partner, in its sole and absolute discretion, does not consent to the admission of any permitted transferee as a Substituted Non-Managing General Partner, as described in Section 8.4, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be deemed to have had assigned to it, and shall be entitled to receive distributions from the Partnership and the share of net income, net losses, and any other items, gain, loss deduction and credit of the Partnership attributable to the interest in the Partnership assigned to such transferee, but except as otherwise provided herein shall not be deemed to be a holder of an interest in the Partnership for any other purpose under this Agreement, and shall not be entitled to vote in any matter presented to the Non-Managing General Partners for a vote (such interest in the Partnership being deemed to have been voted on such matter in the same proportion as all other interests held by Non-Managing General Partners are voted). In the event any such transferee desires to make a further assignment of any such interest in the Partnership, such transferee shall be subject to all of the provisions of this Article 8 to the same extent and in the same manner as any Non-Managing General Partner desiring to make such an assignment.

ARTICLE 9 - DISSOLUTION, LIQUIDATION AND TERMINATION

SECTION 9.1 Dissolution.

(a) Except as herein otherwise expressly provided, the Partnership shall be dissolved upon the occurrence of any of the following events:

(1) agreement by all of the Partners to dissolve the Partnership;

(2) expiration of the term provided in Section 1.5 hereof;

(3) sale or taking by eminent domain or other lawful government action resulting in transfer of title of substantially all of the Partnership's assets; or

(4) any other event which, under applicable law, results in the dissolution of the Partnership.

(b) Dissolution shall be effective on the date of the event giving rise to the dissolution, but the Partnership shall not terminate until the assets thereof have been distributed in accordance with the provisions of Section 9.2 hereof.

SECTION 9.2 Liquidation.

(a) If the Partnership shall be dissolved by reason of the occurrence of any of the circumstances described in Section 9.1, no further business shall be conducted by the Partnership except for taking of such action as shall be necessary for the winding up of its affairs and distribution of its assets to the Partners pursuant to the provisions of this Article 9. Upon such dissolution, the Managing General Partner shall act as liquidator or, if it is unable or unwilling to so act, it shall appoint one or more liquidators, who shall have full authority to wind up the affairs of the Partnership and to make final distribution as provided herein.

Upon such dissolution of the Partnership, the liquidator(s) shall determine which, if any, Partnership properties and assets should be distributed in kind, and dispose of all other Partnership properties and assets at the best cash price obtainable therefor and distribute the proceeds as follows:

(1) First, to the payment and discharge of all of the Partnership's debts and liabilities to creditors other than the Partners;

(2) Second, to the payment and discharge of all of the Partnership's debts and liabilities to Partners in their capacities as creditors of the Partnership;

(3) The balance, if any, to the Partners in accordance with the provisions of Article 4.

(b) Notwithstanding the foregoing, if any Partner shall be indebted to the Partnership, then, until payment of such indebtedness by said Partner, the liquidator(s) shall retain such Partner's distributive share of the Partnership properties and assets and, after applying the cost of operation of such properties and assets during the period of such liquidation against the income therefrom, the balance of such income shall be applied in liquidation of such indebtedness. However, if at the expiration of six (6) months after notice of such outstanding indebtedness has been given to such Partner and such amount has not been paid or otherwise liquidated in full, the liquidator(s) may sell the assets allocable to such Partner at public or private sale at the best price immediately obtainable, such best price to be determined in the sole judgement of the liquidator(s). So much of the proceeds of such sale as shall be necessary to liquidate such indebtedness shall then be so applied, and the balance of such proceeds, if any, shall be distributed to such Partner. Any gain or loss realized for Federal income tax purposes upon the disposition of such assets shall, to the extent permitted by law, be allocated to such Partner, and to the extent not so permitted, to the Partners.

Thereafter, the liquidator(s) shall comply with all requirements of the Act, or other applicable law, pertaining to the winding up of a limited partnership, at which time the Partnership shall stand terminated.

(c) In the event the Managing General Partner's interest in the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) (including, without limitation, upon the liquidation of the Partnership) and the Managing General Partner's Capital Account has a deficit balance after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs, the Managing General Partner shall contribute to the capital of the Partnership the amount necessary to restore such deficit balance to zero in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(3).

ARTICLE 10 - MISCELLANEOUS

SECTION 10.1 Redemption Agreement.

This Agreement and the Partners hereto are subject to the terms and provisions of the Redemption Agreement. If, and to the extent that, any terms or provisions of this Agreement are inconsistent with any terms and provisions of the Redemption Agreement, the terms and provisions of the Redemption Agreement shall govern and control.

SECTION 10.2 Notice.

All notices, demands, consents, options, elections, or other communications hereunder shall be in writing and shall be deemed to have been exercised, made or given upon delivery if delivered by hand or by courier service and three (3) business days after being deposited in the United States mail and sent by certified or registered mail, return receipt requested, postage prepaid. Any notice required to be sent to any Partner shall be sent to the addresses specified on

Schedule A attached hereto and incorporated herein. Any party may designate an alternative address on five (5) days' notice to the Partnership.

SECTION 10.3 Further Assurances.

Each of the Partners will hereafter execute and deliver such further instruments, and do such further acts as may be required to carry out the intent and purposes of this Agreement.

SECTION 10.4 Agreement in Counterparts.

This Agreement may be executed in one or more counterparts and all such counterparts shall constitute one agreement binding on all the parties, notwithstanding that all the parties are not signatories to the original or the several counterparts.

SECTION 10.5 Construction.

None of the provisions of this Agreement shall be for the benefit or enforceable by the creditors of the Partnership.

SECTION 10.6 Governing Law.

This Agreement shall, except as herein otherwise expressly provided, be governed and construed in accordance with the laws of the State of California.

SECTION 10.7 Amendments.

This Agreement may be amended only by a written amendment signed by all of the Partners.

SECTION 10.8 Pronouns.

Any pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the undersigned may require.

SECTION 10.9 Successors in Interest.

Except as otherwise provided herein, all provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the respective heirs, executors, administrators, personal representatives, successors and permitted assigns of any of the parties to this Agreement. However, nothing in this Agreement, whether expressed or implied, is intended to confer upon any entity, other than specifically provided, any rights or benefits under or by reason of this Agreement.

SECTION 10.10 Headings.

The headings contained at the beginning of each Article and Section are for purposes of convenience only and are not intended to limit, expand or define the content thereof.

SECTION 10.11 Consent to Jurisdiction and Service of Process.

ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PARTY HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

SECTION 10.12 Waiver of Jury Trial.

EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this Agreement, including, without limitation, contract claims, tort claims, beach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

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

WITNESS:

/s/ Bradley A. Jacobson
- -------------------------

MANAGING GENERAL PARTNER:

BOSTON PROPERTIES LLC

By: Boston Properties Limited Partnership,
Managing Member

By: Boston Properties, Inc.,
General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

WITNESS:

/s/ Bradley A. Jacobson
- -------------------------

NON-MANAGING GENERAL PARTNERS:

BP EC2 HOLDINGS LLC

By: Boston Properties Limited Partnership,
Managing Member

By: Boston Properties, Inc.,
General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

WITNESS:

/s/ Bradley A. Jacobson
- -------------------------

PIC REALTY CORPORATION

By: /s/ Gary L. Frazier

Name: Gary L. Frazier
Title: Vice President

SCHEDULE A

ATTACHED TO AMENDED AND RESTATED
PARTNERSHIP AGREEMENT OF
EMBARCADERO CENTER ASSOCIATES

Managing General Partner

Name and Address	Percentage Interest
Boston Properties LLC c/o Boston Properties, Inc. 8 Arlington Street Boston, Massachusetts 02116	0.4%

Non-Managing Partners

Name and Address	Percentage Interest
BP EC2 Holdings LLC c/o Boston Properties, Inc. 8 Arlington Street Boston, Massachusetts 02116	39.6%
PIC Realty Corporation c/o Prudential Realty Group 8 Campus Drive 4th Floor - Arbor Circle South Parsippany, New Jersey 07054 Attention: John R. Triece Facsimile: (201) 683-1797	60.0%

with copies to:

Prudential Insurance Company of America
4 Embarcadero Center, Suite 2700
San Francisco, CA 94111
Attention: Harry Mixon
Facsimile: (415) 956-2197

O'Melveny & Myers
Embarcadero Center West
275 Battery Street
San Francisco, CA 94111
Attention: Stephen A. Cowan
Facsimile: (415) 984-8701

EXHIBIT A

Legal Description of Two Embarcadero Center

[INTENTIONALLY OMITTED]

EXHIBIT B

Approved Terms and Conditions of Loans from Managing General Partner

The Partnership shall be permitted to borrow funds from the Managing General Partner from time to time, as determined in the sole discretion of the Managing General Partner, for the purpose of funding working capital, leasing commissions, tenant improvements, capital expenditures and other expenditures relating to the Property. Each such borrowing shall be in the form of an unsecured loan and shall be evidenced by a note issued by the Partnership to the Managing General Partner in the form of Exhibit A attached to this Exhibit B.

Exhibit A [FORM OF BP NOTE]
- ---------

DELAYED DEMAND NOTE

$_____ San Francisco, California
_____, 19__

At any time after _____, 199_ [the date which is 120 days after the date of the Closing under the Master Transaction Agreement], FOR VALUE RECEIVED, EMBARCADERO CENTER ASSOCIATES, a California general partnership with a principal place of business in San Francisco, California (the "Maker"), promises to pay
---
[BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership] [other BPLLC affiliate] with a principal place of business in Boston, Massachusetts, ON DEMAND, the principal sum of _____ ($_____), with interest thereon at the rate of ten percent (10%) per annum. Interest shall be computed on the number of days principal is outstanding based on a 365 day year. All interest accruing under this Note shall be due and payable (i) monthly in arrears on the fifth (5th) day of each succeeding calendar month, commencing _____, 199_ [fifth day of calendar month following month in which note is made] and continuing thereafter until all amounts due hereunder have been paid in full, or (ii) at the option of the holder, on demand at any time after _____, 199_ [the date which is 120 days after the date of the Closing under the Master Transaction Agreement].

The outstanding balance of principal due hereunder may be prepaid in full at any time, or from time to time in part in multiples of One Thousand Dollars ($1,000.00) without any prepayment premium.

The Maker agrees to pay all charges of the holder hereof in connection with the collection and enforcement of this Note, including reasonable attorneys' fees and disbursements.

The Maker hereby waives presentment, demand, notice, protest and all other suretyship defenses generally and agrees that any renewal, extension or postponement of the time of payment or any other indulgence, may be effected without notice to and without releasing the Maker from any liability hereunder.

This Note shall have the effect of an instrument under seal.

EMBARCADERO CENTER ASSOCIATES

By: Boston Properties LLC, its managing general partner

By: Boston Properties Limited Partnership, its managing member

By: Boston Properties, Inc., its general partner

By:_____
Name:
Title:

EXHIBIT C

DESCRIPTION OF EQUITY REDEMPTION LOAN

The "Equity Redemption Loan" shall mean that certain loan to the Partnership in the aggregate principal amount of $95,927,000, which loan is made pursuant to a certain Term Loan Agreement dated as of November 12, 1998 by and among BankBoston, N.A., The Chase Manhattan Bank, Fleet National Bank, PNC Bank, National Association, Dresdner Bank AG New York Branch and Grand Cayman Branch, The Bank of New York, Key Bank National Association, Citizens Bank and other banks which may become parties thereto as the lenders thereunder, and One Embarcadero Center Venture, Embarcadero Center Associates, Three Embarcadero Center Venture and Four Embarcadero Center Venture, collectively as the borrowers thereunder, which Term Loan Agreement provides for loans to the borrowers in the aggregate principal amount of $328,143,000. The $95,927,000 loan to the Partnership under such Term Loan Agreement is evidenced by a promissory note of the Partnership in the form provided in such Term Loan Agreement.

EXHIBIT D

DESCRIPTION OF PRUDENTIAL GUARANTIED LOAN

The "Prudential Guarantied Loan" shall mean that certain loan to the Partnership in the aggregate principal amount of $16,000,000, which loan is made pursuant to a certain Term Loan Agreement dated as of November 12, 1998 by and among The Chase Manhattan Bank as lender thereunder, and One Embarcadero Center Venture, Embarcadero Center Associates, Three Embarcadero Center Venture and Four Embarcadero Center Venture, collectively as the borrowers thereunder, which Term Loan Agreement provides for loans to the borrowers in the aggregate principal amount of $92,000,000. The $16,000,000 loan to the Partnership under such Term Loan Agreement is evidenced by a promissory note of the Partnership in the form provided in such Term Loan Agreement.

EXHIBIT E

Description of Business Interruption and General Liability Insurance

Business Interruption Insurance	$145,000,000
Commercial General Liability	$ 2,000,000
Umbrella Liability Program	$200,000,000

EXHIBIT F

Description of Financing Plan for Embarcadero Center Associates

1. Equity Redemption Loan. Upon the execution of this Agreement, the Partnership will enter into a 90 day Term Loan Agreement with BankBoston, N.A., on behalf of itself and as agent for the several banks that are parties thereto, to borrow approximately $95,927,000 with a term of 90 days, which borrowing shall be guaranteed by Boston Properties Limited Partnership ("BPLP"). This loan constitutes the Equity Redemption Loan. Interest on the outstanding indebtedness under the Equity Redemption Loan shall accrue at a rate equal to the 30 day Eurodollar rate plus 50 basis points. In addition, upon the closing of the Equity Redemption Loan, the Partnership will pay its proportionate share of the closing fee in the approximate aggregate amount of $116,000. The Partnership shall pledge the Investment Notes to secure obligations of the Partnership under the Equity Redemption Loan.

2. Prudential Guarantied Loan. Upon the execution of this Agreement, the Partnership will also enter into a Term Loan Agreement with The Chase Manhattan Bank, N.A. to borrow approximately $16,000,000 with a term of 90 days, which borrowing shall be guaranteed by The Prudential Insurance Company of America. This loan constitutes the Prudential Guarantied Loan. Interest on the outstanding indebtedness under the Prudential Guarantied Loan shall accrue at a rate equal to the 30 day Eurodollar rate plus 30 basis points. In addition, upon the closing of the Prudential Guarantied Loan, the Partnership will pay its proportionate share of the closing fee in the approximate aggregate amount of $40,000.

3. Advance Under BPLP Line of Credit. Upon the execution of this Agreement, BPLP will amend its existing Amended and Restated Revolving Credit Agreement (the "Credit Agreement") with BankBoston, N.A., and certain other banks for which BankBoston, N.A. serves as agent, to add, inter alia, the Partnership as a Borrower under the Credit Agreement for the purpose of the advance described in the next paragraph.

The Equity Redemption Loan will, upon the earlier of the redemption of PIC Realty Corporation from the Partnership or the 90th day after the date of execution of this Agreement, be repaid through (i) a draw on the Credit Agreement by the Partnership of approximately $19,700,000 and (ii) cash of the Partnership in an amount equal to approximately $76,300,000, which cash will represent proceeds from the repayment of the Special BP Loan. As a result of the draw under the Credit Agreement, the Partnership will be a primary obligor with respect to approximately $19,700,000 of indebtedness under the Credit Agreement.

4. Assumption and Release with respect to Prudential Guarantied Loan. The Prudential Guarantied Loan will, upon the redemption of the interest of PIC Realty Corporation in the Partnership, be assumed by PIC Realty Corporation and the Partnership will be released as a borrower with respect to the Prudential Guarantied Loan and all other obligations with respect thereto, as contemplated by, and subject to the terms and conditions of, the Redemption Agreement.

In the event that the interest of PIC Realty Corporation in the Partnership is not redeemed by February 10, 1999, or in the event that the Partnership is not, by such date, released in full from all obligations with respect to the Prudential Guarantied Loan and related obligations, then either (i) Prudential shall continue to guaranty the Prudential Guarantied Loan until such redemption, assumption and release occurs or (ii) if the Partnership repays and refinances the Prudential Guarantied Loan by obtaining any replacement debt ("Replacement Debt"), Prudential shall guarantee the lenders thereof of the punctual payment in full and all other obligations of such Replacement Debt.

5. Secured Financing. Upon the execution of this Agreement, the Partnership, as a co-borrower, will enter into a certain first deed of trust loan in the aggregate principal amount of $320 million with New York Life Insurance Company, The Equitable Life Assurance Society of the United States and Teachers Assurance and Annuity Association of America. As among the co-borrowers, the Partnership will be the primary obligor on $160 million.

EXHIBIT 99.9

SECOND AMENDED AND RESTATED PARTNERSHIP AGREEMENT

OF

THREE EMBARCADERO CENTER VENTURE

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SECOND AMENDED AND RESTATED
PARTNERSHIP AGREEMENT

OF

THREE EMBARCADERO CENTER VENTURE

This SECOND AMENDED AND RESTATED PARTNERSHIP AGREEMENT OF THREE EMBARCADERO CENTER VENTURE (this "Agreement") is entered into and shall be effective as of the 12th day of November, 1998, by and between Boston Properties LLC, a Delaware limited liability company, having a mailing address c/o Boston Properties, Inc., 8 Arlington Street, Boston, Massachusetts 02116, as managing general partner ("BPLLC" or the "Managing General Partner"), BP EC3 Holdings LLC, a Delaware limited liability company, having a mailing address c/o Boston Properties, Inc., 8 Arlington Street, Boston, Massachusetts 02116, as non-managing general partner ("Holdings LLC"), and The Prudential Insurance Company of America, a New Jersey corporation, having a mailing address c/o Prudential Realty Group, 8 Campus Drive, 4th Floor - Arbor Circle South, Parsippany, New Jersey 07054 ("Prudential"), as non-managing general partner. Holdings LLC and Prudential are sometimes hereinafter referred to as the "Non-Managing General Partners" and each as a "Non-Managing General Partner." The Managing General Partner and the Non-Managing General Partners are sometimes hereinafter referred to as the "Partners."

RECITALS:

A. THREE EMBARCADERO CENTER VENTURE (the "Partnership") is a California general partnership formed pursuant to and governed by that certain Agreement of Partnership dated as of January 1, 1979, creating a general partnership named Three Embarcadero Center Venture, and as subsequently amended on December 29, 1986, December 31, 1986, January 1, 1992 and September 28, 1998 (as revised to such date, the "Prior Partnership Agreement").

B. The Partnership owns and has in operation that certain parcel of real property situated in the City and County of San Francisco, California, and more particularly described on Exhibit A hereto, upon which is erected an office building, related improvements and personal property owned by the Partnership and situated thereon or therein, known generally as Three Embarcadero Center (the "Real Property").

C. On September 30, 1998, the interest of Fedmark Corporation, a Delaware corporation ("Fedmark"), in the Partnership was redeemed for cash. Following such redemption, all of the outstanding partnership interests in the Partnership were held by Prudential, with a 50.025263% partnership interest, and Embarcadero Center Investors Partnership, a California limited partnership ("ECIP"), with a 49.974737% partnership interest.

D. Pursuant to that certain Master Transaction Agreement, dated September 28, 1998 (the "Master Transaction Agreement"), by and among (i) Prudential, PIC Realty Corporation, a Delaware corporation ("PIC"), Fedmark, ECIP, Pacific Property Services, L.P., a California limited partnership, and the other persons identified therein on Exhibit A-1 thereto, on the one hand, and (ii) Boston Properties Limited Partnership, a Delaware limited partnership (the "Operating Partnership"), and Boston Properties, Inc., a Delaware corporation ("Public Company") on the other hand, the Operating Partnership acquired the right, subject to the satisfaction of various conditions, to have all of the partners of ECIP contribute to the Operating Partnership all of their interests in ECIP. On November 12, 1998, following the redemption of Fedmark as a partner of the Partnership as described in the preceding paragraph, the closing of the transactions contemplated by the Master Transaction Agreement occurred, and the Operating Partnership directed the partners of ECIP to convey their interests in ECIP to BP EC1 Holding LLC, a Delaware limited liability company ("Holdings 1 LLC") and the partners of ECIP did so convey their interests in ECIP to Holdings 1 LLC (which conveyance constituted a contribution to the Operating Partnership). Upon such conveyance, by operation of law ECIP dissolved and Holdings 1 LLC succeeded to ECIP's 49.974737% partnership interest in the Partnership. Prior to the amendment and restatement of this Agreement, Holdings 1 LLC conveyed to BPLLC a 0.499747% partnership interest in the Partnership and conveyed to Holdings LLC a 49.474990% partnership interest in the Partnership. As a result of the foregoing, (i) ECIP and Fedmark (the "Withdrawing Partners") have ceased to be partners of the Partnership, (ii) BPLLC and Holdings LLC have been admitted as partners of the Partnership, and (iii) as of the date hereof BPLLC, Prudential and Holdings LLC are the sole partners of the Partnership with percentage interests of 0.499747%, 50.025263% and 49.474990%, respectively.

E. To reflect the transfers, successions, admissions and withdrawals recited above, to provide for the continuation of the Partnership as a California general partnership under the Act, and to provide for the revised terms and conditions under which the Partnership will continue in existence and be governed, the parties wish to amend and restate the Prior Partnership Agreement in its entirety, as provided herein.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. Transfer of Partnership Interests. Pursuant to the transactions described in the Recitals above, the Withdrawing Partners have ceased to be partners in the Partnership, BPLLC has been admitted as the Managing General Partner of the Partnership with a 0.499747% Percentage Interest and Holdings LLC has been admitted as a Non-Managing General Partner of the Partnership with a 49.474990% Percentage Interest. Prudential shall continue as a Non-Managing General Partner of the Partnership with a 50.025263% Percentage Interest.

II. Amendment and Restatement. The Original Partnership Agreement is hereby amended and restated in its entirety as follows:

ARTICLE 1 - THE PARTNERSHIP

SECTION 1.1 Continuation of the Partnership.

The Partners hereby agree to continue the Partnership as a general partnership under and pursuant to the Uniform Partnership Act of the State of California (the "Act") as the same is now or hereafter amended. The Partners shall promptly execute, and the Managing General Partner shall promptly cause to be filed with the proper offices, any certificate or amendments thereto required by the Act or any other applicable partnership act, fictitious name act, or similar statute in effect, or for any reasonable purpose.

SECTION 1.2 Partnership Name.

The name of the Partnership shall continue to be "THREE EMBARCADERO CENTER VENTURE." All business of the Partnership shall be conducted under such name or under such variations thereof as the Managing General Partner deems necessary or appropriate to comply with the requirements of law in any applicable jurisdiction in which the Partnership may do business.

SECTION 1.3 Place of Business.

The principal place of business of the Partnership shall be c/o Boston Properties, Inc., Four Embarcadero Center, Suite 2600, San Francisco, California 94111, or at such other place or places as the Managing General Partner may designate.

SECTION 1.4 General Partnership.

The Partnership shall be a general partnership, governed by the Act. The interests of the Partners in the Partnership shall be personal property for all purposes. All real and other property owned by the Partnership shall be deemed owned by the Partnership, as a partnership, and no Partner, individually, shall have any ownership of such property.

SECTION 1.5 Term of Partnership.

The term of the Partnership shall continue until 12:00 noon on December 31, 2050, unless sooner terminated in accordance with the terms and conditions of this Agreement, or by applicable law.

SECTION 1.6 Purposes of the Partnership.

The purpose of the Partnership shall be:

(a) to own, manage, develop, improve, renovate, rehabilitate, operate, hold for investment, lease, encumber, mortgage, pledge, assign, exchange, sell and/or otherwise deal with the Property;

(b) to retain managing agents and consultants therefor, and to do all things necessary or useful in connection with any of the foregoing;

(c) in addition to, and in furtherance of these purposes and powers, the Partnership shall have the power (i) to borrow money and issue evidences of indebtedness and to secure same by mortgage, pledge or other lien (including, without limitation, obtaining the Equity Redemption Loan and Prudential Guarantied Loan), and (ii) to guarantee the obligations of any other Person when done in furtherance of the Partnership's business, including any indebtedness of such Person, and to secure such guarantee obligations by mortgage, pledge or other lien on any asset of the Partnership;

(d) to make and service the Investment Loan as contemplated herein;

(e) subject to the express terms, provisions and restrictions of this Agreement, to engage in and consummate the transactions described in the Master Transaction Agreement;

(f) to enter into the Redemption Agreement and consummate the transactions described therein; and

(g) to enter into, perform and carry out contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of any of the foregoing purposes; and

(h) to use the Excess Mortgage Loan Proceeds to make the Special BP Loan.

The Partnership shall not engage in any other business. It is further agreed that the Partnership shall at all times adhere to at least the level of quality in the maintenance and operation of the Property as a first class office and retail complex as maintained by the Partnership during the twelve (12) month period preceding the date hereof.

SECTION 1.7 Definitions.

In addition to the capitalized terms defined in the recitals and elsewhere herein, the following terms shall have the following meanings:

"Act" has the meaning set forth in Section 1.1 hereof.

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing. No officer, director or equity owner of the Managing General Partner shall be considered an Affiliate of the Managing General Partner solely as a result of serving in such capacity or being an equity owner of the Managing General Partner.

"Approved Loan Costs" shall mean all fees, costs and expenses incurred by the Partnership or any Partner in connection with the Equity Redemption Loan or Prudential Guarantied Loan that are expressly approved by each of the Partners (which approval shall not be unreasonably withheld, conditioned or delayed), including, without limitation, (i) all fees and expenses of the lender(s) thereof subject to reimbursement by the Partnership or any Partner, and (ii) all of the reasonable legal fees and expenses incurred directly by such Persons (or any of their constituent owners) in connection with the Equity Redemption Loan and the Prudential Guarantied Loan.

"Borrowing Costs" of a loan shall mean the cost of procuring and repaying such loan expressed as an "all-in" effective annual interest rate per annum to be determined taking into account all costs of procuring and repaying such loan including, without limitation, all (i) periodic interest and other amounts due and payable in connection with such loan, (ii) all loan points and fees paid with respect to such loan, (iii) all fees and expenses of the lender(s) thereof that are subject to payment or reimbursement by the borrower in connection therewith, and (iv) all legal fees and expenses incurred by the borrower in connection therewith; provided that, all points, fees, costs and expenses will be amortized on a straight-line basis over the term of the loan.

"BP Note" means a note, in the form and for a purpose described in Exhibit B hereto, given by the Partnership to the Managing General Partner or any of its Affiliates.

"BP Partners" means Boston Properties LLC, the Managing General Partner, and BP EC3 Holdings LLC, a Non-Managing General Partner.

"Capital Contributions" means, with respect to any Partner, the amount of money and the initial fair market value of any property (other than money) contributed to the Partnership with respect to the interest in the Partnership held by such Person less the amount of liabilities to which such property is subject and which the Partnership is considered to assume pursuant to the provisions of Section 752 of the Code (as defined below).

"Code" means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

"Equity Redemption Loan" shall mean a loan to the Partnership governed by the term loan agreement particularly described on Exhibit C attached hereto, a true, correct and complete copy of which has been delivered to each of the Partners prior to the date hereof. "Equity Redemption Loan" shall also include any extension or modification of the Equity Redemption Loan and any new loan obtained by the Partnership to replace or refinance the Equity Redemption Loan; provided that, any such extension, modification or new loan shall be in compliance with the terms and provisions of this Agreement and the Redemption Agreement.

"Excess Mortgage Loan Proceeds" shall mean the excess proceeds of any new mortgage loan borrowing secured by the Real Property over and above the amounts of such proceeds used to (i) repay any existing mortgage debt secured by the Real Property prior to the date hereof, (ii) pay any prepayment penalty, premium or fee in connection with any such existing mortgage loan that is repaid, and (iii) pay the transaction costs incurred by the Partnership in connection with such borrowing or the prepayment of any existing mortgage loan.

"Indemnitee" means (i) any Person made a party to a claim or proceeding by reason of (A) his or its status as a Partner, or as a director or officer of the Partnership or a Partner, or (B) his or its liabilities, pursuant to a loan guarantee or otherwise, for any indebtedness of the Partnership (including, without limitation, any indebtedness which the Partnership has assumed or taken assets subject to); and (ii) such other Persons (including Affiliates of a Partner or the Partnership) as the Managing General Partner may reasonably designate from time to time (whether before or after the event giving rise to potential liability), for a purpose related to Partnership business.

"Interest Rate Approved Loan Costs" has the meaning given thereto in Section 2.5(e)(i).

"Investment Loan" shall mean a loan made by the Partnership to the Investment Loan Borrower in an amount equal to $76,897,000 pursuant to (and in accordance with the terms and provisions of) that certain Note Purchase Agreement of even date herewith, by and between the Partnership and Investment Loan Borrower.

"Investment Loan Borrower" shall mean Prudential Realty Securities, Inc., a Delaware corporation.

"Investment Notes" means the promissory notes of the Investment Loan Borrower acquired by the Partnership in connection with the Investment Loan.

"Managing General Partner" means Boston Properties LLC, a Delaware limited liability company, and any other Person who may become a Managing General Partner pursuant to the terms of this Agreement, in either case until such Person has ceased to be a Managing General Partner pursuant to the terms of this Agreement.

"Non-Managing General Partner" means BP EC3 Holdings LLC, a Delaware limited liability company, and The Prudential Insurance Company of America, a New Jersey

corporation, and any other Person who may become a Non-Managing General Partner pursuant to the terms of this Agreement, in each such case until such Person has ceased to be a Non-Managing General Partner pursuant to the terms of this Agreement. "Non-Managing General Partners" means all such Persons, if there is more than one. If at any time there is more than one Non-Managing General Partner, then all references herein to the Non-Managing General Partner shall, unless the context requires otherwise, be deemed to refer to the Non-Managing General Partners.

"Partnership" means the partnership governed by this Agreement and any partnership continuing the business of the Partnership in the event of dissolution as herein provided.

"Percentage Interest" means, with respect to any Partner, the Percentage Interest set forth opposite such Partner's name on Schedule A. In the event any Partner's interest in the Partnership is transferred in accordance with the provisions of this Agreement, the transferee of such interest shall succeed to the Percentage Interest of his transferor to the extent it relates to the transferred interest.

"Person" means any individual, partnership, corporation, trust, or other entity.

"Property" shall mean the Real Property, including all real property, improvements, leases, licenses, fixtures and tangible and intangible personal property (including, without limitation, cash, deposit accounts, money and other sums and Investment Notes so long as the Partnership holds the same) owned by the Partnership from time to time.

"Prudential Guarantied Loan" shall mean a loan to the Partnership governed by the term loan agreement particularly described on Exhibit D attached hereto, a true, correct and complete copy of which has been delivered to each of the Partners prior to the date hereof.

"Redemption Agreement" shall mean that certain Redemption Agreement of even date herewith, by and among the Partnership and each of the Partners.

"Redemption Distribution" means the distribution to Prudential, in full redemption of its interest in the Partnership, of all or a portion of the Investment Notes and, if applicable, cash, as determined in accordance with the Redemption Agreement.

"Regulations" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Special BP Loan" shall mean a loan in the principal amount equal to the Excess Mortgage Loan Proceeds and at an interest rate per annum equal to twelve (12) basis points above the Borrowing Costs of the Excess Mortgage Loan Proceeds, made by the Partnership to any BP Partner, or any Affiliate of any BP Partner and evidenced by a promissory note in the form of Exhibit G attached hereto.

"Transfer" means, as a noun, any voluntary or involuntary transfer, sale, pledge, hypothecation, or other disposition and, as a verb, voluntarily or involuntarily to transfer, sell, pledge, hypothecate, or otherwise dispose of.

ARTICLE 2 - CAPITALIZATION

SECTION 2.1 Partners' Percentage Interests.

The names and Percentage Interests of the Partners are set forth on Schedule A hereto.

SECTION 2.2 Additional Capital Contributions; Limitations on Future Capital Contributions; Obligation of Managing Partner to Purchase BP Notes.

(a) No Partner shall, except as otherwise required by the Act, other applicable law or this Agreement, be required to make any further Capital Contributions to the Partnership, and so long as Prudential or any Affiliate of Prudential is a Partner, no Capital Contributions shall be made to the Partnership without the prior written consent of Prudential.

(b) At no time prior to the second anniversary of the Redemption Distribution shall the Managing General Partner call or accept Capital Contributions from any Partner for the purpose of repaying the Equity Redemption Loan or any debt replacing or refinancing the Equity Redemption Loan, and during such period no Capital Contributions made after the date hereof shall be used in such manner.

(c) To the extent that it is necessary or desirable for the Partnership, in the sole discretion of the Managing General Partner, to raise cash for the purpose of funding working capital, capital expenditures, leasing commissions, tenant improvements or other expenditures relating to the Property at a time when the Partnership is unable to raise such cash through the receipt of Capital Contributions because of the prohibition set forth in Section 2.2(a), the Managing General Partner agrees that it (or an Affiliate of the Managing General Partner) will lend funds to the Partnership for such purposes by purchasing BP Notes from the Partnership.

SECTION 2.3 Admission of Additional Partners.

The Managing General Partner shall have the right, from time to time, provided it obtains the consent of the Non-Managing General Partners, to admit additional Non-Managing General Partners to the Partnership.

Upon the admission of any new Non-Managing General Partner, an amendment of this Agreement, reflecting such change, shall be signed by the Managing General Partner and the additional Non-Managing General Partner, and an amendment to the Certificate, reflecting such change, to the extent required or appropriate under applicable law, shall be signed by all Partners

either individually or by the Managing General Partner on their behalf and filed with the Secretary of State of the State of California.

SECTION 2.4 Return of Capital Accounts and Redemption of Partnership Interests.

Except as otherwise provided in this Agreement or as set forth in the Redemption Agreement, (i) no Partner shall have the right to demand and withdraw a return of its Capital Account, and (ii) no Partner shall have the right to receive property other than cash upon a distribution to the Partners, redemption of any Partner's interest or liquidation of the Partnership.

No Partner shall receive any interest, salary, or drawing with respect to its Capital Contributions or its Capital Account or for services rendered on behalf of the Partnership or otherwise in its capacity as Partner, except (i) interest received, if any, on BP Notes or (ii) as otherwise provided in this Agreement.

SECTION 2.5 Investment Loan, Equity Redemption Loan, Prudential Guarantied Loan, Existing Loans and Replacement Loans.

(a) The Partnership is hereby authorized to, and shall, make the Investment Loan to Investment Loan Borrower and acquire the Investment Notes on the date hereof.

(b) The Partnership is hereby authorized to, and shall, borrow the Equity Redemption Loan and Prudential Guarantied Loan on the date hereof and shall thereafter perform its obligations in respect thereof subject to the terms and limitations of this Agreement. The proceeds of the Equity Redemption Loan and Prudential Guarantied Loan shall be applied to make the Investment Loan and acquire the Investment Notes on the date hereof.

(c) In accordance with Section 2.2(b), the Partnership shall not, at any time prior to the second anniversary of the Redemption Date, use Capital Contributions made after the date hereof for the purpose of repaying the Equity Redemption Loan or any debt replacing the Equity Redemption Loan.

(d) Except as otherwise expressly provided in this Agreement, all costs, fees, penalties and expenses incurred in connection with the satisfaction of any debt of the Partnership on the date hereof shall be paid by Prudential, on the one hand, and the BP Partners, on the other hand, in accordance with the terms and provisions of Exhibit V to the Master Transaction Agreement. All Borrowing Costs of the Excess Mortgage Loan Proceeds ("Excess Proceeds Borrowing Costs") shall be paid by the Partnership and capitalized and amortized over the term of the loan from which the Excess Mortgage Loan Proceeds were derived. All other Borrowing Costs incurred in connection with any Partnership borrowing (other than those described hereinabove and in subsection (e) below) shall be paid by the BP Partners.

(e) Notwithstanding anything to the contrary provided in this Agreement, all costs, fees and expenses incurred in connection with the consummation of the Equity

Redemption Loan and Prudential Guarantied Loan shall be paid by the Partnership and borne by the Partners (and reflected in the Partnership's books as follows):

(i) Any and all Approved Loan Costs paid in order to reduce or lock the interest rate for the Equity Redemption Loan or Prudential Guarantied Loan (including, without limitation, interest rate lock fees and loan points charged to obtain a reduced, fixed or more favorable rate (collectively, "Interest Rate Approved Loan Costs")) shall be paid by the Partnership and capitalized and amortized over the term of the appropriate loan;

(ii) All other Approved Loan Costs shall be paid by the Partnership as current expenses and borne by each Partner in accordance with its Percentage Interest on the date hereof;

(iii) Any other costs and expenses incurred by the Partnership with respect to the Equity Redemption Loan shall be paid by the BP Partners; and

(iv) Any other costs and expenses incurred by the Partnership with respect to the Prudential Guarantied Loan shall be paid by Prudential.

ARTICLE 3 - ALLOCATIONS OF PROFITS AND LOSSES AND MAINTENANCE OF CAPITAL ACCOUNTS

SECTION 3.1 Capital Accounts and Allocations of Profit and Loss.

(a) Capital Accounts. A separate capital account (a "Capital Account") shall be maintained for each Partner in accordance with Section 1.704-1(b)(2)(iv) of the Regulations, and this Section 3.1 shall be interpreted and applied in a manner consistent with such section of the Regulations. The Partnership may, at the election of the Managing General Partner, adjust the Capital Accounts of its Partners to reflect revaluations of the Partnership property whenever the adjustment would be permitted under Regulations Section 1.704-1(b)(2)(iv)(f). In the event that the Capital Accounts of the Partners are so adjusted, (i) the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization and gain or loss, as computed for book purposes, with respect to such property, and (ii) the Partners' distributive shares of depreciation, depletion, amortization and gain or loss, as computed for tax purposes, with respect to such property shall be determined so as to take account of the variation between the adjusted tax basis and book value of such property in the same manner as under Section 704(c) of the Code. In the event that Code Section 704(c) applies to partnership property, the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization and gain and loss, as computed for book purposes, with respect to such property. The Partners' distributive shares of depreciation, depletion, amortization and gain or loss, as computed for tax purposes, with respect to such property shall

be determined so as to take account of the variation between the adjusted tax basis and book value of such property in the same manner as under Code Section 704(c), and the amount of upward and/or downward adjustments to the book value of the Partnership property shall be treated as income, gain, deduction and/or loss for purposes of applying the allocation provisions of this Article 3. In the event that Code Section 704(c) applies to Partnership property, the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization and gain and loss, as computed for book purposes, with respect to such property. The amount of all distributions to Partners shall be determined pursuant to Section 4.1 hereof. Notwithstanding any provision contained herein to the contrary, no Partner shall be required to restore any negative balance in its Capital Account.

(b) Allocation of Profit and Loss. Generally, all profits and losses
will be allocated in accordance with the Percentage Interests of the Partners. It is the intention of the Partners that all items of Partnership income, gain, loss, and deduction, as determined for book purposes, shall be allocated among the Partners, and shall be credited or debited to their respective Capital Accounts in accordance with Regulations Section 1.704(b)(2)(iv), so as to ensure to the maximum extent possible (i) that such allocations satisfy the economic effect equivalence test of Regulations Section 1.704(b)(2)(ii)(i), by allocating items that can have economic effect in such a manner that the balance of each Partner's Capital Account at the end of any taxable year (increased by such Partner's "share of Partnership minimum gain and Partner minimum gain", as defined in Regulations Section 1.704-2) would be positive in the amount of cash that such Partner would receive (or would be negative in the amount of cash that such Partner would be required to contribute to the Partnership) if the Partnership sold all of its property for an amount of cash equal to the book value (as determined pursuant to Regulations Section 1.704-1(b)(2)(iv)) of such property (reduced, but not below zero, by the amount of nonrecourse debt to which such property is subject) and all of the cash of the Partnership remaining after payment of all liabilities (other than nonrecourse liabilities) of the Partnership were distributed in liquidation immediately following the end of such taxable year pursuant to Article 9, and (ii) that all allocations of items that cannot have economic effect (including credits and nonrecourse deductions) are allocated to the Partners in accordance with the Partners' interests in the Partnership, which, unless otherwise required by Code Section 704(b) and the Regulations promulgated thereunder, shall be their Percentage Interests for the taxable year.

(c) Section 704(c) Items. Except to the extent otherwise required by
the Code, Regulations Section 1.704-3 shall apply to all tax allocations governed by Code Section 704(c) and all "reverse section 704(c) allocations". The Managing General Partner shall determine the method of allocation to be used pursuant to Regulations Section 1.704-3 and shall make all elections under such section; provided, however, that with respect to the "reverse Section 704(c)
allocations," caused by the transfers contemplated by the Master Transaction Agreement, the Partnership will use the "traditional method without curative allocations."

(d) The tax returns for the Partnership for the 1998 calendar year shall be prepared using the interim closing of the books method.

ARTICLE 4 - DISTRIBUTIONS

SECTION 4.1 Distributions.

(a) Except as provided in Section 4.1(b) or Section 7.5, and subject to the needs of the Partnership to accumulate reserves, which prior to the Redemption Distribution shall be determined in the sole discretion of the Managing General Partner, distributions to the Partners shall be made in proportion to the Partners' Percentage Interests. Distributions shall be made from time to time at the discretion of the Managing General Partner.

(b) Notwithstanding anything to the contrary provided in this Agreement, all payments in respect of title insurance received by the Partnership the amount of which was affected by the non-imputation endorsement to the Partnership's title insurance policy issued as of the date hereof with respect to the Property will be distributed only to the BP Partners in proportion to their respective Percentage Interests.

SECTION 4.2 Amounts Withheld.

All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment or distribution to the Partnership, the Managing General Partner or the Non-Managing General Partners shall be treated as amounts distributed to the Managing General Partner or Non-Managing General Partners pursuant to this Article for all purposes under this Agreement. The Managing General Partner may allocate any such amounts among the Partners in any manner that is in accordance with applicable law.

ARTICLE 5 - MANAGEMENT OF THE PARTNERSHIP

SECTION 5.1 Management.

The management powers over the business and affairs of the Partnership are and shall be exclusively vested in the Managing General Partner, who shall be subject to the provisions of this Agreement and to applicable law, and, subject to the consent rights set forth in Section 5.4 hereof, no Non-Managing General Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership.

SECTION 5.2 Rights to Delegate and Employ.

The Managing General Partner shall devote such time and effort to the Partnership as it deems necessary and may retain agents as reasonably required or desirable to assist it. The Managing General Partner shall review the status and condition of the Property and shall supervise the activities of any agents engaged by it. The Managing General Partner may delegate any of its powers, rights and obligations hereunder, and, in furtherance of any such delegation, may appoint, employ, contract or otherwise deal with any Person (including Affiliates, but only so long as such employment, contract or other deal is not less favorable to the Partnership than would be an arms-length transaction on market terms) for the transaction of the business of the Partnership, which Persons may, under the supervision of the Managing General Partner, perform any acts or services for the Partnership as the Managing General Partner may approve.

SECTION 5.3 Enumeration of Specific Rights and Powers.

Subject to Section 5.4, the Managing General Partner shall have all the rights and powers which may be possessed by a general partner in a partnership formed under the Act, which are otherwise conferred by law or which are necessary, advisable or convenient to the discharge of duties under this Agreement and to the management, direction and control of the business and affairs of the Partnership, exercisable without the consent of the Non-Managing General Partners (except as herein expressly provided), including the following rights and powers:

(a) to conduct the tax, financial and business affairs of the Partnership;

(b) to take all action necessary to acquire, purchase, renovate, rehabilitate, hold, own, improve, operate, encumber, mortgage, pledge, assign, exchange, or to sign notes or guarantee payment of any loans relating to the purposes of the Partnership;

(c) to manage, repair, insure, service, promote, advertise, lease, sublease, and create or release interests in the Partnership property;

(d) to timely pay out of Partnership funds such expenses as are necessary to carry out the intentions and purposes of the Partnership including real estate taxes and debt service payments to the extent there is sufficient gross cash proceeds.

(e) to sell and/or otherwise dispose of all or any portion of the Property;

(f) to make appropriate elections permitted under any applicable tax law, provided that such elections will not, in the opinion of counsel or the accountants for the Partnership, be disadvantageous to a majority in interest of the Non-Managing General Partners;

(g) to change the principal office of the Partnership to other places subject to the notice provision herein provided;

(h) to employ agents, attorneys, public accountants (which shall be, in all events, a "Big Five" accounting firm), and depositories and to grant powers of attorney;

(i) to employ persons necessary and appropriate in the operation and management of the Partnership and the Property, including, but not limited to, supervisory managing agents, insurance brokers, real estate brokers, and loan brokers, on such terms and for such compensation which does not exceed generally prevailing market rates, all to act under the supervision of the Managing General Partner, and the Managing General Partner on behalf of the Partnership is hereby authorized to enter into an agreement with any Managing General Partner in their individual capacities or a corporation or other entity affiliated with any Managing General Partner for the performance of such services to the Partnership except as otherwise provided for in this Agreement;

(j) to enter into any contract of insurance which the Managing General Partner deems necessary and proper for the protection of the Partnership, the conservation of the Property or any other asset of the Partnership, or for a purpose convenient or beneficial to the Partnership, including but not limited to, a contract naming the Managing General Partner as additional insured, and to continue in force any policies required by any mortgage, lease or other agreement relating to the Property or any part thereof; provided that, so long
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as Prudential or any Affiliate of Prudential is a Partner, (i) the Partnership shall maintain reasonable and customary insurance with respect to the Property with amounts and types of coverage that are at least comparable to that maintained by Affiliates of the BP Partners with respect to other properties owned by such Affiliates (after giving effect to differences in the value and nature of such properties) and (ii) the Partnership shall maintain business interruption and commercial general liability insurance in at least the amounts set forth on Exhibit E hereto;

(k) to pay, collect, compromise, arbitrate, resort to legal action or otherwise make or defend claims or demands of or against the Partnership; provided that, so long as Prudential, or an Affiliate of Prudential, is a
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Partner, neither the Managing General Partner nor the Partnership shall compromise or settle any claim or demand of, or against, the Partnership without Prudential's, or its Affiliate's, consent, which consent will not be unreasonably withheld;

(l) to borrow money and issue evidences of indebtedness in furtherance of any and all purposes of the Partnership, including borrowings from Partners of the Partnership, as contemplated by Section 5.7 hereof or otherwise, and including borrowings made in accordance with the financing plan for the Partnership described in Exhibit F hereto; to guarantee the obligations of any
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other Person (but only when such guaranty is made in furtherance of the business of the Partnership), including the indebtedness of such Person; and to secure any or all of the above by mortgage, pledge, guaranty or other lien on the Property and/or any other asset of the Partnership; and

(m) to lend money to any BP Partner or any Affiliate of any BP Partner pursuant to a Special BP Loan.

SECTION 5.4 Limitations on Managing General Partner's Authority.

(a) Notwithstanding anything in this Agreement to the contrary, for so long as Prudential is a Partner, the Managing General Partner shall not have the power or authority to, and shall not, cause the Partnership to take any of the following actions, without the consent of Prudential, which consent shall not be unreasonably withheld:

(i) other than in the ordinary course of business, cause any closing of a material portion of the Property for renovations (other than repairs necessitated as a result of a fire or other casualty);

(ii) cause or permit the engagement by the Partnership in any business other than as contemplated under Section 1.6;

(iii) take any action or make any decision involving credit, management or servicing decisions relating to the Investment Notes other than making an election to accelerate the Investment Notes upon the occurrence of (and during the continuance of) an Event of Default or taking any action or decision relating to the Redemption Distribution;

(iv) make a loan to or guarantee the indebtedness of any Person other than (A) loans to tenants of the Property for tenant improvements or (B) a Special BP Loan;

(v) cause or permit the sale of (A) all or any material portion of the Property, except leases, concessionaire agreements and space licenses entered into in the ordinary course of business of the Property, or (B) except in connection with the Redemption Distribution, the Investment Notes or any portion thereof or interest therein;

(vi) cause the Partnership to (A) obtain any borrowing, (B) issue evidences of indebtedness, or (C) guaranty the obligations of any Person, if such borrowing, issuance or guaranty provides for recourse to Prudential (other than the Prudential Guarantied Loan or the Equity Redemption Loan or any Replacement Debt (as defined in Exhibit F);

(vii) amend this Agreement if such amendment affects or could affect (A) the receipt, amount or timing of any distributions to Prudential, or (B) Prudential's rights or obligations under this Agreement or the Redemption Agreement;

(viii) cause the dissolution of the Partnership, or cause the Partnership to file or otherwise commence a voluntary bankruptcy case, or consent to the commencement of an involuntary bankruptcy case, under the United States Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case, or consent to the

appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of the Property;

(ix) borrow money from the Managing General Partner or any Affiliate of the Managing General Partner except as permitted or required under Sections 2.2(c) and 5.7 or otherwise in this Agreement;

(x) assign, relinquish, settle, compromise, waive or impair any of the Partnership's rights under or with respect to, or amend, terminate, extend the term of (or time for payments due, or performance to be rendered, to the Partnership under) or otherwise modify any instrument or agreement under which the Partnership has rights and to which the Managing General Partner or any of its Related Parties is a party; or

(xi) engage in any activity without a good faith business purpose therefor and with the intent of manipulating the "Operating Profits" or "Operating Losses" of the Partnership described in the Redemption Agreement in a manner intended to materially adversely affect, to the benefit of the other Partners, the amounts that Prudential would be entitled to receive under this Agreement or the Redemption Agreement.

SECTION 5.5 Filing of Returns and Other Writings.

The Managing General Partner shall be the Tax Matters Partner and is also specifically authorized to and shall cause the preparation and timely filing of all Partnership tax returns and shall, on behalf of the Partnership, subject to the terms and provisions of the Redemption Agreement, make such tax elections for the Partnership as it, after consultation with the Partnership's accountants, shall determine to be in the best interests of the Partners. In addition, the Managing General Partner shall timely file all other forms, documents or other writings with respect to the business and operation of the Partnership which shall be required by any governmental agency or authority having jurisdiction to require such forms, documents or other writings, and shall transmit to each Partner any form or document required to be transmitted by any such governmental agency.

SECTION 5.6 Other Permissible Activities.

Nothing herein contained shall be deemed to prevent any Partner or any shareholder or affiliate thereof from engaging in other activities for profit, whether in the real estate business or otherwise. The Managing General Partner (or any shareholder or affiliate thereof), or any Partner, may, in the future, organize and manage joint ventures, additional limited partnerships or other business entities for the acquisition, management and sale of real estate. Neither this Agreement nor any activity undertaken pursuant hereto shall prevent any Partner or any affiliate from engaging in such activities, or require any Partner to permit the Partnership or any Partner to participate in any such activities and, as a material part of the consideration for each Partner's

execution hereof, each Partner, for the benefit of the other Partners, hereby waives, relinquishes and renounces any such right or claim of participation.

SECTION 5.7 Contracts with Affiliates; Borrowing from Partners.

The Managing General Partner is authorized to enter into agreements on behalf of the Partnership with other persons or entities affiliated with the Partnership and the Partners, including with respect to the borrowing of money from, and issuance of evidences of indebtedness to, Partners of the Partnership in furtherance of any and all purposes of the Partnership, including borrowing from the Managing General Partner or any of its Affiliates for the purposes and on the terms set forth on Exhibit B attached hereto and incorporated herein by reference; provided, however, that all such agreements (other than the giving of BP Notes and the making of the Special BP Loans) shall be disclosed to the other Partners and shall not be less favorable to the Partnership than had such agreement been negotiated at arms-length and on market terms. Notwithstanding any other provision of this Agreement, it is acknowledged and agreed that an Affiliate of the Managing General Partner shall enter into a management agreement with the Partnership for a management fee that does not exceed the management fee that was payable to Pacific Property Services, L.P. (the previous management company that managed the Property) as of May 1, 1998.

SECTION 5.8 Indemnification.

(a) To the fullest extent permitted by California law, the Partnership shall indemnify each Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, attorneys fees and other legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement, in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith, was the result of active and deliberate dishonesty, or was the result of a breach of this Agreement by such Indemnitee (or by the Partner of which such Indemnitee is a director or officer); or (ii) the Indemnitee actually received an improper personal benefit in money, property or services, or in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guaranty (except a guaranty by a Partner of nonrecourse indebtedness of the Partnership or as otherwise provided in any such loan guaranty) or otherwise for any indebtedness of the Partnership, and the Managing General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 5.8 in favor of any Indemnitee having or potentially having liability for any such indebtedness. The termination of any proceeding by conviction of an Indemnitee or upon a plea of nolo contendere or its equivalent by an Indemnitee, or an entry of an order of probation against an Indemnitee prior to judgment, creates a rebuttable presumption that such Indemnitee acted in a manner

contrary to that specified in this Section 5.8(a). Any indemnification pursuant to this Section 5.8 shall be made only out of the assets of the Partnership and shall not impose any personal liability on any Partner, and neither the Managing General Partner nor any Non-Managing General Partner shall have any obligation to contribute to the capital of the Partnership, or otherwise provide funds, to enable the Partnership to fund its obligations under this Section 5.8.

(b) If the Managing General Partner avails itself of the indemnification provisions set forth herein, the Managing General Partner shall promptly notify in writing the other Partners of such fact and shall provide a brief description of the nature and magnitude of the indemnification claimed. An Indemnitee, other than the Managing General Partner, may assert a claim for indemnification hereunder by giving written notice thereof to the Managing General Partner. If indemnification is sought for a claim or liability asserted by a third party, the Indemnitee shall also give written notice thereof to the Managing General Partner promptly after it receives notice of the claim or liability being asserted. Such notice shall summarize the bases for the claim for indemnification and any claim or liability being asserted by a third party. The Managing General Partner, on behalf of the Partnership, shall be entitled to direct the defense against a third party claim or liability with counsel selected by it (subject to the consent of the Indemnitee, which consent shall not be unreasonably withheld) as long as the Partnership is conducting a good faith and diligent defense. The Indemnitee shall, at all times, have the right to fully participate in the defense of a third party claim or liability at its own expense, directly or through counsel; provided, however, that if the named
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parties to the action or proceeding include both the Partnership and the Indemnitee, and the Indemnitee is advised by counsel that representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the Indemnitee may engage separate counsel, whose reasonable fees and expenses shall be borne by the Partnership. If no notice of intent to dispute and defend a third party claim or liability is given by the Managing General Partner within 20 business days of receiving notice of such claim or liability, the Indemnitee shall have the right, at the expense of the Partnership, to undertake the defense of such claim or liability (with counsel selected by the Indemnitee), and to compromise or settle it, exercising reasonable business judgment. If the third party claim or liability is one that, by its nature, cannot be defended solely by the Partnership, then the Indemnitee shall make available such information and assistance as the Managing General Partner may reasonably request and shall cooperate with the Partnership in such defense, at the expense of the Partnership.

(c) Subject to the procedures set forth in Section 5.8(b), reasonable expenses incurred by an Indemnitee who is a party to a proceeding in a matter for which the Indemnitee has undertaken the defense pursuant to the provisions of this Section 5.8 (other than as a result of the rejection or dispute by the Managing General Partner of a claim for indemnification under Section 5.8(b)) shall be paid or reimbursed by the Partnership in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in Section 5.8(a) has been met, and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(d) The indemnification provided by this Section 5.8 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under this Agreement or any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity unless otherwise provided in a written agreement pursuant to which such Indemnitee is indemnified.

(e) The Partnership may, but shall not be obligated to, purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the Managing General Partner shall determine in its reasonable discretion, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(f) In no event may an Indemnitee subject any of the Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 5.8 solely because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 5.8 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 5.8 or any provision hereof shall be prospective only and shall not in any way affect the Partnership's liability to any Indemnitee under this Section 5.8, as in effect immediately prior to such amendment, modification, or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

SECTION 5.9 Liability of the Managing General Partner.

(a) Notwithstanding anything to the contrary set forth in this Agreement, except as otherwise expressly provided in this Agreement, the Managing General Partner and its officers and directors shall not be liable for monetary damages to the Partnership, any Partners or any Assignees for losses sustained or liabilities incurred as a result of reasonable errors in judgment or of any act or omission if the Managing General Partner acted in good faith; provided, however, that the Managing General Partner shall be liable to the Partnership and Partners for its material breaches of this Agreement.

(b) Subject to its obligations and duties as Managing General Partner set forth in Section 5.3 hereof, and subject to the limitations set forth in Section 5.4 hereof, the Managing General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents. The

Managing General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the Managing General Partner in good faith, except as otherwise expressly provided herein.

(c) Any amendment, modification or repeal of this Section 5.9 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the Managing General Partner's liability (and that of its officers and directors) to the Partnership and the Non-Managing General Partners under this Section 5.9 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

SECTION 5.10 Other Matters Concerning the Managing General Partner.

(a) The Managing General Partner may rely and shall be protected in acting, or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

(b) The Managing General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers, architects, engineers, environmental consultants and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters which such Managing General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) The Managing General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and duly appointed attorneys-in-fact. Each such attorney shall, to the extent provided by the Managing General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the Managing General Partner hereunder.

ARTICLE 6 - ACCOUNTING

SECTION 6.1 Fiscal Year and Tax Accounting Method.

The Partnership shall operate on the basis of a calendar year, and shall report its operations for tax and all other purposes in accordance with those methods the Managing General Partner and the Partnership's accountant deem advisable.

SECTION 6.2 Books, Records, and Tax Reports.

The Partnership shall maintain full and accurate books at its principal office which all Partners shall have the right to inspect and examine during business hours upon reasonable written notice to the Managing General Partner. The Managing General Partner shall keep or cause such books to be kept and shall fully and accurately enter all transactions of the Partnership therein. Such books shall be closed and balanced at the end of each calendar year. On or before March 31 of each year, the Managing General Partner will furnish the Non-Managing General Partners with a balance sheet and a statement of income and expenses of the Partners for the prior calendar year and a report on Treasury Form K-1 containing information relating to the Partnership to be used in preparing a Non-Managing General Partner's personal federal income tax return.

SECTION 6.3 Accounting Practice.

The books of account of the Partnership shall be kept in accordance with good and accepted bookkeeping and accounting practices for similar properties, provided that all methods of accounting and of treating particular transactions shall be in accordance with the methods of accounting employed for Federal income tax purposes. The determinations of the Managing General Partner with respect to the treatment of any items or its allocation for federal, state or local tax purposes shall be binding upon all the Partners so long as such determination shall not be inconsistent with any express term hereof or of the Redemption Agreement.

SECTION 6.4 Accountants.

The Partnership's certified public accountant shall be designated by the Managing General Partner, subject to the terms and provisions of Section 5.3(h).

SECTION 6.5 Bank Accounts.

The Managing General Partner shall, on behalf of the Partnership, open and maintain a bank account or accounts in a bank or other financial institution of its choosing in which shall be deposited all of the capital, cash receipts and other funds of the Partnership.

ARTICLE 7 - RIGHTS AND OBLIGATIONS OF THE NON-MANAGING GENERAL PARTNERS

SECTION 7.1 Contributions by Non-Managing General Partners.

Except as provided herein, the Non-Managing General Partners shall not be obligated to make a contribution of any sort whatsoever to the capital of the Partnership, or to provide a loan.

SECTION 7.2 Corporate Authority.

Each Partner hereby represents and covenants that its execution of this Agreement has been duly authorized by proper corporate action or otherwise.

SECTION 7.3 Role of Non-Managing General Partners.

Except as otherwise provided in this Agreement, no Non-Managing General Partner shall take part in, or interfere in any manner with, the conduct or control of the business of the Partnership, or shall have any right or authority to act for or bind the Partnership.

SECTION 7.4 Rights and Obligations Under the Act.

In addition to the foregoing rights (including any limitations thereof) and obligations, the Non-Managing General Partners shall each have those rights and obligations conferred or imposed upon partners of a general partnership under applicable law, to the extent not inconsistent with the terms hereof.

SECTION 7.5 Redemption Rights.

Except as specifically provided in the Redemption Agreement, no Partner shall have the right to withdraw from the Partnership or have its interest in the Partnership redeemed by the Partnership.

ARTICLE 8 - WITHDRAWAL AND REPLACEMENT OF PARTNERS AND TRANSFER OF PARTNERSHIP INTEREST

SECTION 8.1 Non-Managing General Partners.

No Non-Managing General Partner's interest shall be sold, assigned, transferred, pledged or hypothecated or encumbered (any such transaction, a "Transfer"), in whole or in part, except in accordance with the terms and conditions set forth in this Article 8. Any Transfer or purported Transfer of a Non-Managing General Partner's interest not made in accordance with this Article 8 shall be null and void.

SECTION 8.2 Managing General Partner.

The Managing General Partner may not Transfer its interest in the Partnership or withdraw from the Partnership without the consent of the Non-Managing General Partners.

SECTION 8.3 Transfer of Partnership Interests.

(a) Subject to the provisions of this Article 8, a Non-Managing General Partner may transfer its interest in the Partnership with the consent of the Managing General Partner, which consent may be withheld by the Managing General Partner in its sole and absolute

discretion. Nothing in this Agreement shall be deemed to preclude the purchase by the Managing General Partner of any Non-Managing General Partnership interest and the admission of a Managing General Partner as a Non-Managing General Partner in connection therewith.

(b) If the interest, or any part thereof, of a Partner in the Partnership is disposed of pursuant to this Section, such Partner shall nevertheless be entitled to a portion of the income, gain, loss, deduction and credit allocated to such interest or part thereof in accordance with the provisions of this agreement for the fiscal year of the Partnership in which such disposition occurs, based upon the number of months during such year that such Partner owned such interest or part thereof. Any predecessor or successor of such Partner in respect of such interest or part thereof shall share in such profits and losses for the fiscal year in which such disposition occurs and the Partnership shall be bound by such allocation, provided the same shall be deemed reasonable by the Partnership's accountants, upon being furnished with timely written notice of same. Distributions of cash or other property shall be made only to such persons who are Partners on the date of distribution.

(c) Without limiting the foregoing, the Managing General Partner may prohibit any transfer by a Non-Managing General Partner of its interest in the Partnership if, in the opinion of legal counsel to the Partnership, such transfer would require filing of a registration statement under the Securities Act of 1933 or would otherwise violate any federal or state securities laws or regulations applicable to the Partnership or interests in the Partnership, or would cause a termination of the Partnership under Section 708 of the Code.

(d) Without limiting the foregoing, no transfer by a Non-Managing General Partner of its interests in the Partnership may be made to any Person if (i) in the opinion of legal counsel for the Partnership, it would result in the Partnership being treated as an association taxable as a corporation; (ii) such transfer is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code; (iii) such transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code); (iv) such transfer would, in the opinion of legal counsel for the Partnership, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.2-101; or (v) such transfer would subject the Partnership to be regulated under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or the Employee Retirement Income Security Act of 1974, each as amended, or would violate any loan documents to which the Partnership is a party.

(e) The transfer of a Partnership interest shall not constitute, or result in, a dissolution of the Partnership.

SECTION 8.4 Substituted Non-Managing General Partners.

(a) No Non-Managing General Partner shall have the right to substitute a transferee as a Non-Managing General Partner in his place. The Managing General Partner shall, however, have the right to consent to the admission of a transferee of the interest of a Non-Managing General Partner pursuant to this Section 8.4 as a Substituted Non-Managing General Partner, which consent may be given or withheld by the Managing General Partner in its sole and absolute discretion. The Managing General Partner's failure or refusal to permit a transferee of any such interests to become a Substituted Non-Managing General Partner shall not give rise to any cause of action against the Partnership or any Partner.

(b) A transferee who has been admitted as a Substituted Non-Managing General Partner in accordance with this Article 8 shall have all the rights and powers and be subject to all the restrictions and liabilities of a Non-Managing General Partner under this Agreement.

(c) Upon the admission of a Substituted Non-Managing General Partner, the Managing General Partner shall amend Schedule A to reflect the name, address, and Percentage Interest of such Substituted Non-Managing General Partner and to eliminate or adjust, if necessary, the name, address and interest of the predecessor of such Substituted Non-Managing General Partner.

SECTION 8.5 Assignees.

If the Managing General Partner, in its sole and absolute discretion, does not consent to the admission of any permitted transferee as a Substituted Non-Managing General Partner, as described in Section 8.4, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be deemed to have had assigned to it, and shall be entitled to receive distributions from the Partnership and the share of net income, net losses, and any other items, gain, loss deduction and credit of the Partnership attributable to the interest in the Partnership assigned to such transferee, but except as otherwise provided herein shall not be deemed to be a holder of an interest in the Partnership for any other purpose under this Agreement, and shall not be entitled to vote in any matter presented to the Non-Managing General Partners for a vote (such interest in the Partnership being deemed to have been voted on such matter in the same proportion as all other interests held by Non-Managing General Partners are voted). In the event any such transferee desires to make a further assignment of any such interest in the Partnership, such transferee shall be subject to all of the provisions of this Article 8 to the same extent and in the same manner as any Non-Managing General Partner desiring to make such an assignment.

ARTICLE 9 - DISSOLUTION, LIQUIDATION AND TERMINATION

SECTION 9.1 Dissolution.

(a) Except as herein otherwise expressly provided, the Partnership shall be dissolved upon the occurrence of any of the following events:

(1) agreement by all of the Partners to dissolve the Partnership;

(2) expiration of the term provided in Section 1.5 hereof;

(3) sale or taking by eminent domain or other lawful government action resulting in transfer of title of substantially all of the Partnership's assets; or

(4) any other event which, under applicable law, results in the dissolution of the Partnership.

(b) Dissolution shall be effective on the date of the event giving rise to the dissolution, but the Partnership shall not terminate until the assets thereof have been distributed in accordance with the provisions of Section 9.2 hereof.

SECTION 9.2 Liquidation.

(a) If the Partnership shall be dissolved by reason of the occurrence of any of the circumstances described in Section 9.1, no further business shall be conducted by the Partnership except for taking of such action as shall be necessary for the winding up of its affairs and distribution of its assets to the Partners pursuant to the provisions of this Article 9. Upon such dissolution, the Managing General Partner shall act as liquidator or, if it is unable or unwilling to so act, it shall appoint one or more liquidators, who shall have full authority to wind up the affairs of the Partnership and to make final distribution as provided herein.

Upon such dissolution of the Partnership, the liquidator(s) shall determine which, if any, Partnership properties and assets should be distributed in kind, and dispose of all other Partnership properties and assets at the best cash price obtainable therefor and distribute the proceeds as follows:

(1) First, to the payment and discharge of all of the Partnership's debts and liabilities to creditors other than the Partners;

(2) Second, to the payment and discharge of all of the Partnership's debts and liabilities to Partners in their capacities as creditors of the Partnership;

(3) The balance, if any, to the Partners in accordance with the provisions of Article 4.

(b) Notwithstanding the foregoing, if any Partner shall be indebted to the Partnership, then, until payment of such indebtedness by said Partner, the liquidator(s) shall retain such Partner's distributive share of the Partnership properties and assets and, after applying the cost of operation of such properties and assets during the period of such liquidation against the income therefrom, the balance of such income shall be applied in liquidation of such indebtedness. However, if at the expiration of six (6) months after notice of such outstanding indebtedness has been given to such Partner and such amount has not been paid or otherwise liquidated in full, the liquidator(s) may sell the assets allocable to such Partner at public or private sale at the best price immediately obtainable, such best price to be determined in the sole judgement of the liquidator(s). So much of the proceeds of such sale as shall be necessary to liquidate such indebtedness shall then be so applied, and the balance of such proceeds, if any, shall be distributed to such Partner. Any gain or loss realized for Federal income tax purposes upon the disposition of such assets shall, to the extent permitted by law, be allocated to such Partner, and to the extent not so permitted, to the Partners.

Thereafter, the liquidator(s) shall comply with all requirements of the Act, or other applicable law, pertaining to the winding up of a limited partnership, at which time the Partnership shall stand terminated.

(c) In the event the Managing General Partner's interest in the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) (including, without limitation, upon the liquidation of the Partnership) and the Managing General Partner's Capital Account has a deficit balance after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs, the Managing General Partner shall contribute to the capital of the Partnership the amount necessary to restore such deficit balance to zero in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(3).

ARTICLE 10 - MISCELLANEOUS

SECTION 10.1 Redemption Agreement.

This Agreement and the Partners hereto are subject to the terms and provisions of the Redemption Agreement. If, and to the extent that, any terms or provisions of this Agreement are inconsistent with any terms and provisions of the Redemption Agreement, the terms and provisions of the Redemption Agreement shall govern and control.

SECTION 10.2 Notice.

All notices, demands, consents, options, elections, or other communications hereunder shall be in writing and shall be deemed to have been exercised, made or given upon delivery if delivered by hand or by courier service and three (3) business days after being deposited in the United States mail and sent by certified or registered mail, return receipt requested, postage prepaid. Any notice required to be sent to any Partner shall be sent to the addresses specified on

Schedule A attached hereto and incorporated herein. Any party may designate an alternative address on five (5) days' notice to the Partnership.

SECTION 10.3 Further Assurances.

Each of the Partners will hereafter execute and deliver such further instruments, and do such further acts as may be required to carry out the intent and purposes of this Agreement.

SECTION 10.4 Agreement in Counterparts.

This Agreement may be executed in one or more counterparts and all such counterparts shall constitute one agreement binding on all the parties, notwithstanding that all the parties are not signatories to the original or the several counterparts.

SECTION 10.5 Construction.

None of the provisions of this Agreement shall be for the benefit or enforceable by the creditors of the Partnership.

SECTION 10.6 Governing Law.

This Agreement shall, except as herein otherwise expressly provided, be governed and construed in accordance with the laws of the State of California.

SECTION 10.7 Amendments.

This Agreement may be amended only by a written amendment signed by all of the Partners.

SECTION 10.8 Pronouns.

Any pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the undersigned may require.

SECTION 10.9 Successors in Interest.

Except as otherwise provided herein, all provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the respective heirs, executors, administrators, personal representatives, successors and permitted assigns of any of the parties to this Agreement. However, nothing in this Agreement, whether expressed or implied, is intended to confer upon any entity, other than specifically provided, any rights or benefits under or by reason of this Agreement.

SECTION 10.10 Headings.

The headings contained at the beginning of each Article and Section are for purposes of convenience only and are not intended to limit, expand or define the content thereof.

SECTION 10.11 Consent to Jurisdiction and Service of Process.

ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PARTY HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

SECTION 10.12 Waiver of Jury Trial.

EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this Agreement, including, without limitation, contract claims, tort claims, beach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

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

WITNESS:

/s/ Frank D. Burt

MANAGING GENERAL PARTNER:

BOSTON PROPERTIES LLC

By: Boston Properties Limited Partnership, Managing Member

By: Boston Properties, Inc., General Partner

By: /s/ Thomas J. O'Connor
Name: Thomas J. O'Connor
Title: Vice President

WITNESS:

/s/ Frank D. Burt

NON-MANAGING GENERAL PARTNERS:

BP EC3 HOLDINGS LLC

By: Boston Properties Limited Partnership, Managing Member

By: Boston Properties, Inc., General Partner

By: /s/ Thomas J. O'Connor
Name: Thomas J. O'Connor
Title: Vice President

WITNESS:

/s/ Frank D. Burt

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ Gary L. Frazier
Name: Gary L. Frazier
Title: Vice President

SCHEDULE A

ATTACHED TO AMENDED AND RESTATED
PARTNERSHIP AGREEMENT OF
THREE EMBARCADERO CENTER VENTURE

Managing General Partner

Name and Address	Percentage Interest
Boston Properties LLC c/o Boston Properties, Inc. 8 Arlington Street Boston, Massachusetts 02116	0.499747%

Non-Managing Partners

Name and Address	Percentage Interest
BP EC3 Holdings LLC c/o Boston Properties, Inc. 8 Arlington Street Boston, Massachusetts 02116	49.474990%
The Prudential Insurance Company of America c/o Prudential Realty Group 8 Campus Drive 4th Floor - Arbor Circle South Parsippany, New Jersey 07054 Attention: John R. Triece Facsimile: (201) 683-1797	50.025263%

with copies to:

Prudential Insurance Company of America
4 Embarcadero Center, Suite 2700
San Francisco, CA 94111
Attention: Harry Mixon
Facsimile: (415) 956-2197

O'Melveny & Myers
Embarcadero Center West
275 Battery Street
San Francisco, CA 94111
Attention: Stephen A. Cowan
Facsimile: (415) 984-8701

EXHIBIT A

Legal Description of Three Embarcadero Center

[INTENTIONALLY OMITTED]

EXHIBIT B

Approved Terms and Conditions of Loans from Managing General Partner

The Partnership shall be permitted to borrow funds from the Managing General Partner from time to time, as determined in the sole discretion of the Managing General Partner, for the purpose of funding working capital, leasing commissions, tenant improvements, capital expenditures and other expenditures relating to the Property. Each such borrowing shall be in the form of an unsecured loan and shall be evidenced by a note issued by the Partnership to the Managing General Partner in the form of Exhibit A attached to this Exhibit B.

Exhibit A [FORM OF BP NOTE]
- ---------

DELAYED DEMAND NOTE

$_____ San Francisco, California
_____, 19__

At any time after _____, 199_ [the date which is 120 days after the date of the Closing under the Master Transaction Agreement], FOR VALUE RECEIVED, THREE EMBARCADERO CENTER VENTURE, a California general partnership with a principal place of business in San Francisco, California (the "Maker"), promises
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to pay [BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership] [other BPLLC affiliate] with a principal place of business in Boston, Massachusetts, ON DEMAND, the principal sum of _____ ($_____), with interest thereon at the rate of ten percent (10%) per annum. Interest shall be computed on the number of days principal is outstanding based on a 365 day year. All interest accruing under this Note shall be due and payable (i) monthly in arrears on the fifth (5th) day of each succeeding calendar month, commencing _____, 199_ [fifth day of calendar month following month in which note is made] and continuing thereafter until all amounts due hereunder have been paid in full, or (ii) at the option of the holder, on demand at any time after _____, 199_ [the date which is 120 days after the date of the Closing under the Master Transaction Agreement].

The outstanding balance of principal due hereunder may be prepaid in full at any time, or from time to time in part in multiples of One Thousand Dollars ($1,000.00) without any prepayment premium.

The Maker agrees to pay all charges of the holder hereof in connection with the collection and enforcement of this Note, including reasonable attorneys' fees and disbursements.

The Maker hereby waives presentment, demand, notice, protest and all other suretyship defenses generally and agrees that any renewal, extension or postponement of the time of payment or any other indulgence, may be effected without notice to and without releasing the Maker from any liability hereunder.

This Note shall have the effect of an instrument under seal.

THREE EMBARCADERO CENTER VENTURE

By: Boston Properties LLC, its managing general partner

By: Boston Properties Limited Partnership, its managing member

By: Boston Properties, Inc., its general partner

By:_____
Name:
Title:

EXHIBIT C

DESCRIPTION OF EQUITY REDEMPTION LOAN

The "Equity Redemption Loan" shall mean that certain loan to the Partnership in the aggregate principal amount of $65,897,000, which loan is made pursuant to a certain Term Loan Agreement dated as of November 12, 1998 by and among BankBoston, N.A., The Chase Manhattan Bank, Fleet National Bank, PNC Bank, National Association, Dresdner Bank AG New York Branch and Grand Cayman Branch, The Bank of New York, Key Bank National Association, Citizens Bank and other banks which may become parties thereto as the lenders thereunder, and One Embarcadero Center Venture, Embarcadero Center Associates, Three Embarcadero Center Venture and Four Embarcadero Center Venture, collectively as the borrowers thereunder, which Term Loan Agreement provides for loans to the borrowers in the aggregate principal amount of $328,143,000. The $65,897,000 loan to the Partnership under such Term Loan Agreement is evidenced by a promissory note of the Partnership in the form provided in such Term Loan Agreement.

EXHIBIT D

DESCRIPTION OF PRUDENTIAL GUARANTIED LOAN

The "Prudential Guarantied Loan" shall mean that certain loan to the Partnership in the aggregate principal amount of $11,000,000, which loan is made pursuant to a certain Term Loan Agreement dated as of November 12, 1998 by and among The Chase Manhattan Bank as lender thereunder, and One Embarcadero Center Venture, Embarcadero Center Associates, Three Embarcadero Center Venture and Four Embarcadero Center Venture, collectively as the borrowers thereunder, which Term Loan Agreement provides for loans to the borrowers in the aggregate principal amount of $92,000,000. The $11,000,000 loan to the Partnership under such Term Loan Agreement is evidenced by a promissory note of the Partnership in the form provided in such Term Loan Agreement.

EXHIBIT E

Description of Business Interruption and General Liability Insurance

Business Interruption Insurance	$145,000,000
Commercial General Liability	$ 2,000,000
Umbrella Liability Program	$200,000,000

EXHIBIT F

Description of Financing Plan for Three Embarcadero Center Venture

1. Equity Redemption Loan. Upon the execution of this Agreement, the Partnership will enter into a 90 day Term Loan Agreement with BankBoston, N.A., on behalf of itself and as agent for the several banks that are parties thereto, to borrow approximately $65,897,000 with a term of 90 days, which borrowing shall be guaranteed by Boston Properties Limited Partnership ("BPLP"). This loan constitutes the Equity Redemption Loan. Interest on the outstanding indebtedness under the Equity Redemption Loan shall accrue at a rate equal to the 30 day Eurodollar rate plus 50 basis points. In addition, upon the closing of the Equity Redemption Loan, the Partnership will pay its proportionate share of the closing fee in the approximate aggregate amount of $116,000. The Partnership shall pledge the Investment Notes to secure obligations of the Partnership under the Equity Redemption Loan.

2. Prudential Guarantied Loan. Upon the execution of this Agreement, the Partnership will also enter into a Term Loan Agreement with The Chase Manhattan Bank, N.A. to borrow approximately $11,000,000 with a term of 90 days, which borrowing shall be guaranteed by The Prudential Insurance Company of America. This loan constitutes the Prudential Guarantied Loan. Interest on the outstanding indebtedness under the Prudential Guarantied Loan shall accrue at a rate equal to the 30 day Eurodollar rate plus 30 basis points. In addition, upon the closing of the Prudential Guarantied Loan, the Partnership will pay its proportionate share of the closing fee in the approximate aggregate amount of $40,000.

3. Advance Under BPLP Line of Credit. Upon the execution of this Agreement, BPLP will amend its existing Amended and Restated Revolving Credit Agreement (the "Credit Agreement") with BankBoston, N.A., and certain other banks for which BankBoston, N.A. serves as agent, to add, inter alia, the Partnership as a Borrower under the Credit Agreement for the purpose of the advance described in the next paragraph.

The Equity Redemption Loan will, upon the earlier of the redemption of The Prudential Insurance Company of America from the Partnership or the 90th day after the date of execution of this Agreement, be repaid through (i) a draw on the Credit Agreement by the Partnership of approximately $8,826,000 and (ii) cash of the Partnership in an amount equal to approximately $57,100,000, which cash will represent proceeds from the repayment of the Special BP Loan. As a result of the draw under the Credit Agreement, the Partnership will be a primary obligor with respect to approximately $8,826,000 of indebtedness under the Credit Agreement.

4. Assumption and Release with respect to Prudential Guarantied Loan. The Prudential Guarantied Loan will, upon the redemption of the interest of The Prudential Insurance Company of America in the Partnership, be assumed by The Prudential Insurance Company of America and the Partnership will be released as a borrower with respect to the Prudential Guarantied Loan and all other obligations with respect thereto, as contemplated by, and subject to the terms and conditions of, the Redemption Agreement.

In the event that the interest of The Prudential Insurance Company of America in the Partnership is not redeemed by February 10, 1999, or in the event that the Partnership is not, by such date, released in full from all obligations with respect to the Prudential Guarantied Loan and related obligations, then either (i) Prudential shall continue to guaranty the Prudential Guarantied Loan until such redemption, assumption and release occurs or (ii) if the Partnership repays and refinances the Prudential Guarantied Loan by obtaining any replacement debt ("Replacement Debt"), Prudential shall guarantee the lenders thereof of the punctual payment in full and all other obligations of such Replacement Debt.

5. Secured Financing. Upon the execution of this Agreement, the Partnership will enter into a certain $150 million first deed of trust loan with Connecticut General Life Insurance Company.

EXHIBIT 99.10

SECOND AMENDED AND RESTATED PARTNERSHIP AGREEMENT

OF

FOUR EMBARCADERO CENTER VENTURE

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SECOND AMENDED AND RESTATED
PARTNERSHIP AGREEMENT

OF

FOUR EMBARCADERO CENTER VENTURE

This SECOND AMENDED AND RESTATED PARTNERSHIP AGREEMENT OF FOUR EMBARCADERO CENTER VENTURE (this "Agreement") is entered into and shall be effective as of the 12th day of November, 1998, by and between Boston Properties LLC, a Delaware limited liability company, having a mailing address c/o Boston Properties, Inc., 8 Arlington Street, Boston, Massachusetts 02116, as managing general partner ("BPLLC" or the "Managing General Partner"), BP EC4 Holdings LLC, a Delaware limited liability company, having a mailing address c/o Boston Properties, Inc., 8 Arlington Street, Boston, Massachusetts 02116, as non-managing general partner ("Holdings LLC"), and The Prudential Insurance Company of America, a New Jersey corporation, having a mailing address c/o Prudential Realty Group, 8 Campus Drive, 4th Floor - Arbor Circle South, Parsippany, New Jersey 07054 ("Prudential"), as non-managing general partner. Holdings LLC and Prudential are sometimes hereinafter referred to as the "Non-Managing General Partners" and each as a "Non-Managing General Partner." The Managing General Partner and the Non-Managing General Partners are sometimes hereinafter referred to as the "Partners."

RECITALS:

A. FOUR EMBARCADERO CENTER VENTURE (the "Partnership") is a California general partnership formed pursuant to and governed by that certain Agreement of Partnership dated as of January 1, 1979, creating a general partnership named Four Embarcadero Center Venture, and as subsequently amended on December 29, 1986, December 31, 1986, January 1, 1992 and September 28, 1998 (as revised to such date, the "Prior Partnership Agreement").

B. The Partnership owns and has in operation that certain parcel of real property situated in the City and County of San Francisco, California, and more particularly described on Exhibit A hereto, upon which is erected an office building, related improvements and personal property owned by the Partnership and situated thereon or therein, known generally as Four Embarcadero Center (the "Real Property").

C. On September 30, 1998, the interest of Fedmark Corporation, a Delaware corporation ("Fedmark"), in the Partnership was redeemed for cash. Following such redemption, all of the outstanding partnership interests in the Partnership were held by Prudential, with a 50.020258% partnership interest, and Embarcadero Center Investors Partnership, a California limited partnership ("ECIP"), with a 49.979742% partnership interest.

D. Pursuant to that certain Master Transaction Agreement, dated September 28, 1998 (the "Master Transaction Agreement"), by and among (i) Prudential, PIC Realty Corporation, a Delaware corporation ("PIC"), Fedmark, ECIP, Pacific Property Services, L.P., a California limited partnership, and the other persons identified therein on Exhibit A thereto, on the one hand, and (ii) Boston Properties Limited Partnership, a Delaware limited partnership (the "Operating Partnership"), and Boston Properties, Inc., a Delaware corporation ("Public Company") on the other hand, the Operating Partnership acquired the right, subject to the satisfaction of various conditions, to have all of the partners of ECIP contribute to the Operating Partnership all of their interests in ECIP. On November 12, 1998, following the redemption of Fedmark as a partner of the Partnership as described in the preceding paragraph, the closing of the transactions contemplated by the Master Transaction Agreement occurred, and the Operating Partnership directed the partners of ECIP to convey their interests in ECIP to BP EC1 Holdings LLC, a Delaware limited liability company ("Holding 1 LLC") and the partners of ECIP did so convey their interests in ECIP to Holdings 1 LLC (which conveyance constituted a contribution to the Operating Partnership). Upon such conveyance, by operation of law ECIP dissolved and Holdings 1 LLC succeeded to ECIP's 49.979742% partnership interest in the Partnership. Prior to the amendment and restatement of this Agreement, Holdings 1 LLC conveyed to BPLLC a 0.499798% partnership interest in the Partnership and conveyed to Holdings LLC a 49.479944% partnership interest in the Partnership. As a result of the foregoing, (i) ECIP and Fedmark (the "Withdrawing Partners") have ceased to be partners of the Partnership, (ii) BPLLC and Holdings LLC have been admitted as partners of the Partnership, and (iii) as of the date hereof BPLLC, Prudential and Holdings LLC are the sole partners of the Partnership with percentage interests of 0.499798%, 50.020258% and 49.479944%, respectively.

E. To reflect the transfers, successions, admissions and withdrawals recited above, to provide for the continuation of the Partnership as a California general partnership under the Act, and to provide for the revised terms and conditions under which the Partnership will continue in existence and be governed, the parties wish to amend and restate the Prior Partnership Agreement in its entirety, as provided herein.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. Transfer of Partnership Interests. Pursuant to the transactions described in the Recitals above, the Withdrawing Partners have ceased to be partners in the Partnership, BPLLC has been admitted as the Managing General Partner of the Partnership with a 0.499798% Percentage Interest and Holdings LLC has been admitted as a Non-Managing General Partner of the Partnership with a 49.479944% Percentage Interest. Prudential shall continue as a Non-Managing General Partner of the Partnership with a 50.020258% Percentage Interest.

II. Amendment and Restatement. The Original Partnership Agreement is hereby amended and restated in its entirety as follows:

ARTICLE 1 - THE PARTNERSHIP

SECTION 1.1 Continuation of the Partnership.

The Partners hereby agree to continue the Partnership as a general partnership under and pursuant to the Uniform Partnership Act of the State of California (the "Act") as the same is now or hereafter amended. The Partners shall promptly execute, and the Managing General Partner shall promptly cause to be filed with the proper offices, any certificate or amendments thereto required by the Act or any other applicable partnership act, fictitious name act, or similar statute in effect, or for any reasonable purpose.

SECTION 1.2 Partnership Name.

The name of the Partnership shall continue to be "FOUR EMBARCADERO CENTER VENTURE." All business of the Partnership shall be conducted under such name or under such variations thereof as the Managing General Partner deems necessary or appropriate to comply with the requirements of law in any applicable jurisdiction in which the Partnership may do business.

SECTION 1.3 Place of Business.

The principal place of business of the Partnership shall be c/o Boston Properties, Inc., Four Embarcadero Center, Suite 2600, San Francisco, California 94111, or at such other place or places as the Managing General Partner may designate.

SECTION 1.4 General Partnership.

The Partnership shall be a general partnership, governed by the Act. The interests of the Partners in the Partnership shall be personal property for all purposes. All real and other property owned by the Partnership shall be deemed owned by the Partnership, as a partnership, and no Partner, individually, shall have any ownership of such property.

SECTION 1.5 Term of Partnership.

The term of the Partnership shall continue until 12:00 noon on December 31, 2050, unless sooner terminated in accordance with the terms and conditions of this Agreement, or by applicable law.

SECTION 1.6 Purposes of the Partnership.

The purpose of the Partnership shall be:

(a) to own, manage, develop, improve, renovate, rehabilitate, operate, hold for investment, lease, encumber, mortgage, pledge, assign, exchange, sell and/or otherwise deal with the Property;

(b) to retain managing agents and consultants therefor, and to do all things necessary or useful in connection with any of the foregoing;

(c) in addition to, and in furtherance of these purposes and powers, the Partnership shall have the power (i) to borrow money and issue evidences of indebtedness and to secure same by mortgage, pledge or other lien (including, without limitation, obtaining the Equity Redemption Loan and Prudential Guarantied Loan), and (ii) to guarantee the obligations of any other Person when done in furtherance of the Partnership's business, including any indebtedness of such Person, and to secure such guarantee obligations by mortgage, pledge or other lien on any asset of the Partnership;

(d) to make and service the Investment Loan as contemplated herein;

(e) subject to the express terms, provisions and restrictions of this Agreement, to engage in and consummate the transactions described in the Master Transaction Agreement;

(f) to enter into the Redemption Agreement and consummate the transactions described therein; and

(g) to enter into, perform and carry out contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of any of the foregoing purposes; and

(h) to use the Excess Mortgage Loan Proceeds to make the Special BP Loan.

The Partnership shall not engage in any other business. It is further agreed that the Partnership shall at all times adhere to at least the level of quality in the maintenance and operation of the Property as a first class office and retail complex as maintained by the Partnership during the twelve (12) month period preceding the date hereof.

SECTION 1.7 Definitions.

In addition to the capitalized terms defined in the recitals and elsewhere herein, the following terms shall have the following meanings:

"Act" has the meaning set forth in Section 1.1 hereof.

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing. No officer, director or equity owner of the Managing General Partner shall be considered an Affiliate of the Managing General Partner solely as a result of serving in such capacity or being an equity owner of the Managing General Partner.

"Approved Loan Costs" shall mean all fees, costs and expenses incurred by the Partnership or any Partner in connection with the Equity Redemption Loan or Prudential Guarantied Loan that are expressly approved by each of the Partners (which approval shall not be unreasonably withheld, conditioned or delayed), including, without limitation, (i) all fees and expenses of the lender(s) thereof subject to reimbursement by the Partnership or any Partner, and (ii) all of the reasonable legal fees and expenses incurred directly by such Persons (or any of their constituent owners) in connection with the Equity Redemption Loan and the Prudential Guarantied Loan.

"Borrowing Costs" of a loan shall mean the cost of procuring and repaying such loan expressed as an "all-in" effective annual interest rate per annum to be determined taking into account all costs of procuring and repaying such loan including, without limitation, all (i) periodic interest and other amounts due and payable in connection with such loan, (ii) all loan points and fees paid with respect to such loan, (iii) all fees and expenses of the lender(s) thereof that are subject to payment or reimbursement by the borrower in connection therewith, and (iv) all legal fees and expenses incurred by the borrower in connection therewith; provided that, all points, fees, costs and expenses will be amortized on a straight-line basis over the term of the loan.

"BP Note" means a note, in the form and for a purpose described in Exhibit B hereto, given by the Partnership to the Managing General Partner or any of its Affiliates.

"BP Partners" means Boston Properties LLC, the Managing General Partner, and BP EC4 Holdings LLC, a Non-Managing General Partner.

"Capital Contributions" means, with respect to any Partner, the amount of money and the initial fair market value of any property (other than money) contributed to the Partnership with respect to the interest in the Partnership held by such Person less the amount of liabilities to which such property is subject and which the Partnership is considered to assume pursuant to the provisions of Section 752 of the Code (as defined below).

"Code" means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

"Equity Redemption Loan" shall mean a loan to the Partnership governed by the term loan agreement particularly described on Exhibit C attached hereto, a true, correct and complete copy of which has been delivered to each of the Partners prior to the date hereof. "Equity Redemption Loan" shall also include any extension or modification of the Equity Redemption Loan and any new loan obtained by the Partnership to replace or refinance the Equity Redemption Loan; provided that, any such extension, modification or new loan shall be in compliance with the terms and provisions of this Agreement and the Redemption Agreement.

"Excess Mortgage Loan Proceeds" shall mean the excess proceeds of any new mortgage loan borrowing secured by the Real Property over and above the amounts of such proceeds used to (i) repay any existing mortgage debt secured by the Real Property prior to the date hereof, (ii) pay any prepayment penalty, premium or fee in connection with any such existing mortgage loan that is repaid, and (iii) pay the transaction costs incurred by the Partnership in connection with such borrowing or the prepayment of any existing mortgage loan.

"Indemnitee" means (i) any Person made a party to a claim or proceeding by reason of (A) his or its status as a Partner, or as a director or officer of the Partnership or a Partner, or (B) his or its liabilities, pursuant to a loan guarantee or otherwise, for any indebtedness of the Partnership (including, without limitation, any indebtedness which the Partnership has assumed or taken assets subject to); and (ii) such other Persons (including Affiliates of a Partner or the Partnership) as the Managing General Partner may reasonably designate from time to time (whether before or after the event giving rise to potential liability), for a purpose related to Partnership business.

"Interest Rate Approved Loan Costs" has the meaning given thereto in Section 2.5(e)(i).

"Investment Loan" shall mean a loan made by the Partnership to the Investment Loan Borrower in an amount equal to $143,119,000 pursuant to (and in accordance with the terms and provisions of) that certain Note Purchase Agreement of even date herewith, by and between the Partnership and Investment Loan Borrower.

"Investment Loan Borrower" shall mean Prudential Realty Securities, Inc., a Delaware corporation.

"Investment Notes" means the promissory notes of the Investment Loan Borrower acquired by the Partnership in connection with the Investment Loan.

"Managing General Partner" means Boston Properties LLC, a Delaware limited liability company, and any other Person who may become a Managing General Partner pursuant to the terms of this Agreement, in either case until such Person has ceased to be a Managing General Partner pursuant to the terms of this Agreement.

"Non-Managing General Partner" means BP EC4 Holdings LLC, a Delaware limited liability company, and The Prudential Insurance Company of America, a New Jersey

corporation, and any other Person who may become a Non-Managing General Partner pursuant to the terms of this Agreement, in each such case until such Person has ceased to be a Non-Managing General Partner pursuant to the terms of this Agreement. "Non-Managing General Partners" means all such Persons, if there is more than one. If at any time there is more than one Non-Managing General Partner, then all references herein to the Non-Managing General Partner shall, unless the context requires otherwise, be deemed to refer to the Non-Managing General Partners.

"Partnership" means the partnership governed by this Agreement and any partnership continuing the business of the Partnership in the event of dissolution as herein provided.

"Percentage Interest" means, with respect to any Partner, the Percentage Interest set forth opposite such Partner's name on Schedule A. In the event any Partner's interest in the Partnership is transferred in accordance with the provisions of this Agreement, the transferee of such interest shall succeed to the Percentage Interest of his transferor to the extent it relates to the transferred interest.

"Person" means any individual, partnership, corporation, trust, or other entity.

"Property" shall mean the Real Property, including all real property, improvements, leases, licenses, fixtures and tangible and intangible personal property (including, without limitation, cash, deposit accounts, money and other sums and Investment Notes so long as the Partnership holds the same) owned by the Partnership from time to time.

"Prudential Guarantied Loan" shall mean a loan to the Partnership governed by the term loan agreement particularly described on Exhibit D attached hereto, a true, correct and complete copy of which has been delivered to each of the Partners prior to the date hereof.

"Redemption Agreement" shall mean that certain Redemption Agreement of even date herewith, by and among the Partnership and each of the Partners.

"Redemption Distribution" means the distribution to Prudential, in full redemption of its interest in the Partnership, of all or a portion of the Investment Notes and, if applicable, cash, as determined in accordance with the Redemption Agreement.

"Regulations" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Special BP Loan" shall mean a loan in the principal amount equal to the Excess Mortgage Loan Proceeds and at an interest rate per annum equal to twelve (12) basis points above the Borrowing Costs of the Excess Mortgage Loan Proceeds, made by the Partnership to any BP Partner, or any Affiliate of any BP Partner and evidenced by a promissory note in the form of Exhibit G attached hereto.

"Transfer" means, as a noun, any voluntary or involuntary transfer, sale, pledge, hypothecation, or other disposition and, as a verb, voluntarily or involuntarily to transfer, sell, pledge, hypothecate, or otherwise dispose of.

ARTICLE 2 - CAPITALIZATION

SECTION 2.1 Partners' Percentage Interests.

The names and Percentage Interests of the Partners are set forth on Schedule A hereto.

SECTION 2.2 Additional Capital Contributions; Limitations on Future Capital Contributions; Obligation of Managing Partner to Purchase BP Notes.

(a) No Partner shall, except as otherwise required by the Act, other applicable law or this Agreement, be required to make any further Capital Contributions to the Partnership, and so long as Prudential or any Affiliate of Prudential is a Partner, no Capital Contributions shall be made to the Partnership without the prior written consent of Prudential.

(b) At no time prior to the second anniversary of the Redemption Distribution shall the Managing General Partner call or accept Capital Contributions from any Partner for the purpose of repaying the Equity Redemption Loan or any debt replacing or refinancing the Equity Redemption Loan, and during such period no Capital Contributions made after the date hereof shall be used in such manner.

(c) To the extent that it is necessary or desirable for the Partnership, in the sole discretion of the Managing General Partner, to raise cash for the purpose of funding working capital, capital expenditures, leasing commissions, tenant improvements or other expenditures relating to the Property at a time when the Partnership is unable to raise such cash through the receipt of Capital Contributions because of the prohibition set forth in Section 2.2(a), the Managing General Partner agrees that it (or an Affiliate of the Managing General Partner) will lend funds to the Partnership for such purposes by purchasing BP Notes from the Partnership.

SECTION 2.3 Admission of Additional Partners.

The Managing General Partner shall have the right, from time to time, provided it obtains the consent of the Non-Managing General Partners, to admit additional Non-Managing General Partners to the Partnership.

Upon the admission of any new Non-Managing General Partner, an amendment of this Agreement, reflecting such change, shall be signed by the Managing General Partner and the additional Non-Managing General Partner, and an amendment to the Certificate, reflecting such change, to the extent required or appropriate under applicable law, shall be signed by all Partners

either individually or by the Managing General Partner on their behalf and filed with the Secretary of State of the State of California.

SECTION 2.4 Return of Capital Accounts and Redemption of Partnership Interests.

Except as otherwise provided in this Agreement or as set forth in the Redemption Agreement, (i) no Partner shall have the right to demand and withdraw a return of its Capital Account, and (ii) no Partner shall have the right to receive property other than cash upon a distribution to the Partners, redemption of any Partner's interest or liquidation of the Partnership.

No Partner shall receive any interest, salary, or drawing with respect to its Capital Contributions or its Capital Account or for services rendered on behalf of the Partnership or otherwise in its capacity as Partner, except (i) interest received, if any, on BP Notes or (ii) as otherwise provided in this Agreement.

SECTION 2.5 Investment Loan, Equity Redemption Loan, Prudential Guarantied Loan, Existing Loans and Replacement Loans.

(a) The Partnership is hereby authorized to, and shall, make the Investment Loan to Investment Loan Borrower and acquire the Investment Notes on the date hereof.

(b) The Partnership is hereby authorized to, and shall, borrow the Equity Redemption Loan and Prudential Guarantied Loan on the date hereof and shall thereafter perform its obligations in respect thereof subject to the terms and limitations of this Agreement. The proceeds of the Equity Redemption Loan and Prudential Guarantied Loan shall be applied to make the Investment Loan and acquire the Investment Notes on the date hereof.

(c) In accordance with Section 2.2(b), the Partnership shall not, at any time prior to the second anniversary of the Redemption Date, use Capital Contributions made after the date hereof for the purpose of repaying the Equity Redemption Loan or any debt replacing the Equity Redemption Loan.

(d) Except as otherwise expressly provided in this Agreement, all costs, fees, penalties and expenses incurred in connection with the satisfaction of any debt of the Partnership on the date hereof shall be paid by Prudential, on the one hand, and the BP Partners, on the other hand, in accordance with the terms and provisions of Exhibit V to the Master Transaction Agreement. All Borrowing Costs of the Excess Mortgage Loan Proceeds ("Excess Proceeds Borrowing Costs") shall be paid by the Partnership and capitalized and amortized over the term of the loan from which the Excess Mortgage Loan Proceeds were derived. All other Borrowing Costs incurred in connection with any Partnership borrowing (other than those described hereinabove and in subsection (e) below) shall be paid by the BP Partners.

(e) Notwithstanding anything to the contrary provided in this Agreement, all costs, fees and expenses incurred in connection with the consummation of the Equity

Redemption Loan and Prudential Guarantied Loan shall be paid by the Partnership and borne by the Partners (and reflected in the Partnership's books as follows):

(i) Any and all Approved Loan Costs paid in order to reduce or lock the interest rate for the Equity Redemption Loan or Prudential Guarantied Loan (including, without limitation, interest rate lock fees and loan points charged to obtain a reduced, fixed or more favorable rate (collectively, "Interest Rate Approved Loan Costs")) shall be paid by the Partnership and capitalized and amortized over the term of the appropriate loan;

(ii) All other Approved Loan Costs shall be paid by the Partnership as current expenses and borne by each Partner in accordance with its Percentage Interest on the date hereof;

(iii) Any other costs and expenses incurred by the Partnership with respect to the Equity Redemption Loan shall be paid by the BP Partners; and

(iv) Any other costs and expenses incurred by the Partnership with respect to the Prudential Guarantied Loan shall be paid by Prudential.

ARTICLE 3 - ALLOCATIONS OF PROFITS AND LOSSES AND MAINTENANCE OF CAPITAL ACCOUNTS

SECTION 3.1 Capital Accounts and Allocations of Profit and Loss.

(a) Capital Accounts. A separate capital account (a "Capital Account") shall be maintained for each Partner in accordance with Section 1.704-1(b)(2)(iv) of the Regulations, and this Section 3.1 shall be interpreted and applied in a manner consistent with such section of the Regulations. The Partnership may, at the election of the Managing General Partner, adjust the Capital Accounts of its Partners to reflect revaluations of the Partnership property whenever the adjustment would be permitted under Regulations Section 1.704-1(b)(2)(iv)(f). In the event that the Capital Accounts of the Partners are so adjusted, (i) the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization and gain or loss, as computed for book purposes, with respect to such property, and (ii) the Partners' distributive shares of depreciation, depletion, amortization and gain or loss, as computed for tax purposes, with respect to such property shall be determined so as to take account of the variation between the adjusted tax basis and book value of such property in the same manner as under Section 704(c) of the Code. In the event that Code Section 704(c) applies to partnership property, the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization and gain and loss, as computed for book purposes, with respect to such property. The Partners' distributive shares of depreciation, depletion, amortization and gain or loss, as computed for tax purposes, with respect to such property shall

be determined so as to take account of the variation between the adjusted tax basis and book value of such property in the same manner as under Code Section 704(c), and the amount of upward and/or downward adjustments to the book value of the Partnership property shall be treated as income, gain, deduction and/or loss for purposes of applying the allocation provisions of this Article 3. In the event that Code Section 704(c) applies to Partnership property, the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion, amortization and gain and loss, as computed for book purposes, with respect to such property. The amount of all distributions to Partners shall be determined pursuant to Section 4.1 hereof. Notwithstanding any provision contained herein to the contrary, no Partner shall be required to restore any negative balance in its Capital Account.

(b) Allocation of Profit and Loss. Generally, all profits and losses
will be allocated in accordance with the Percentage Interests of the Partners. It is the intention of the Partners that all items of Partnership income, gain, loss, and deduction, as determined for book purposes, shall be allocated among the Partners, and shall be credited or debited to their respective Capital Accounts in accordance with Regulations Section 1.704(b)(2)(iv), so as to ensure to the maximum extent possible (i) that such allocations satisfy the economic effect equivalence test of Regulations Section 1.704(b)(2)(ii)(i), by allocating items that can have economic effect in such a manner that the balance of each Partner's Capital Account at the end of any taxable year (increased by such Partner's "share of Partnership minimum gain and Partner minimum gain", as defined in Regulations Section 1.704-2) would be positive in the amount of cash that such Partner would receive (or would be negative in the amount of cash that such Partner would be required to contribute to the Partnership) if the Partnership sold all of its property for an amount of cash equal to the book value (as determined pursuant to Regulations Section 1.704-1(b)(2)(iv)) of such property (reduced, but not below zero, by the amount of nonrecourse debt to which such property is subject) and all of the cash of the Partnership remaining after payment of all liabilities (other than nonrecourse liabilities) of the Partnership were distributed in liquidation immediately following the end of such taxable year pursuant to Article 9, and (ii) that all allocations of items that cannot have economic effect (including credits and nonrecourse deductions) are allocated to the Partners in accordance with the Partners' interests in the Partnership, which, unless otherwise required by Code Section 704(b) and the Regulations promulgated thereunder, shall be their Percentage Interests for the taxable year.

(c) Section 704(c) Items. Except to the extent otherwise required by
the Code, Regulations Section 1.704-3 shall apply to all tax allocations governed by Code Section 704(c) and all "reverse section 704(c) allocations". The Managing General Partner shall determine the method of allocation to be used pursuant to Regulations Section 1.704-3 and shall make all elections under such section; provided, however, that with respect to the "reverse Section 704(c)
allocations," caused by the transfers contemplated by the Master Transaction Agreement, the Partnership will use the "traditional method without curative allocations."

(d) The tax returns for the Partnership for the 1998 calendar year shall be prepared using the interim closing of the books method.

ARTICLE 4 - DISTRIBUTIONS

SECTION 4.1 Distributions.

(a) Except as provided in Section 4.1(b) or Section 7.5, and subject to the needs of the Partnership to accumulate reserves, which prior to the Redemption Distribution shall be determined in the sole discretion of the Managing General Partner, distributions to the Partners shall be made in proportion to the Partners' Percentage Interests. Distributions shall be made from time to time at the discretion of the Managing General Partner.

(b) Notwithstanding anything to the contrary provided in this Agreement, all payments in respect of title insurance received by the Partnership the amount of which was affected by the non-imputation endorsement to the Partnership's title insurance policy issued as of the date hereof with respect to the Property will be distributed only to the BP Partners in proportion to their respective Percentage Interests.

SECTION 4.2 Amounts Withheld.

All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment or distribution to the Partnership, the Managing General Partner or the Non-Managing General Partners shall be treated as amounts distributed to the Managing General Partner or Non-Managing General Partners pursuant to this Article for all purposes under this Agreement. The Managing General Partner may allocate any such amounts among the Partners in any manner that is in accordance with applicable law.

ARTICLE 5 - MANAGEMENT OF THE PARTNERSHIP

SECTION 5.1 Management.

The management powers over the business and affairs of the Partnership are and shall be exclusively vested in the Managing General Partner, who shall be subject to the provisions of this Agreement and to applicable law, and, subject to the consent rights set forth in Section 5.4 hereof, no Non-Managing General Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership.

SECTION 5.2 Rights to Delegate and Employ.

The Managing General Partner shall devote such time and effort to the Partnership as it deems necessary and may retain agents as reasonably required or desirable to assist it. The Managing General Partner shall review the status and condition of the Property and shall supervise the activities of any agents engaged by it. The Managing General Partner may delegate any of its powers, rights and obligations hereunder, and, in furtherance of any such delegation, may appoint, employ, contract or otherwise deal with any Person (including Affiliates, but only so long as such employment, contract or other deal is not less favorable to the Partnership than would be an arms-length transaction on market terms) for the transaction of the business of the Partnership, which Persons may, under the supervision of the Managing General Partner, perform any acts or services for the Partnership as the Managing General Partner may approve.

SECTION 5.3 Enumeration of Specific Rights and Powers.

Subject to Section 5.4, the Managing General Partner shall have all the rights and powers which may be possessed by a general partner in a partnership formed under the Act, which are otherwise conferred by law or which are necessary, advisable or convenient to the discharge of duties under this Agreement and to the management, direction and control of the business and affairs of the Partnership, exercisable without the consent of the Non-Managing General Partners (except as herein expressly provided), including the following rights and powers:

(a) to conduct the tax, financial and business affairs of the Partnership;

(b) to take all action necessary to acquire, purchase, renovate, rehabilitate, hold, own, improve, operate, encumber, mortgage, pledge, assign, exchange, or to sign notes or guarantee payment of any loans relating to the purposes of the Partnership;

(c) to manage, repair, insure, service, promote, advertise, lease, sublease, and create or release interests in the Partnership property;

(d) to timely pay out of Partnership funds such expenses as are necessary to carry out the intentions and purposes of the Partnership including real estate taxes and debt service payments to the extent there is sufficient gross cash proceeds.

(e) to sell and/or otherwise dispose of all or any portion of the Property;

(f) to make appropriate elections permitted under any applicable tax law, provided that such elections will not, in the opinion of counsel or the accountants for the Partnership, be disadvantageous to a majority in interest of the Non-Managing General Partners;

(g) to change the principal office of the Partnership to other places subject to the notice provision herein provided;

(h) to employ agents, attorneys, public accountants (which shall be, in all events, a "Big Five" accounting firm), and depositories and to grant powers of attorney;

(i) to employ persons necessary and appropriate in the operation and management of the Partnership and the Property, including, but not limited to, supervisory managing agents, insurance brokers, real estate brokers, and loan brokers, on such terms and for such compensation which does not exceed generally prevailing market rates, all to act under the supervision of the Managing General Partner, and the Managing General Partner on behalf of the Partnership is hereby authorized to enter into an agreement with any Managing General Partner in their individual capacities or a corporation or other entity affiliated with any Managing General Partner for the performance of such services to the Partnership except as otherwise provided for in this Agreement;

(j) to enter into any contract of insurance which the Managing General Partner deems necessary and proper for the protection of the Partnership, the conservation of the Property or any other asset of the Partnership, or for a purpose convenient or beneficial to the Partnership, including but not limited to, a contract naming the Managing General Partner as additional insured, and to continue in force any policies required by any mortgage, lease or other agreement relating to the Property or any part thereof; provided that, so long as Prudential or any Affiliate of Prudential is a
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Partner, (i) the Partnership shall maintain reasonable and customary insurance with respect to the Property with amounts and types of coverage that are at least comparable to that maintained by Affiliates of the BP Partners with respect to other properties owned by such Affiliates (after giving effect to differences in the value and nature of such properties) and (ii) the Partnership shall maintain business interruption and commercial general liability insurance in at least the amounts set forth on Exhibit E hereto;

(k) to pay, collect, compromise, arbitrate, resort to legal action or otherwise make or defend claims or demands of or against the Partnership; provided that, so long as Prudential, or an Affiliate of Prudential, is a
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Partner, neither the Managing General Partner nor the Partnership shall compromise or settle any claim or demand of, or against, the Partnership without Prudential's, or its Affiliate's, consent, which consent will not be unreasonably withheld;

(l) to borrow money and issue evidences of indebtedness in furtherance of any and all purposes of the Partnership, including borrowings from Partners of the Partnership, as contemplated by Section 5.7 hereof or otherwise, and including borrowings made in accordance with the financing plan for the Partnership described in Exhibit F hereto; to guarantee the obligations
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of any other Person (but only when such guaranty is made in furtherance of the business of the Partnership), including the indebtedness of such Person; and to secure any or all of the above by mortgage, pledge, guaranty or other lien on the Property and/or any other asset of the Partnership; and

(m) to lend money to any BP Partner or any Affiliate of any BP Partner pursuant to a Special BP Loan.

SECTION 5.4 Limitations on Managing General Partner's Authority.

(a) Notwithstanding anything in this Agreement to the contrary, for so long as Prudential is a Partner, the Managing General Partner shall not have the power or authority to, and shall not, cause the Partnership to take any of the following actions, without the consent of Prudential, which consent shall not be unreasonably withheld:

(i) other than in the ordinary course of business, cause any closing of a material portion of the Property for renovations (other than repairs necessitated as a result of a fire or other casualty);

(ii) cause or permit the engagement by the Partnership in any business other than as contemplated under Section 1.6;

(iii) take any action or make any decision involving credit, management or servicing decisions relating to the Investment Notes other than making an election to accelerate the Investment Notes upon the occurrence of (and during the continuance of) an Event of Default or taking any action or decision relating to the Redemption Distribution;

(iv) make a loan to or guarantee the indebtedness of any Person other than (A) loans to tenants of the Property for tenant improvements or (B) a Special BP Loan;

(v) cause or permit the sale of (A) all or any material portion of the Property, except leases, concessionaire agreements and space licenses entered into in the ordinary course of business of the Property, or (B) except in connection with the Redemption Distribution, the Investment Notes or any portion thereof or interest therein;

(vi) cause the Partnership to (A) obtain any borrowing, (B) issue evidences of indebtedness, or (C) guaranty the obligations of any Person, if such borrowing, issuance or guaranty provides for recourse to Prudential (other than the Prudential Guarantied Loan or the Equity Redemption Loan or Replacement Debt (as defined in Exhibit F);

(vii) amend this Agreement if such amendment affects or could affect (A) the receipt, amount or timing of any distributions to Prudential, or (B) Prudential's rights or obligations under this Agreement or the Redemption Agreement;

(viii) cause the dissolution of the Partnership, or cause the Partnership to file or otherwise commence a voluntary bankruptcy case, or consent to the commencement of an involuntary bankruptcy case, under the United States Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case, or consent to the

appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of the Property;

(ix) borrow money from the Managing General Partner or any Affiliate of the Managing General Partner except as permitted or required under Sections 2.2(c) and 5.7 or otherwise in this Agreement;

(x) assign, relinquish, settle, compromise, waive or impair any of the Partnership's rights under or with respect to, or amend, terminate, extend the term of (or time for payments due, or performance to be rendered, to the Partnership under) or otherwise modify any instrument or agreement under which the Partnership has rights and to which the Managing General Partner or any of its Related Parties is a party; or

(xi) engage in any activity without a good faith business purpose therefor and with the intent of manipulating the "Operating Profits" or "Operating Losses" of the Partnership described in the Redemption Agreement in a manner intended to materially adversely affect, to the benefit of the other Partners, the amounts that Prudential would be entitled to receive under this Agreement or the Redemption Agreement.

SECTION 5.5 Filing of Returns and Other Writings.

The Managing General Partner shall be the Tax Matters Partner and is also specifically authorized to and shall cause the preparation and timely filing of all Partnership tax returns and shall, on behalf of the Partnership, subject to the terms and provisions of the Redemption Agreement, make such tax elections for the Partnership as it, after consultation with the Partnership's accountants, shall determine to be in the best interests of the Partners. In addition, the Managing General Partner shall timely file all other forms, documents or other writings with respect to the business and operation of the Partnership which shall be required by any governmental agency or authority having jurisdiction to require such forms, documents or other writings, and shall transmit to each Partner any form or document required to be transmitted by any such governmental agency.

SECTION 5.6 Other Permissible Activities.

Nothing herein contained shall be deemed to prevent any Partner or any shareholder or affiliate thereof from engaging in other activities for profit, whether in the real estate business or otherwise. The Managing General Partner (or any shareholder or affiliate thereof), or any Partner, may, in the future, organize and manage joint ventures, additional limited partnerships or other business entities for the acquisition, management and sale of real estate. Neither this Agreement nor any activity undertaken pursuant hereto shall prevent any Partner or any affiliate from engaging in such activities, or require any Partner to permit the Partnership or any Partner to participate in any such activities and, as a material part of the consideration for each Partner's

execution hereof, each Partner, for the benefit of the other Partners, hereby waives, relinquishes and renounces any such right or claim of participation.

SECTION 5.7 Contracts with Affiliates; Borrowing from Partners.

The Managing General Partner is authorized to enter into agreements on behalf of the Partnership with other persons or entities affiliated with the Partnership and the Partners, including with respect to the borrowing of money from, and issuance of evidences of indebtedness to, Partners of the Partnership in furtherance of any and all purposes of the Partnership, including borrowing from the Managing General Partner or any of its Affiliates for the purposes and on the terms set forth on Exhibit B attached hereto and incorporated herein by reference; provided, however, that all such agreements (other than the giving of BP Notes and the making of the Special BP Loans) shall be disclosed to the other Partners and shall not be less favorable to the Partnership than had such agreement been negotiated at arms-length and on market terms. Notwithstanding any other provision of this Agreement, it is acknowledged and agreed that an Affiliate of the Managing General Partner shall enter into a management agreement with the Partnership for a management fee that does not exceed the management fee that was payable to Pacific Property Services, L.P. (the previous management company that managed the Property) as of May 1, 1998.

SECTION 5.8 Indemnification.

(a) To the fullest extent permitted by California law, the Partnership shall indemnify each Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, attorneys fees and other legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement, in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith, was the result of active and deliberate dishonesty, or was the result of a breach of this Agreement by such Indemnitee (or by the Partner of which such Indemnitee is a director or officer); or (ii) the Indemnitee actually received an improper personal benefit in money, property or services, or in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guaranty (except a guaranty by a Partner of nonrecourse indebtedness of the Partnership or as otherwise provided in any such loan guaranty) or otherwise for any indebtedness of the Partnership, and the Managing General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 5.8 in favor of any Indemnitee having or potentially having liability for any such indebtedness. The termination of any proceeding by conviction of an Indemnitee or upon a plea of nolo contendere or its equivalent by an Indemnitee, or an entry of an order of probation against an Indemnitee prior to judgment, creates a rebuttable presumption that such Indemnitee acted in a manner

contrary to that specified in this Section 5.8(a). Any indemnification pursuant to this Section 5.8 shall be made only out of the assets of the Partnership and shall not impose any personal liability on any Partner, and neither the Managing General Partner nor any Non-Managing General Partner shall have any obligation to contribute to the capital of the Partnership, or otherwise provide funds, to enable the Partnership to fund its obligations under this Section 5.8.

(b) If the Managing General Partner avails itself of the indemnification provisions set forth herein, the Managing General Partner shall promptly notify in writing the other Partners of such fact and shall provide a brief description of the nature and magnitude of the indemnification claimed. An Indemnitee, other than the Managing General Partner, may assert a claim for indemnification hereunder by giving written notice thereof to the Managing General Partner. If indemnification is sought for a claim or liability asserted by a third party, the Indemnitee shall also give written notice thereof to the Managing General Partner promptly after it receives notice of the claim or liability being asserted. Such notice shall summarize the bases for the claim for indemnification and any claim or liability being asserted by a third party. The Managing General Partner, on behalf of the Partnership, shall be entitled to direct the defense against a third party claim or liability with counsel selected by it (subject to the consent of the Indemnitee, which consent shall not be unreasonably withheld) as long as the Partnership is conducting a good faith and diligent defense. The Indemnitee shall, at all times, have the right to fully participate in the defense of a third party claim or liability at its own expense, directly or through counsel; provided, however, that if the named
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parties to the action or proceeding include both the Partnership and the Indemnitee, and the Indemnitee is advised by counsel that representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the Indemnitee may engage separate counsel, whose reasonable fees and expenses shall be borne by the Partnership. If no notice of intent to dispute and defend a third party claim or liability is given by the Managing General Partner within 20 business days of receiving notice of such claim or liability, the Indemnitee shall have the right, at the expense of the Partnership, to undertake the defense of such claim or liability (with counsel selected by the Indemnitee), and to compromise or settle it, exercising reasonable business judgment. If the third party claim or liability is one that, by its nature, cannot be defended solely by the Partnership, then the Indemnitee shall make available such information and assistance as the Managing General Partner may reasonably request and shall cooperate with the Partnership in such defense, at the expense of the Partnership.

(c) Subject to the procedures set forth in Section 5.8(b), reasonable expenses incurred by an Indemnitee who is a party to a proceeding in a matter for which the Indemnitee has undertaken the defense pursuant to the provisions of this Section 5.8 (other than as a result of the rejection or dispute by the Managing General Partner of a claim for indemnification under Section 5.8(b)) shall be paid or reimbursed by the Partnership in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in Section 5.8(a) has been met, and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(d) The indemnification provided by this Section 5.8 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under this Agreement or any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity unless otherwise provided in a written agreement pursuant to which such Indemnitee is indemnified.

(e) The Partnership may, but shall not be obligated to, purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the Managing General Partner shall determine in its reasonable discretion, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(f) In no event may an Indemnitee subject any of the Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 5.8 solely because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 5.8 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 5.8 or any provision hereof shall be prospective only and shall not in any way affect the Partnership's liability to any Indemnitee under this Section 5.8, as in effect immediately prior to such amendment, modification, or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

SECTION 5.9 Liability of the Managing General Partner.

(a) Notwithstanding anything to the contrary set forth in this Agreement, except as otherwise expressly provided in this Agreement, the Managing General Partner and its officers and directors shall not be liable for monetary damages to the Partnership, any Partners or any Assignees for losses sustained or liabilities incurred as a result of reasonable errors in judgment or of any act or omission if the Managing General Partner acted in good faith; provided, however, that the Managing General Partner shall be liable to the Partnership and Partners for its material breaches of this Agreement.

(b) Subject to its obligations and duties as Managing General Partner set forth in Section 5.3 hereof, and subject to the limitations set forth in Section 5.4 hereof, the Managing General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents. The

Managing General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the Managing General Partner in good faith, except as otherwise expressly provided herein.

(c) Any amendment, modification or repeal of this Section 5.9 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the Managing General Partner's liability (and that of its officers and directors) to the Partnership and the Non-Managing General Partners under this Section 5.9 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

SECTION 5.10 Other Matters Concerning the Managing General Partner.

(a) The Managing General Partner may rely and shall be protected in acting, or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

(b) The Managing General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers, architects, engineers, environmental consultants and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters which such Managing General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) The Managing General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and duly appointed attorneys-in-fact. Each such attorney shall, to the extent provided by the Managing General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the Managing General Partner hereunder.

ARTICLE 6 - ACCOUNTING

SECTION 6.1 Fiscal Year and Tax Accounting Method.

The Partnership shall operate on the basis of a calendar year, and shall report its operations for tax and all other purposes in accordance with those methods the Managing General Partner and the Partnership's accountant deem advisable.

SECTION 6.2 Books, Records, and Tax Reports.

The Partnership shall maintain full and accurate books at its principal office which all Partners shall have the right to inspect and examine during business hours upon reasonable written notice to the Managing General Partner. The Managing General Partner shall keep or cause such books to be kept and shall fully and accurately enter all transactions of the Partnership therein. Such books shall be closed and balanced at the end of each calendar year. On or before March 31 of each year, the Managing General Partner will furnish the Non-Managing General Partners with a balance sheet and a statement of income and expenses of the Partners for the prior calendar year and a report on Treasury Form K-1 containing information relating to the Partnership to be used in preparing a Non-Managing General Partner's personal federal income tax return.

SECTION 6.3 Accounting Practice.

The books of account of the Partnership shall be kept in accordance with good and accepted bookkeeping and accounting practices for similar properties, provided that all methods of accounting and of treating particular transactions shall be in accordance with the methods of accounting employed for Federal income tax purposes. The determinations of the Managing General Partner with respect to the treatment of any items or its allocation for federal, state or local tax purposes shall be binding upon all the Partners so long as such determination shall not be inconsistent with any express term hereof or of the Redemption Agreement.

SECTION 6.4 Accountants.

The Partnership's certified public accountant shall be designated by the Managing General Partner, subject to the terms and provisions of Section 5.3(h).

SECTION 6.5 Bank Accounts.

The Managing General Partner shall, on behalf of the Partnership, open and maintain a bank account or accounts in a bank or other financial institution of its choosing in which shall be deposited all of the capital, cash receipts and other funds of the Partnership.

ARTICLE 7 - RIGHTS AND OBLIGATIONS OF THE NON-MANAGING GENERAL PARTNERS

SECTION 7.1 Contributions by Non-Managing General Partners.

Except as provided herein, the Non-Managing General Partners shall not be obligated to make a contribution of any sort whatsoever to the capital of the Partnership, or to provide a loan.

SECTION 7.2 Corporate Authority.

Each Partner hereby represents and covenants that its execution of this Agreement has been duly authorized by proper corporate action or otherwise.

SECTION 7.3 Role of Non-Managing General Partners.

Except as otherwise provided in this Agreement, no Non-Managing General Partner shall take part in, or interfere in any manner with, the conduct or control of the business of the Partnership, or shall have any right or authority to act for or bind the Partnership.

SECTION 7.4 Rights and Obligations Under the Act.

In addition to the foregoing rights (including any limitations thereof) and obligations, the Non-Managing General Partners shall each have those rights and obligations conferred or imposed upon partners of a general partnership under applicable law, to the extent not inconsistent with the terms hereof.

SECTION 7.5 Redemption Rights.

Except as specifically provided in the Redemption Agreement, no Partner shall have the right to withdraw from the Partnership or have its interest in the Partnership redeemed by the Partnership.

ARTICLE 8 - WITHDRAWAL AND REPLACEMENT OF PARTNERS AND TRANSFER OF PARTNERSHIP INTEREST

SECTION 8.1 Non-Managing General Partners.

No Non-Managing General Partner's interest shall be sold, assigned, transferred, pledged or hypothecated or encumbered (any such transaction, a "Transfer"), in whole or in part, except in accordance with the terms and conditions set forth in this Article 8. Any Transfer or purported Transfer of a Non-Managing General Partner's interest not made in accordance with this Article 8 shall be null and void.

SECTION 8.2 Managing General Partner.

The Managing General Partner may not Transfer its interest in the Partnership or withdraw from the Partnership without the consent of the Non-Managing General Partners.

SECTION 8.3 Transfer of Partnership Interests.

(a) Subject to the provisions of this Article 8, a Non-Managing General Partner may transfer its interest in the Partnership with the consent of the Managing General Partner, which consent may be withheld by the Managing General Partner in its sole and absolute

discretion. Nothing in this Agreement shall be deemed to preclude the purchase by the Managing General Partner of any Non-Managing General Partnership interest and the admission of a Managing General Partner as a Non-Managing General Partner in connection therewith.

(b) If the interest, or any part thereof, of a Partner in the Partnership is disposed of pursuant to this Section, such Partner shall nevertheless be entitled to a portion of the income, gain, loss, deduction and credit allocated to such interest or part thereof in accordance with the provisions of this agreement for the fiscal year of the Partnership in which such disposition occurs, based upon the number of months during such year that such Partner owned such interest or part thereof. Any predecessor or successor of such Partner in respect of such interest or part thereof shall share in such profits and losses for the fiscal year in which such disposition occurs and the Partnership shall be bound by such allocation, provided the same shall be deemed reasonable by the Partnership's accountants, upon being furnished with timely written notice of same. Distributions of cash or other property shall be made only to such persons who are Partners on the date of distribution.

(c) Without limiting the foregoing, the Managing General Partner may prohibit any transfer by a Non-Managing General Partner of its interest in the Partnership if, in the opinion of legal counsel to the Partnership, such transfer would require filing of a registration statement under the Securities Act of 1933 or would otherwise violate any federal or state securities laws or regulations applicable to the Partnership or interests in the Partnership, or would cause a termination of the Partnership under Section 708 of the Code.

(d) Without limiting the foregoing, no transfer by a Non-Managing General Partner of its interests in the Partnership may be made to any Person if (i) in the opinion of legal counsel for the Partnership, it would result in the Partnership being treated as an association taxable as a corporation; (ii) such transfer is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code; (iii) such transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code); (iv) such transfer would, in the opinion of legal counsel for the Partnership, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.2-101; or (v) such transfer would subject the Partnership to be regulated under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or the Employee Retirement Income Security Act of 1974, each as amended, or would violate any loan documents to which the Partnership is a party.

(e) The transfer of a Partnership interest shall not constitute, or result in, a dissolution of the Partnership.

SECTION 8.4 Substituted Non-Managing General Partners.

(a) No Non-Managing General Partner shall have the right to substitute a transferee as a Non-Managing General Partner in his place. The Managing General Partner shall, however, have the right to consent to the admission of a transferee of the interest of a Non-Managing General Partner pursuant to this Section 8.4 as a Substituted Non-Managing General Partner, which consent may be given or withheld by the Managing General Partner in its sole and absolute discretion. The Managing General Partner's failure or refusal to permit a transferee of any such interests to become a Substituted Non-Managing General Partner shall not give rise to any cause of action against the Partnership or any Partner.

(b) A transferee who has been admitted as a Substituted Non-Managing General Partner in accordance with this Article 8 shall have all the rights and powers and be subject to all the restrictions and liabilities of a Non-Managing General Partner under this Agreement.

(c) Upon the admission of a Substituted Non-Managing General Partner, the Managing General Partner shall amend Schedule A to reflect the name, address, and Percentage Interest of such Substituted Non-Managing General Partner and to eliminate or adjust, if necessary, the name, address and interest of the predecessor of such Substituted Non-Managing General Partner.

SECTION 8.5 Assignees.

If the Managing General Partner, in its sole and absolute discretion, does not consent to the admission of any permitted transferee as a Substituted Non-Managing General Partner, as described in Section 8.4, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be deemed to have had assigned to it, and shall be entitled to receive distributions from the Partnership and the share of net income, net losses, and any other items, gain, loss deduction and credit of the Partnership attributable to the interest in the Partnership assigned to such transferee, but except as otherwise provided herein shall not be deemed to be a holder of an interest in the Partnership for any other purpose under this Agreement, and shall not be entitled to vote in any matter presented to the Non-Managing General Partners for a vote (such interest in the Partnership being deemed to have been voted on such matter in the same proportion as all other interests held by Non-Managing General Partners are voted). In the event any such transferee desires to make a further assignment of any such interest in the Partnership, such transferee shall be subject to all of the provisions of this Article 8 to the same extent and in the same manner as any Non-Managing General Partner desiring to make such an assignment.

ARTICLE 9 - DISSOLUTION, LIQUIDATION AND TERMINATION

SECTION 9.1 Dissolution.

(a) Except as herein otherwise expressly provided, the Partnership shall be dissolved upon the occurrence of any of the following events:

(1) agreement by all of the Partners to dissolve the Partnership;

(2) expiration of the term provided in Section 1.5 hereof;

(3) sale or taking by eminent domain or other lawful government action resulting in transfer of title of substantially all of the Partnership's assets; or

(4) any other event which, under applicable law, results in the dissolution of the Partnership.

(b) Dissolution shall be effective on the date of the event giving rise to the dissolution, but the Partnership shall not terminate until the assets thereof have been distributed in accordance with the provisions of Section 9.2 hereof.

SECTION 9.2 Liquidation.

(a) If the Partnership shall be dissolved by reason of the occurrence of any of the circumstances described in Section 9.1, no further business shall be conducted by the Partnership except for taking of such action as shall be necessary for the winding up of its affairs and distribution of its assets to the Partners pursuant to the provisions of this Article 9. Upon such dissolution, the Managing General Partner shall act as liquidator or, if it is unable or unwilling to so act, it shall appoint one or more liquidators, who shall have full authority to wind up the affairs of the Partnership and to make final distribution as provided herein.

Upon such dissolution of the Partnership, the liquidator(s) shall determine which, if any, Partnership properties and assets should be distributed in kind, and dispose of all other Partnership properties and assets at the best cash price obtainable therefor and distribute the proceeds as follows:

(1) First, to the payment and discharge of all of the Partnership's debts and liabilities to creditors other than the Partners;

(2) Second, to the payment and discharge of all of the Partnership's debts and liabilities to Partners in their capacities as creditors of the Partnership;

(3) The balance, if any, to the Partners in accordance with the provisions of Article 4.

(b) Notwithstanding the foregoing, if any Partner shall be indebted to the Partnership, then, until payment of such indebtedness by said Partner, the liquidator(s) shall retain such Partner's distributive share of the Partnership properties and assets and, after applying the cost of operation of such properties and assets during the period of such liquidation against the income therefrom, the balance of such income shall be applied in liquidation of such indebtedness. However, if at the expiration of six (6) months after notice of such outstanding indebtedness has been given to such Partner and such amount has not been paid or otherwise liquidated in full, the liquidator(s) may sell the assets allocable to such Partner at public or private sale at the best price immediately obtainable, such best price to be determined in the sole judgement of the liquidator(s). So much of the proceeds of such sale as shall be necessary to liquidate such indebtedness shall then be so applied, and the balance of such proceeds, if any, shall be distributed to such Partner. Any gain or loss realized for Federal income tax purposes upon the disposition of such assets shall, to the extent permitted by law, be allocated to such Partner, and to the extent not so permitted, to the Partners.

Thereafter, the liquidator(s) shall comply with all requirements of the Act, or other applicable law, pertaining to the winding up of a limited partnership, at which time the Partnership shall stand terminated.

(c) In the event the Managing General Partner's interest in the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) (including, without limitation, upon the liquidation of the Partnership) and the Managing General Partner's Capital Account has a deficit balance after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs, the Managing General Partner shall contribute to the capital of the Partnership the amount necessary to restore such deficit balance to zero in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(3).

ARTICLE 10 - MISCELLANEOUS

SECTION 10.1 Redemption Agreement.

This Agreement and the Partners hereto are subject to the terms and provisions of the Redemption Agreement. If, and to the extent that, any terms or provisions of this Agreement are inconsistent with any terms and provisions of the Redemption Agreement, the terms and provisions of the Redemption Agreement shall govern and control.

SECTION 10.2 Notice.

All notices, demands, consents, options, elections, or other communications hereunder shall be in writing and shall be deemed to have been exercised, made or given upon delivery if delivered by hand or by courier service and three (3) business days after being deposited in the United States mail and sent by certified or registered mail, return receipt requested, postage prepaid. Any notice required to be sent to any Partner shall be sent to the addresses specified on

Schedule A attached hereto and incorporated herein. Any party may designate an alternative address on five (5) days' notice to the Partnership.

SECTION 10.3 Further Assurances.

Each of the Partners will hereafter execute and deliver such further instruments, and do such further acts as may be required to carry out the intent and purposes of this Agreement.

SECTION 10.4 Agreement in Counterparts.

This Agreement may be executed in one or more counterparts and all such counterparts shall constitute one agreement binding on all the parties, notwithstanding that all the parties are not signatories to the original or the several counterparts.

SECTION 10.5 Construction.

None of the provisions of this Agreement shall be for the benefit or enforceable by the creditors of the Partnership.

SECTION 10.6 Governing Law.

This Agreement shall, except as herein otherwise expressly provided, be governed and construed in accordance with the laws of the State of California.

SECTION 10.7 Amendments.

This Agreement may be amended only by a written amendment signed by all of the Partners.

SECTION 10.8 Pronouns.

Any pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the undersigned may require.

SECTION 10.9 Successors in Interest.

Except as otherwise provided herein, all provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the respective heirs, executors, administrators, personal representatives, successors and permitted assigns of any of the parties to this Agreement. However, nothing in this Agreement, whether expressed or implied, is intended to confer upon any entity, other than specifically provided, any rights or benefits under or by reason of this Agreement.

SECTION 10.10 Headings.

The headings contained at the beginning of each Article and Section are for purposes of convenience only and are not intended to limit, expand or define the content thereof.

SECTION 10.11 Consent to Jurisdiction and Service of Process.

ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PARTY HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

SECTION 10.12 Waiver of Jury Trial.

EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this Agreement, including, without limitation, contract claims, tort claims, beach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

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

WITNESS:

/s/ Eli Rubenstein
- ------------------------

MANAGING GENERAL PARTNER:

BOSTON PROPERTIES LLC

By: Boston Properties Limited Partnership, Managing Member

By: Boston Properties, Inc., General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

WITNESS:

/s/ Eli Rubenstein
- ------------------------

NON-MANAGING GENERAL PARTNERS:

BP EC4 HOLDINGS LLC

By: Boston Properties Limited Partnership, Managing Member

By: Boston Properties, Inc., General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

WITNESS:

/s/ Eli Rubenstein
- ------------------------

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ Gary L. Frazier

Name: Gary L. Frazier
Title: Vice President

SCHEDULE A

ATTACHED TO AMENDED AND RESTATED
PARTNERSHIP AGREEMENT OF
FOUR EMBARCADERO CENTER VENTURE

Managing General Partner

Name and Address	Percentage Interest
Boston Properties LLC c/o Boston Properties, Inc. 8 Arlington Street Boston, Massachusetts 02116	0.499798%

Non-Managing Partners

Name and Address	Percentage Interest
BP EC4 Holdings LLC c/o Boston Properties, Inc. 8 Arlington Street Boston, Massachusetts 02116	49.479944%
The Prudential Insurance Company of America c/o Prudential Realty Group 8 Campus Drive 4th Floor - Arbor Circle South Parsippany, New Jersey 07054 Attention: John R. Triece Facsimile: (201) 683-1797	50.020258

with copies to:

Prudential Insurance Company of America
4 Embarcadero Center, Suite 2700
San Francisco, CA 94111
Attention: Harry Mixon
Facsimile: (415) 956-2197

O'Melveny & Myers
Embarcadero Center West
275 Battery Street
San Francisco, CA 94111
Attention: Stephen A. Cowan
Facsimile: (415) 984-8701

EXHIBIT A

Legal Description of Four Embarcadero Center

[INTENTIONALLY OMITTED]

EXHIBIT B

Approved Terms and Conditions of Loans from Managing General Partner

The Partnership shall be permitted to borrow funds from the Managing General Partner from time to time, as determined in the sole discretion of the Managing General Partner, for the purpose of funding working capital, leasing commissions, tenant improvements, capital expenditures and other expenditures relating to the Property. Each such borrowing shall be in the form of an unsecured loan and shall be evidenced by a note issued by the Partnership to the Managing General Partner in the form of Exhibit A attached to this Exhibit B.

Exhibit A [FORM OF BP NOTE]
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DELAYED DEMAND NOTE

$_____ San Francisco, California
_____, 19__

At any time after _____, 199_ [the date which is 120 days after the date of the Closing under the Master Transaction Agreement], FOR VALUE RECEIVED, FOUR EMBARCADERO CENTER VENTURE, a California general partnership with a principal place of business in San Francisco, California (the "Maker"), promises
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to pay [BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership] [other BPLLC affiliate] with a principal place of business in Boston, Massachusetts, ON DEMAND, the principal sum of _____ ($_____), with interest thereon at the rate of ten percent (10%) per annum. Interest shall be computed on the number of days principal is outstanding based on a 365 day year. All interest accruing under this Note shall be due and payable (i) monthly in arrears on the fifth (5th) day of each succeeding calendar month, commencing _____, 199_ [fifth day of calendar month following month in which note is made] and continuing thereafter until all amounts due hereunder have been paid in full, or (ii) at the option of the holder, on demand at any time after _____, 199_ [the date which is 120 days after the date of the Closing under the Master Transaction Agreement].

The outstanding balance of principal due hereunder may be prepaid in full at any time, or from time to time in part in multiples of One Thousand Dollars ($1,000.00) without any prepayment premium.

The Maker agrees to pay all charges of the holder hereof in connection with the collection and enforcement of this Note, including reasonable attorneys' fees and disbursements.

The Maker hereby waives presentment, demand, notice, protest and all other suretyship defenses generally and agrees that any renewal, extension or postponement of the time of payment or any other indulgence, may be effected without notice to and without releasing the Maker from any liability hereunder.

This Note shall have the effect of an instrument under seal.

FOUR EMBARCADERO CENTER VENTURE

By: Boston Properties LLC, its managing general partner

By: Boston Properties Limited Partnership, its managing member

By: Boston Properties, Inc., its general partner

By:_____
Name:
Title:

EXHIBIT C

DESCRIPTION OF EQUITY REDEMPTION LOAN

The "Equity Redemption Loan" shall mean that certain loan to the Partnership in the aggregate principal amount of $92,119,000, which loan is made pursuant to a certain Term Loan Agreement dated as of November 12, 1998 by and among BankBoston, N.A., The Chase Manhattan Bank, Fleet National Bank, PNC Bank, National Association, Dresdner Bank AG New York Branch and Grand Cayman Branch, The Bank of New York, Key Bank National Association, Citizens Bank and other banks which may become parties thereto as the lenders thereunder, and One Embarcadero Center Venture, Embarcadero Center Associates, Three Embarcadero Center Venture and Four Embarcadero Center Venture, collectively as the borrowers thereunder, which Term Loan Agreement provides for loans to the borrowers in the aggregate principal amount of $328,143,000. The $92,119,000 loan to the Partnership under such Term Loan Agreement is evidenced by a promissory note of the Partnership in the form provided in such Term Loan Agreement.

EXHIBIT D

DESCRIPTION OF PRUDENTIAL GUARANTIED LOAN

The "Prudential Guarantied Loan" shall mean that certain loan to the Partnership in the aggregate principal amount of $51,000,000, which loan is made pursuant to a certain Term Loan Agreement dated as of November 12, 1998 by and among The Chase Manhattan Bank as lender thereunder, and One Embarcadero Center Venture, Embarcadero Center Associates, Three Embarcadero Center Venture and Four Embarcadero Center Venture, collectively as the borrowers thereunder, which Term Loan Agreement provides for loans to the borrowers in the aggregate principal amount of $92,000,000. The $51,000,000 loan to the Partnership under such Term Loan Agreement is evidenced by a promissory note of the Partnership in the form provided in such Term Loan Agreement.

EXHIBIT E

Description of Business Interruption and General Liability Insurance

Business Interruption Insurance	$145,000,000
Commercial General Liability	$ 2,000,000
Umbrella Liability Program	$200,000,000

EXHIBIT F

Description of Financing Plan for Four Embarcadero Center Venture

1. Equity Redemption Loan. Upon the execution of this Agreement, the Partnership will enter into a 90 day Term Loan Agreement with BankBoston, N.A., on behalf of itself and as agent for the several banks that are parties thereto, to borrow approximately $92,119,000 with a term of 90 days, which borrowing shall be guaranteed by Boston Properties Limited Partnership ("BPLP"). This loan constitutes the Equity Redemption Loan. Interest on the outstanding indebtedness under the Equity Redemption Loan shall accrue at a rate equal to the 30 day Eurodollar rate plus 50 basis points. In addition, upon the closing of the Equity Redemption Loan, the Partnership will pay its proportionate share of the closing fee in the approximate aggregate amount of $116,000. The Partnership shall pledge the Investment Notes to secure obligations of the Partnership under the Equity Redemption Loan.

2. Prudential Guarantied Loan. Upon the execution of this Agreement, the Partnership will also enter into a Term Loan Agreement with The Chase Manhattan Bank, N.A. to borrow approximately $51,000,000 with a term of 90 days, which borrowing shall be guaranteed by The Prudential Insurance Company of America. This loan constitutes the Prudential Guarantied Loan. Interest on the outstanding indebtedness under the Prudential Guarantied Loan shall accrue at a rate equal to the 30 day Eurodollar rate plus 30 basis points. In addition, upon the closing of the Prudential Guarantied Loan, the Partnership will pay its proportionate share of the closing fee in the approximate aggregate amount of $40,000.

3. Advance Under BPLP Line of Credit. Upon the execution of this Agreement, BPLP will amend its existing Amended and Restated Revolving Credit Agreement (the "Credit Agreement") with BankBoston, N.A., and certain other banks for which BankBoston, N.A. serves as agent, to add, inter alia, the Partnership as a Borrower under the Credit Agreement for the purpose of the advance described in the next paragraph.

The Equity Redemption Loan will, upon the earlier of the redemption of The Prudential Insurance Company of America from the Partnership or the 90th day after the date of execution of this Agreement, be repaid through (i) a draw on the Credit Agreement by the Partnership of approximately $66,000,000 and (ii) cash of the Partnership in an amount equal to approximately $26,600,000, which cash will represent proceeds from the repayment of the Special BP Loan. As a result of the draw under the Credit Agreement, the Partnership will be a primary obligor with respect to approximately $66,000,000 of indebtedness under the Credit Agreement.

4. Assumption and Release with respect to Prudential Guarantied Loan. The Prudential Guarantied Loan will, upon the redemption of the interest of The Prudential Insurance Company of America in the Partnership, be assumed by The Prudential Insurance Company of America and the Partnership will be released as a borrower with respect to the Prudential Guarantied Loan and all other obligations with respect thereto, as contemplated by, and subject to the terms and conditions of, the Redemption Agreement.

In the event that the interest of The Prudential Insurance Company of America in the Partnership is not redeemed by February 10, 1999, or in the event that the Partnership is not, by such date, released in full from all obligations with respect to the Prudential Guarantied Loan and related obligations, then either (i) Prudential shall continue to guaranty the Prudential Guarantied Loan until such redemption, assumption and release occurs or (ii) if the Partnership repays and refinances the Prudential Guarantied Loan by obtaining any replacement debt ("Replacement Debt"), Prudential shall guarantee the lenders thereof of the punctual payment in full and all other obligations of such Replacement Debt.

5. Secured Financing. Upon the execution of this Agreement, the Partnership will enter into an Amendment and Restatement of an existing deed of trust loan by and between the Partnership and Northwestern Mutual Life Insurance Company (the "Lender") pursuant to which Note B of the existing loan with the Lender is being satisfied and the loan is being increased to a new original principal amount of $160 million.

EXHIBIT 99.11

PRUDENTIAL REALTY SECURITIES, INC.
8 CAMPUS DRIVE
PARSIPPANY, NEW JERSEY 07054

As of November 12, 1998

ONE EMBARCADERO CENTER VENTURE
C/O BOSTON PROPERTIES, INC.
8 ARLINGTON STREET
BOSTON, MASSACHUSETTS 02116-3495
ATTN: GENERAL COUNCIL

Ladies and Gentlemen:

The undersigned, PRUDENTIAL REALTY SECURITIES, INC. (herein called the "COMPANY"), hereby agrees with you as follows:

1. AUTHORIZATION OF ISSUE OF NOTES. The Company will authorize the issue of up to eight (8) of its senior promissory notes in the aggregate principal amount of $88,200,000, to be dated the date of issue thereof, to mature in the case of each Note so issued, subject to the terms and provisions of the next sentence below, not more than 15 years after the date of original issuance thereof as set forth in each such Note (the "MATURITY DATE") and listed on Schedule 1 attached hereto, to bear interest on the unpaid balance thereof from
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the date thereof until the Rate Reset Date or, if such Note does not have a Rate Reset Date, the Maturity Date for each such Note at the rate per annum equal to the Initial Treasury plus the Margin, and from the Rate Reset Date (if any) of any such Note until the principal thereof shall have become due and payable at the rate per annum equal to the Reset Treasury plus the Margin, and to have such other particular terms, as shall be specified herein and therein, and to be substantially in the form of Exhibit A attached hereto. Notwithstanding the
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foregoing, each Note shall either mature or have a Rate Reset Date within ten (10) years after the date of original issuance of such Note. The term "Notes" as used herein shall include each such senior promissory note delivered pursuant to any provision of this Agreement and each such senior promissory note delivered in substitution or exchange for any other Note pursuant to any such provision.

2. PURCHASE AND SALE OF NOTES. The Company hereby agrees to sell to you and, subject to the terms and conditions herein set forth, you agree to purchase from the Company, Notes in the aggregate principal amount of $88,200,000 at 100% of such aggregate principal amount. The Company will deliver to you, at the offices of O'Melveny

& Myers LLP at 275 Battery Street, Suite 2600, San Francisco, California, (or such other location to be determined by mutual agreement between the Company and you) one or more Notes registered in your name, evidencing the aggregate principal amount of Notes to be purchased by you and in the denomination or denominations specified in the Purchaser Schedule attached hereto, against payment of the purchase price thereof by transfer of immediately available funds for credit to the Company's account #890-0305-525 at The Bank of New York, New York, New York, ABA No. 021-000-018 on the date of closing, which shall be November 12, 1998 or any other date on or before November 13, 1998 upon which the Company and you may mutually agree (herein called the "CLOSING" or the "DATE OF CLOSING").

3. CONDITIONS OF CLOSING. Your obligation to purchase and pay for the Notes to be purchased by you hereunder is subject to the satisfaction, on or before the date of closing, of the following conditions:

3A. EXECUTION AND DELIVERY OF DOCUMENTS. The Company shall have delivered, or cause to be delivered, to you duly executed, original or certified copies of the following documents, each to be dated the date of closing unless otherwise indicated:

(i) the Note(s), originally executed and in substantially the form of Exhibit A attached hereto.

(ii) a favorable opinion of Deborah Shulevitz, Esq., counsel to the Company (or such other counsel designated by the Company and acceptable to you) satisfactory to you and substantially in the form of Exhibit B
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attached hereto and as to such other matters as you may reasonably request.

(iii) the Certificate of Incorporation of the Company certified as of a date within 10 Business Days of closing by the Secretary of State of Delaware.

(iv) the Bylaws of the Company certified by the Secretary of the Company.

(v) an incumbency certificate signed by the Secretary or an Assistant Secretary of the Company certifying as to the names, titles and true signatures of the officers of the Company authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder.

(vi) a certificate of the Secretary or an Assistant Secretary of the Company (A) attaching resolutions of the Board of Directors of the Company evidencing approval of the transactions contemplated by this Agreement and the issuance of the Notes and the execution, delivery and performance thereof, and authorizing certain officers to execute and deliver the same, and certifying that such resolutions were duly and validly adopted at a meeting duly noticed and held and such resolutions have not since been amended, revoked or rescinded, (B) certifying that no dissolution or liquidation proceedings as to the Company have been commenced or are

contemplated, and (C) identifying and attaching any proposed or effected amendments to or changes in the Certificate of Incorporation of the Company since the date of the certified copies thereof provided pursuant to clause (iii) above or, if none, so certifying.

(vii) (A) the representations and warranties contained in paragraph 8 shall be true on and as of the date of closing, except to the extent of changes caused by the transactions herein contemplated; (B) there shall exist on the date of closing no Event of Default or Default and no Event of Default or Default will occur by reason of or immediately following the sale of the Notes hereunder; (C) no condition, event or act that has had or would have a Material Adverse Effect has occurred since December 31, 1997, and (D) you shall have received an Officer's Certificate certifying as to all of the foregoing.

(viii) a corporate good standing certificate as to the Company from the State of New Jersey.

(xi) additional documents or certificates with respect to such legal matters or corporate or other proceedings related to the transactions contemplated hereby as may be reasonably requested by you.

3B. PURCHASE PERMITTED BY APPLICABLE LAWS. The purchase of and payment for the Notes to be purchased by you on the date of closing on the terms and conditions herein provided (including the use of the proceeds of such Notes by the Company) shall not violate any applicable law or governmental regulation (including, without limitation, Section 5 of the Securities Act or Regulation T, U or X of the Board of Governors of the Federal Reserve System) and shall not subject you to any tax, penalty, liability or other onerous condition under or pursuant to any applicable law or governmental regulation, and you shall have received such certificates or other evidence as you may request to establish compliance with this condition.

3C. PROCEEDINGS. All corporate and other proceedings taken or to be taken in connection with the transactions contemplated hereby and all documents incident thereto shall be satisfactory in substance and form to you, and you shall have received all such counterpart originals or certified or other copies of such documents as you may reasonably request.

3D. RATING. The Company shall have obtained a rating of the Notes, as of a date not more than 30 days prior to the closing hereof, of A or better from S&P and the equivalent rating from Fitch and shall provide written evidence of the same.

3E. PHASE ONE TRANSACTIONS. Phase One of the transactions shall have been completed or shall be consummated concurrently with the consummation of the transactions described herein.

3F. EQUITY REDEMPTION AND PRUDENTIAL GUARANTIED LOANS. You shall have obtained the Prudential Guarantied Loan and Equity Redemption Loan or the closing of such loans shall occur concurrently with the closing of the transactions contemplated herein; and the lenders of the Prudential Guarantied Loan and Equity Redemption Loan shall have made available to you in full the proceeds of the Prudential Guarantied Loan and Equity Redemption Loan.

4. PREPAYMENTS. The Notes are not prepayable during the first year of the term thereof. The Notes shall be subject to prepayment, in whole or in part at any time after the first anniversary date of this Agreement, at the option of the Company, at 100% of the principal amount so prepaid plus accrued interest thereon to the prepayment date and the Yield-Maintenance Amount, if any, under the applicable Note with respect to the principal amount so prepaid; provided, however, that any prepayment, whether in whole or in part, made on a Rate Reset Date shall be payable without any Yield-Maintenance Amount. If the Company elects to prepay any of the Notes at any time while any BP Party holds any Notes, the Company shall first offer to prepay all Notes then held by such BP Party(ies) before offering to prepay any Notes held by any other Person. Within three (3) business days after delivery to it of any such offer of prepayment, each such BP Party shall provide the Company written notice of its election to either have such BP Party's Notes prepaid first or to have the Notes held by other Persons prepaid prior to the Notes held by such BP Party; provided that, -------- ----
notwithstanding the election of any such BP Party to have Notes held by other Persons paid first, the Company may prepay any portion of such BP Party's Notes once the Company has prepaid in full all Notes held by such other Persons. The failure of any BP Party to provide such notice to the Company within such three (3) business day period shall be deemed an election to prepay such BP Party's Notes first.

5. AFFIRMATIVE COVENANTS.

5A. FINANCIAL STATEMENTS. The Company covenants that it will deliver to each Significant Holder in duplicate:

(i) as soon as practicable and in any event within 60 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, statements of income, cash flows and shareholders' equity of the Company for the period from the beginning of the current year to the end of such quarterly period, and a balance sheet of the Company as at the end of such quarterly period, setting forth in comparative form statements of income and cash flows for the corresponding period in the preceding year, all in reasonable detail and certified by an authorized financial officer of the Company, subject to changes resulting from year-end adjustments;

(ii) as soon as practicable and in any event within 120 days after the end of each fiscal year, statements of income, cash flows and shareholders' equity of the Company for such year, and a balance sheet of the Company as at the end of such year, all prepared in accordance with GAAP, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual

audit, all in reasonable detail and satisfactory in form to the Required Holder(s)' and reported on by a Big Five Accounting Firm selected by the Company whose report shall be without limitation as to the scope of the audit and reasonably satisfactory in substance to the Required Holder(s) and shall be certified by such Big Five Accounting Firm to its knowledge with its unqualified opinion;

(iii) promptly upon transmission thereof, copies of all such financial statements, proxy statements, notices and reports as it shall send to its stockholders;

(iv) promptly upon receipt thereof, a copy of each other report or management letter submitted to the Company by its independent public accountants in connection with any annual, interim or special audit made by them of the books of the Company;

(v) such other financial data and other information as the Company regularly provides to its other lenders, other holders of Debt or other creditors; and

(vi) with reasonable promptness, such other information and documents as such Significant Holder may reasonably request.

Together with each delivery of financial statements required by clauses (i) and (ii) above, the Company will deliver to each Significant Holder an Officer's Certificate demonstrating (with computations in reasonable detail) compliance by the Company and its Subsidiaries with the provisions of paragraph 6A and stating that there exists no Event of Default or Default, or, if any Event of Default or Default exists, specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto. Together with each delivery of financial statements required by clause (ii) above, the Company will deliver to each Significant Holder a certificate of such accountants stating that, in making the audit necessary for their report on such financial statements, they have obtained no knowledge of any Event of Default or Default, or, if they have obtained knowledge of any Event of Default or Default, specifying the nature and period of existence thereof. Such accountants, however, shall not be liable to anyone by reason of their failure to obtain knowledge of any Event of Default or Default which would not be disclosed in the course of an audit conducted in accordance with generally accepted auditing standards.

The Company also covenants that promptly after any Responsible Officer obtains knowledge of an Event of Default or Default, it will deliver to each Significant Holder an Officer's Certificate specifying the nature and period of existence thereof and what action the Company has taken, is taking or proposes to take with respect thereto.

5B. INSPECTION OF BOOKS AND RECORDS. The Company covenants that it will permit any Person designated by any Significant Holder in writing, at such Significant Holder's expense, to visit the Company's place of business to examine the corporate books and financial records of the Company and make copies thereof or extracts therefrom and to

discuss the affairs, finances and accounts of the Company with the principal officers thereof and its independent public accountants, all at such reasonable times and as often as such Significant Holder may reasonably request; provided, however that disclosure of any confidential or material non-public information of the Company requested by such Person may be reasonably conditioned on such Person's execution and delivery of a confidentiality agreement in form and substance acceptable to Company.

5C. COVENANT TO SECURE NOTE EQUALLY. The Company covenants that if it shall create or assume any Lien upon any of its property or assets, whether now owned or hereafter acquired, other than Liens permitted by the provisions of paragraph 6C(1) (unless prior written consent to the creation or assumption thereof shall have been obtained pursuant to paragraph 11C), it will make or cause to be made effective provision whereby the Notes will be secured by such Lien equally and ratably with any and all other Debt thereby secured so long as any such other Debt shall be so secured; provided that the creation and maintenance of such equal and ratable Lien shall not in any way limit or modify the right of the holders of the Notes to enforce the provisions of paragraph 6C(1).

5D. COMPLIANCE WITH LAWS. The Company covenants that it and all of its properties and facilities will comply at all times in all material respects with all federal, state, local and regional statutes, laws, ordinances and judicial or administrative orders, judgments, rulings and regulations, including those relating to protection of the environment except, in any such case, where failure to comply would not result in a Material Adverse Effect on the business, condition (financial or otherwise) or operations of the Company.

5E. PAYMENT OF TAXES. The Company covenants that it will file or cause to be filed all federal, state and other income tax returns which, to the knowledge of the officers of the Company, are required to be filed, and will pay all taxes as shown on such returns and on all assessments received by it to the extent that such taxes become due, except such taxes as are subject to a Good Faith Contest.

5F. ENFORCEMENT OF MORTGAGE PROVISIONS. The Company covenants that it shall require any Commercial Mortgage Loans originated or acquired by it to contain covenants to the effect that (1) the mortgagor shall obtain and maintain at all times appropriate insurance coverage with respect to the mortgaged property and (2) the mortgagor shall promptly pay and discharge any indebtedness or lawful claims against the mortgaged property which if unpaid would constitute a Lien on such property. The Company further covenants and agrees that it will use commercially reasonable efforts to enforce such covenants.

6. NEGATIVE COVENANTS. So long as any Note or amount owing under this Agreement shall remain unpaid, the Company covenants that:

6A(1). DEBT SERVICE COVERAGE RATIO. The Company will not, at any time, permit the Debt Service Coverage Ratio to be less than 1.4 to 1.

6A(2). DEBT TO TOTAL ASSETS RATIO. The Company will not permit the ratio of (i) Debt to (ii) the sum of Total Assets plus the cumulative depreciation of any real property assets of the Company to exceed .70 to 1.

6B. RESTRICTED PAYMENTS. The Company covenants that it will not make, pay or declare, or commit to make, pay or declare, any Restricted Payment unless, after giving effect thereto, (i) the aggregate amount of all Restricted Payments made during the twelve month period commencing on the date hereof and expiring on the one (1) year anniversary of the date hereof, and including all previously made Restricted Payments, does not exceed 100% of the lesser of (A) Net Income and (B) Net Income (determined without giving effect to any current income taxes or any change in deferred taxes), in each case, for all such fiscal quarters during such time period on a cumulative basis, and (ii) the aggregate amount of all Restricted Payments made during any fiscal quarter after the expiration of such twelve (12) month period, and including all previously made Restricted Payments, does not exceed 105% of the lesser of (C) Net Income and (D) Net Income (determined without giving effect to any current income taxes or any change in deferred taxes), in each case, for all such fiscal quarters on a cumulative basis, and (iii) no Default or Event of Default exists or would exist after giving effect to such Restricted Payment.

6C. LIENS, DEBT, AND OTHER RESTRICTIONS. The Company will not:

6C(1). LIENS. Create, assume or suffer to exist any Lien upon any of its properties or assets, whether now owned or hereafter acquired, or any income, participation, royalty or profits therefrom (whether or not provision is made for the equal and ratable securing of the Notes in accordance with the provisions of paragraph 5C), except for the Liens
specified in clauses (i) through (xi) below (collectively, "PERMITTED LIENS");

(i) Liens for taxes, assessments or other governmental levies or charges not yet due or which are subject to a Good Faith Contest;

(ii) statutory Liens of landlords and Liens of carriers, contractors, warehousemen, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or which are subject to a Good Faith Contest;

(iii) Liens (other than any Lien imposed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) incurred, or deposits made, in the ordinary course of business (A) in connection with workers' compensation, unemployment insurance, old age benefit and other types of social security, (B) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, performance bonds, purchase, construction, government or sales contracts and other similar obligations or (C) otherwise to satisfy statutory or legal obligations; provided, that in each such case such Liens
(1) were not incurred or made in connection with the incurrence or maintenance of Indebtedness, the borrowing of money, the obtaining of advances or

credit, and (2) do not in the aggregate materially detract from the value of the property or assets so encumbered or materially impair the use thereof in the operation of its business;

(iv) Liens existing (A) prior to the time of acquisition upon any property acquired by the Company through purchase, merger or consolidation or otherwise, whether or not expressly assumed by the Company, or (B) placed on property at the time of acquisition by the Company or to secure all or a portion of (or to secure Debt incurred to pay all or a portion of) the purchase price thereof; provided that such Lien shall not have been
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created, incurred or assumed in contemplation of such purchase, merger, consolidation or other event;

(v) Liens now or hereafter required by this Agreement;

(vi) Liens in existence on the date hereof as set forth on Schedule
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6C(1) hereto;

(vii) leases, subleases, licenses and sublicenses granted to third parties not interfering in any material respect with the business of the Company;

(viii) minor survey exceptions or minor encumbrances, easements or reservations, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to use of real property, that are necessary for the conduct of the operations of the Company or that customarily exist on properties of corporations engaged in similar businesses and are similarly situated and that do not in any event materially impair their use in the operations of the Company;

(ix) any attachment or judgment Lien, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay; provided the
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aggregate amount of such attachment or judgment Liens shall not secure obligations in excess of $10,000,000 at any time;

(x) Liens other than those described in clauses (i) through (ix)
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above that secure Debt permitted by clauses (i) and (ii) of paragraph
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6C(2); provided that no Default or Event of Default shall exist and be
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continuing or shall result therefrom; or

(xi) any Lien renewing, extending or refunding any Lien permitted by

clause (x) above.

6C(2). DEBT. Create, incur, assume or in any other way become liable in respect of any Debt, except
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(i) the Notes;

(ii) Funded Debt of the Company described in Schedule 6C(2) and
outstanding as of the date hereof; and

(iii) additional Funded Debt of the Company in an amount, which when added to all other Funded Debt of the Company then outstanding (but excluding the Funded Debt evidenced by the Notes and the Other EC Notes), does not exceed $1,000,000,000 at any one time outstanding.

6C(3). LOANS, ADVANCES, INVESTMENTS AND CONTINGENT LIABILITIES. Make or permit to remain outstanding any loan or advance to, or extend credit other than credit extended in the normal course of business to any Person who is not an Affiliate of the Company to, or Guarantee, directly or indirectly, in connection with the obligations, stock or dividends of, or own, purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any Person, or commit to do any of the foregoing, (all of the foregoing collectively being "INVESTMENTS"), except for the Investments set forth in clauses (i) through (ix) below (collectively, "PERMITTED INVESTMENTS"):

(i) obligations backed by the full faith and credit of the United States Government (whether issued by the United States Government or an agency thereof), and obligations guaranteed by the United States Government, in each case which mature within one year from the date acquired;

(ii) demand and time deposits with, Eurodollar deposits with or certificates of deposit issued by any commercial bank or trust company (1) organized under the laws of the United States or any of its states or having branch offices therein, (2) having equity capital in excess of $100,000,000 and (3) which issues either (x) senior debt securities rated A or better by S&P, A or better by Moody's or (y) commercial paper rated A-2 or better by S&P or Prime-2 or better by Moody's (or, in either case, an equivalent rating from another nationally recognized credit rating agency) ("RATED BANKS"), in each case payable in the United States in United States dollars and in each case which mature within one year from the date acquired;

(iii) marketable commercial paper and loan participations rated A-1 or better by S&P or P-1 or better by Moody's (or, in either case, an equivalent rating from another nationally recognized credit rating agency) and maturing not more than 270 days from the date acquired;

(iv) bonds, debentures, notes or similar debt instruments issued by a state or municipality given a "AA" rating or better by S&P or an equivalent rating by another nationally recognized credit rating agency and maturing not more than one year from the date acquired;

(v) the loans, investments and advances existing as of the date hereof and listed on Schedule 6C(3) hereto;

(vi) repurchase agreements and similar commercial undertakings for terms of less than one year with any Rated Bank, provided that such repurchase agreements or undertakings are secured and collateralized by obligations backed by the full faith and credit of the United States Government in aggregate face amount equal to or greater than the obligations so secured;

(vii) money market mutual funds that (A) are denominated in U.S. Dollars, (B) have average asset maturities not in excess of 365 days, (C) have total invested assets in excess of $1,000,000,000 and (D) invest exclusively in Permitted Investments other than those described in Clause (ix) below, or are rated at least BBB- by S&P;

(viii) bonds, debentures, notes or similar debt instruments issued by a corporation organized and existing under the laws of any state of the United States of America or the District of Columbia and having a long term credit rating of BBB-or better from S&P or Baa3 or better from Moody's; and

(ix) Commercial Mortgage Loans and ABS originated, purchased or acquired by the Company in the ordinary course of its business, provided that any such Commercial Mortgage Loan or ABS shall comply with the investment guidelines set forth on Exhibit C hereto at the time of origination, purchase, or acquisition by the Company; and further provided, that at all times the Company's portfolio of Investments, taken as a whole, shall be in compliance with such investment guidelines.

6C(4). MERGER AND CONSOLIDATION. Merge or consolidate with any other Person, except that the Company may consolidate or merge with any other corporation if (A) the Company shall be the continuing or surviving corporation and (B) no Default or Event of Default exists or would exist after giving effect to such merger or consolidation.

6C(5). TRANSFER OF ASSETS. Transfer, or agree or otherwise commit to Transfer, a substantial portion of its assets.

6C(6) ISSUANCE OF ADDITIONAL UNSECURED NOTES. Issue any unsecured notes of the Company which are rated lower than the rating of the Notes on the date hereof.

7. EVENTS OF DEFAULT.

7A. ACCELERATION. If any of the following events shall occur and be continuing for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise):

(i) the Company defaults in the payment of any principal of or Yield-Maintenance Amount payable with respect to any Note when the same shall become due, either by the terms thereof or otherwise as herein provided; or

(ii) the Company defaults in the payment of any interest on any Note for more than 10 days after the date due; or

(iii) the Company defaults (whether as primary obligor or as guarantor or other surety) in any payment of principal of or interest on any other Debt (other than secured Debt which is non-recourse to the Company) beyond any period of grace provided with respect thereto, or the Company fails to perform or observe any other agreement, term or condition contained in any agreement under which any such Debt is created (or if any other event thereunder or under any such agreement shall occur and be continuing) and the effect of such failure or other event is to cause, or to permit the holder or holders of such (or a trustee on behalf of such holder or holders) to cause, such Debt to become due (or to be repurchased by the Company) prior to any stated maturity, provided that the aggregate amount of all Debt as to which such a payment default shall occur and be continuing or such a failure or other event causing or permitting acceleration (or resale to the Company) shall occur and be continuing exceeds an amount equal to the lesser of (x) $10,000,000 and (y) 5% of the net assets of the Company as reflected on its most recent balance sheet at the time of determination; or

(iv) any representation or warranty made by or on behalf of the Company or any of its officers herein or in any other writing furnished in connection with or pursuant to this Agreement or the transactions contemplated hereby shall be false in any material respect on the date as of which made; or

(v) the Company fails to perform or observe any agreement con tained in paragraph 6; or
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(vi) the Company fails to perform or observe any other agreement, term or condition contained herein and such failure shall not be remedied within 30 days after the Company receives written notice of such default from any holder of a Note; or

(vii) the Company makes an assignment for the benefit of creditors or is generally not paying its debts as such debts become due; or

(viii) any decree or order for relief in respect of the Company is entered under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law,

whether now or hereafter in effect (herein called the "BANKRUPTCY LAW"), of any jurisdiction; or

(ix) the Company petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Company, or of any substantial part of the assets of the Company, or commences a voluntary case under the Bankruptcy Law of the United States or any proceedings relating to the Company under the Bankruptcy Law of any other jurisdiction; or

(x) any such petition or application is filed, or any such proceedings are commenced, against the Company and the Company by any act indicates its approval thereof, consent thereto or acquiescence therein, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings, and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xi) any order, judgment or decree is entered in any proceedings decreeing the dissolution of the Company and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xii) one or more final judgments in an aggregate amount in excess of $10,000,000 is rendered against the Company and, within 60 days after entry thereof, a solvent insurance carrier or carriers have not confirmed in writing that each such judgment is fully insured or any such judgment is not discharged or execution thereof stayed pending appeal, or within 60 days after the expiration of any such stay, any such judgment is not discharged;

then (a) if such event is an Event of Default specified in clauses (i) or (ii) of this paragraph 7A, the holder of any Note (other than the Company or any of its Affiliates) may at its option during the continuance of such Event of Default, by notice in writing to the Company, declare such Note to be, and such Note shall thereupon be and become, immediately due and payable at par, together with interest accrued thereon, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company, (b) if such event is an Event of Default specified in clause (viii), (ix) or (x) of this paragraph 7A, all of the Notes at the time outstanding shall automatically become immediately due and payable, together with interest accrued thereon and the Yield-Maintenance Amount, if any and to the extent permitted by law, with respect to each Note, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company, and (c) with respect to any other event constituting an Event of Default, the Required Holder(s) may, at its or their option, by notice in writing to the Company, declare all of the Notes to be, and all of the Notes shall thereupon be and become, immediately due and payable together with interest accrued thereon and

together with the Yield-Maintenance Amount, if any, with respect to each Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company (provided that, so long as any BP Party holds any Note(s), such BP Party may declare its Note(s) to be immediately due and payable with respect to any such other event constituting an Event of Default without the consent or approval of the other Holders).

The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of the Yield-Maintenance Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

7B. RESCISSION OF ACCELERATION. At any time after any or all of the Notes shall have been declared immediately due and payable pursuant to paragraph 7A, the Required Holder(s) may, by notice in writing to the Company, rescind and annul such declaration and its consequences if (i) the Company shall have paid all overdue interest on the Notes, the principal of and Yield-Maintenance Amount, if any, payable with respect to any Notes which have become due otherwise than by reason of such declaration, and interest on such overdue interest and overdue principal and Yield-Maintenance Amount at the applicable rate specified in the Notes, (ii) the Company shall not have paid any amounts which have become due solely by reason of such declaration, (iii) all Events of Default and Defaults, other than non-payment of amounts which have become due solely by reason of such declaration, shall have been cured or waived pursuant to paragraph 11C, and (iv) no judgment or decree shall have been entered for the payment of any amounts due pursuant to the Notes or this Agreement. Notwithstanding the foregoing, so long as any BP Holder holds any Note(s), only such BP Holder shall be permitted to rescind and annul any such declaration with respect to the Note(s) that it holds. No such rescission or annulment shall extend to or affect any subsequent Event of Default or Default or impair any right arising therefrom.

7C. NOTICE OF ACCELERATION OR RESCISSION. Whenever any Note shall be declared immediately due and payable pursuant to paragraph 7A or any such declaration shall be rescinded and annulled pursuant to paragraph 7B, the Company shall forthwith give written notice thereof to the holder of each Note at the time outstanding.

7D. OTHER REMEDIES. If any Event of Default shall occur and be continuing, the holder of any Note may proceed to protect and enforce its rights under this Agreement and such Note by exercising such remedies as are available to such holder in respect thereof under applicable law, either by suit in equity or by action at law, or both, whether for specific performance of any covenant or other agreement contained in this Agreement or in aid of the exercise of any power granted

in this Agreement. No remedy conferred in this Agreement upon the holder of any Note is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or now or hereafter existing at law or in equity or by statute or otherwise.

8. REPRESENTATIONS, COVENANTS AND WARRANTIES.
The Company represents, covenants and warrants as follows:

8A. ORGANIZATION. The Company is a corporation duly organized and existing in good standing under the laws of the State of Delaware, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof. The Company has no Subsidiaries.

8B. FINANCIAL STATEMENTS. The Company has furnished you with the unaudited financial statements, certified by a principal financial officer of the Company: a balance sheet of the Company as of June 30, 1998 and statements of income, stockholders' equity and cash flows for the six-month period ended on such date, prepared by the Company. To the Company's knowledge, such financial statements are true and correct in all material respects (subject, as to interim statements, to changes resulting from audits and year-end adjustments), have been prepared in accordance with GAAP consistently followed throughout the periods involved and show all liabilities, direct and contingent, of the Company required to be shown in accordance with such principles. To the Company's knowledge, the balance sheets fairly present the condition of the Company as at the dates thereof, and the statements of income, stockholders' equity and cash flows fairly present the results of the operations of the Company and its cash flows for the periods indicated. To the knowledge of the Company, there has been no material adverse change in the business, condition (financial or otherwise) or operations of the Company since June 30, 1998.

8C. ACTIONS PENDING. There is no action, suit, investigation or pro ceeding pending or, to the knowledge of the Company, threatened against the Company, or any properties or rights of the Company, by or before any court, arbitrator or administrative or governmental body which (i) might result in a Material Adverse Effect or (ii) purports to affect the validity or enforceability of this Agreement, any Note issued hereunder or the transactions contemplated hereby.

8D. TAXES. The Company has filed all federal, state and other income tax returns which, to the knowledge of the officers of the Company, are required to be

filed, and has paid all taxes as shown on such returns and on all assessments received by it to the extent that such taxes have become due, except such taxes as are subject to a Good Faith Contest.

8E. CONFLICTING AGREEMENTS AND OTHER MATTERS. The Company is not a party to any contract or agreement or subject to any charter or other corporate restriction which materially and adversely affects its business, property or assets, or financial condition. Neither the execution nor delivery of this Agreement or the Notes, nor the offering, issuance and sale of the Notes, nor fulfillment of nor compliance with the terms and provisions hereof and of the Notes will materially conflict with, or result in a material breach of the terms, conditions or provisions of, or constitute a default under, or result in any material violation of, or result in the creation of any Lien upon any of the properties or assets of the Company pursuant to, the charter or by-laws of the Company, any award of any arbitrator or any agree ment (including any agreement with stockholders), instrument, order, judgment, decree, statute, law, rule or regulation to which the Company is subject. Except as set forth in Schedule 8E attached hereto, the Company is not a party to, or otherwise
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subject to any provision contained in, any instrument evidencing Indebtedness of the Company, any agreement relating thereto or any other contract or agreement (including its charter) which limits the amount of, or otherwise imposes restrictions on the incurring of, Debt of the Company of the type to be evidenced by the Notes.

8F. OFFERING OF NOTES. Neither the Company nor any agent acting on its behalf has, directly or indirectly, offered the Notes or any similar security of the Company for sale to, or solicited any offers to buy the Notes or any similar security of the Company from, or otherwise approached or negotiated with respect thereto with, any Person other than Institutional Investors, and neither the Company nor any agent acting on its behalf has taken or will take any action which would subject the issuance or sale of the Notes to the provisions of section 5 of the Securities Act or to the provisions of any securities or Blue Sky law of any applicable jurisdiction.

8G. USE OF PROCEEDS. The Company does not own or have any present intention of acquiring any "margin stock" as defined in Regulation U (12 CFR Part 207) of the Board of Governors of the Federal Reserve System (herein called "MARGIN STOCK"). The proceeds of sale of the Notes will be used to purchase Commercial Mortgage Loans and/or marketable debt securities, including, but not limited to, ABS. None of such proceeds will be used, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any margin stock or for the purpose of maintaining, reducing or retiring any Indebtedness which was originally incurred to purchase or carry any stock that is currently a margin stock or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of such Regulation U. Neither the Company nor any agent acting on its behalf has taken or will take any action which might cause this Agreement or the Notes to violate Regulation U, Regulation T or any other

regulation of the Board of Governors of the Federal Reserve System or to violate the Exchange Act, in each case as in effect now or as the same may hereafter be in effect.

8H. ERISA. The Company has no retirement or employee benefit plans subject to ERISA.

8I. GOVERNMENTAL CONSENT. No circumstance in connection with the offering, issuance, sale or delivery of the Notes is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body in connection with the execution and delivery of this Agreement, the offering, issuance, sale or delivery of the Notes or fulfillment of or compliance with the terms and provisions hereof or of the Notes, if the failure to obtain any such consent would have a Material Adverse Effect.

8J. COMPLIANCE WITH LAWS. The Company and all of its properties and facilities have complied at all times in all material respects with all federal, state, local and regional statutes, laws, ordinances and judicial or administrative orders, judgments, rulings and regulations, except, in any such case, where failure to comply would not result in a Material Adverse Effect on the business, condition (financial or otherwise) or operations of the Company.

8K. INVESTMENT COMPANY STATUS. Neither the Company nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended.

8L. DUE AUTHORIZATION, ETC. This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

8M. DISCLOSURE. Neither this Agreement nor any other document, certificate or statement furnished to you by or on behalf of the Company in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact peculiar to the Company which materially adversely affects or in the future may (so far as the Company can now foresee) materially adversely affect the business, property or assets, or financial condition of the

Company and which has not been set forth in this Agreement or in the other docu ments, certificates and written statements furnished to you and Boston Properties Limited Partnership, a Delaware limited partnership by or on behalf of the Company prior to the date hereof in connection with the transactions contemplated hereby.

8N. INVESTMENTS. All mortgage loans owned by the Company as of the date of this Agreement are Commercial Mortgage Loans which are not in default beyond any applicable cure periods pursuant to the terms thereof, and the Company has not extended any of the cure periods provided in the loan documents governing, evidencing and securing such Commercial Mortgage Loans and originally executed in connection therewith beyond the applicable cure periods provided in such loan documents.

8O. ENVIRONMENTAL MATTERS. Except as disclosed on Schedule 8O hereto, the Company (i) has complied in all material respects with all applicable Environmental Laws, and the Company has not received (A) notice of any material failure so to comply, (B) any letter or request for information under Section 104 of CERCLA or comparable state laws or (C) any information that would lead it to believe that it is the subject of any federal, state or local investigation concerning Environmental Laws; (ii) does not manage, generate, transport, discharge or store any Hazardous Material in material violation of any material Environmental Laws; (iii) does not own, operate or maintain any underground storage tanks; and (iv) is not aware of any conditions or circumstances associated with its currently or previously owned or leased properties or operations (or those of any tenants of such properties) which may give rise to any liabilities under Environmental Laws which could have a Material Adverse Effect.

9. REPRESENTATIONS OF THE PURCHASER. You represent that you are not acquiring the Notes to be purchased by you hereunder with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act, provided that the disposition of your property shall at all times be and remain within your control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

10. DEFINITIONS; ACCOUNTING MATTERS. For the purpose of this Agreement, the terms defined in paragraphs 10A and 10B (or within the text of any other paragraph) shall have the respective meanings specified therein and all accounting matters shall be subject to determination as provided in paragraph 10C.

10A. YIELD-MAINTENANCE TERMS.

"BUSINESS DAY" shall mean any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed.

"CALLED PRINCIPAL" shall mean, with respect to any Note, the princi pal of such Note that is to be prepaid pursuant to paragraph 4 or is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

"DISCOUNTED VALUE" shall mean, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (as converted to reflect the periodic basis on which interest on the Notes is payable, if interest is payable other than on a semi-annual basis) equal to the Reinvestment Yield with respect to such Called Principal.

"REINVESTMENT YIELD" shall mean, with respect to the Called Princi pal of any Note, the offered-side yield to maturity, as of 10:00 a.m. (New York City time) on the Business Day next preceding the Settlement Date with respect to such Called Principal, of the U.S. Treasury security that was used to determine the then Treasury of such Investment Note.

"REMAINING AVERAGE LIFE" shall mean, with respect to the Called Principal of any Note, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) each Remaining Scheduled Payment of such Called Principal (but not of interest thereon) by (b) the number of years (calculated to the nearest one-twelfth year) which will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"REMAINING SCHEDULED PAYMENTS" shall mean, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due on or after the Settlement Date through and including the Rate Reset Date (assuming that the entire principal balance and all accrued interest as of such Rate Reset Date will be repaid on such Rate Reset Date), if the Settlement Date precedes such Rate Reset Date, or alternatively, the Maturity Date if the Settlement Date occurs after the Rate Reset Date.

"SETTLEMENT DATE" shall mean, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to paragraph 4 or is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

"YIELD-MAINTENANCE AMOUNT" shall mean, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Called Principal of such Note over the sum of (i) such Called Principal plus (ii) to the extent paid on the Settlement Date with the Called Principal, interest accrued thereon as of (including interest due on) the Settlement Date with respect to such Called Principal. The Yield-Maintenance Amount shall in no event be less than zero.

10B. OTHER TERMS.

"ABS" shall mean mortgage, or other asset backed securities.

"AFFILIATE" shall mean any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Company. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

"BANKRUPTCY LAW" shall have the meaning specified in clause (viii) of paragraph 7A.

"BIG FIVE ACCOUNTING FIRM" shall mean any of Arthur Andersen, Deloitte & Touche, KPMG Peat Marwick, PricewaterhouseCoopers and Ernst & Young.

"BP PARTY" shall mean Boston Properties Limited Partnership, a Delaware limited partnership, and any Affiliate thereof, and shall also include, in all events, One Embarcadero Center Venture, a California general partnership.

"CASH FLOW" shall mean, in respect of any period, the sum of (a) Net Income for such period and (b) the amount of all depreciation and amortization allowances and other non-cash expenses of the Company but only to the extent deducted in the determination of Net Income for such period.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

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

"COMMERCIAL MORTGAGE LOANS" shall mean commercial mortgage loans made in substantial conformance with (x) standards prevailing in the commercial loan mortgage marketplace and (y) the guidelines contained in Exhibit C hereto.

"CURRENT DEBT" shall mean, with respect to the Company, all Indebtedness for borrowed money which by its terms or by the terms of any instrument or agreement relating thereto matures on demand or within one year from the date of the creation thereof and is not directly or indirectly renewable or extendible at the option of the debtor to a date more than one year from the date of the creation thereof, provided that Indebtedness for borrowed money outstanding under a revolving credit or similar agreement which obligates the lender or lenders to extend credit over a period of more than one year shall constitute Funded Debt and not Current Debt, even though such Indebtedness by its terms matures on demand or within one year from the date of the creation thereof.

"DEBT" shall mean Current Debt and Funded Debt.

"DEBT SERVICE" shall mean, with respect to any period, the sum of the following: (a) Interest Charges for such period, and (b) all payments of principal in respect of Debt of the Company paid or payable during such period.

"DEBT SERVICE COVERAGE RATIO" shall mean, at any time of determination, the ratio of (a) Cash Flow for the most recent fiscal quarter to (b) Debt Service for such fiscal quarter.

"DEFAULT" shall mean any of the events specified in paragraph 7A, ----------
whether or not any requirement for such event to become an Event of Default has been satisfied.

"DUFF & PHELPS" shall mean Duff & Phelps Corporation.

"ENVIRONMENTAL LAWS" shall mean all laws relating to pollution, the release or other discharge, handling, disposition or treatment of Hazardous Materials and other substances or the protection of the environment or of employee health and safety, including, without limitation, CERCLA, the Hazardous Material Transportation Act (49 U.S.C. Section 1801 et. seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 7401 et. seq.), the Clean Air Act (42 U.S.C. Section 401 et. seq.), the Toxic Substances Control Act (15 U.S.C. Section 651 et. seq.) and the Emergency Planning and Community Right-To-Know Act (42 U.S.C. Section 11001 et. seq.), each as the same may be amended and supplemented.

"EVENT OF DEFAULT" shall mean any of the events specified in paragraph 7A, provided that there has been satisfied any requirement in ----------
connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act.

"EQUITY REDEMPTION LOAN" shall mean that certain loan in the aggregate principal amount of $328,143,000 by Bankboston. N.A., The Chase Manhattan Bank, Fleet National Bank, PNC Bank, National Association, Dresdner

Bank AG New York Branch and Grand Cayman Branch, The Bank of New York, Key Bank National Association and Citizens Bank (and the other banks which may become parties to the Term Loan Agreement described immediately below) to you, Embarcadero Center Associates, Three Embarcadero Center Venture and Four Embarcadero Center Venture pursuant to that certain Term Loan Agreement dated as of November 12, 1998.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

"FITCH" shall mean Fitch IVCA, Inc.

"FUNDED DEBT" shall mean, with respect to any Person, all Indebtedness of such Person which by its terms or by the terms of any instrument or agreement relating thereto matures, or which is otherwise payable or unpaid, more than one year from, or is directly or indirectly renewable or extendible at the option of the debtor to a date more than one year (including an option of the debtor under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of more than one year) from, the date of the creation thereof, including current maturities of long-term debt that appear as current liabilities in accordance with GAAP.

"GAAP" shall have the meaning set forth in paragraph 10C.

"GOOD FAITH CONTEST" shall mean, with respect to any tax, assessment, Lien, obligation, claim, liability, judgment, injunction, award, decree, order, law, regulation, statute or similar item, any challenge or contest thereof by appropriate proceedings timely initiated in good faith by the Company for which adequate reserves therefor have been taken in accordance with GAAP.

"GUARANTEE" shall mean, with respect to any Person, any direct or indirect liability, contingent or otherwise, of such Person with respect to any indebtedness, lease, dividend or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted or sold with recourse by such Person, or in respect of which such Person is otherwise directly or indirectly liable, including, without limitation, any such obligation in effect guaranteed by such Person through any agreement (contingent or otherwise) to

(i) purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise);

(ii) maintain the solvency or any balance sheet or other financial condition of the obligor of such obligation; or

(iii) pay the purchase price for goods or services regardless of the non-delivery or non-furnishing thereof, in any such case if the purpose, intent or effect of such agreement is to provide assurance that such obligation will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such obligation will be protected against loss in respect thereof.

The amount of any Guarantee shall be equal to the outstanding principal amount of the obligation guaranteed or such lesser amount to which the maximum exposure of the guarantor shall have been specifically limited.

"HAZARDOUS MATERIALS" shall mean (i) any material or substance defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous material", "toxic substances" or any other formulations intended to define, list or classify substances by reason of their deleterious properties, (ii) any oil, petroleum or petroleum derived substance, (iii) any flammable substances or explosives, (iv) any radioactive materials, (v) asbestos in any form, (vi) electrical equipment that contains any oil or dielectric fluid containing levels or polychlorinated biphenyls in excess of 50 parts per million, (vii) pesticides or (viii) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental agency or authority or which may or could pose a hazard to the health and safety of persons in the vicinity thereof.

"INCLUDING" shall mean, unless the context clearly requires otherwise, "including without limitation".

"INDEBTEDNESS" shall mean, with respect to any Person and without duplication (i) all items (excluding items of contingency reserves or of reserves for deferred income taxes) which in accordance with GAAP would be included in determining total liabilities as shown on the liability side of a balance sheet of such Person as of the date on which Indebtedness is to be determined, other than Preferred Stock of such Person except as set forth in clause (iv) below; (ii) all indebtedness secured by any Lien on, or payable out of the proceeds or production from, any property or asset owned or held by such Person, whether or not the indebtedness secured thereby shall have been assumed, (iii) all indebtedness of third parties, including joint ventures and partnerships of which such Person is a venturer or general partner, recourse to which may be had against such Person, (iv) redemption obligations in respect of mandatorily redeemable Preferred Stock; and (v) all indebtedness and other obligations of others with respect to which such Person has become liable by way of a Guarantee.

"INITIAL TREASURY" shall mean, for any Note, the yield to maturity implied by (i) the bid-side yields reported, as of 10:00am (New York City time) (or, at your election, at such other time as we may mutually agree) on the Business Day next preceding the date upon which such Note is funded, on the display designated as "Page 8" on the Telerate Access Service, for actively traded U.S. Treasury securities having a maturity equal to the Rate Reset Date of such Note, or if such bid-side yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the Treasury Constant Maturity Series bid-side yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the date upon which such Note is funded in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Rate Reset Date of such Note. Such implied yields shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities. Notwithstanding the foregoing, subject to the Company's written approval (which approval shall not be unreasonably withheld or delayed), you shall be entitled to select a different actively traded U.S. Treasury security (which shall have a maturity date approximately equal and reasonably comparable to the first Rate Reset Date of such Note) the bid-side yield to maturity of which shall be the Initial Treasury for purposes of such Note; provided, however, that
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if you select a different U.S. Treasury security which is approved by the Company pursuant to the foregoing or if a time other than 10:00 a.m. is used to determine the Initial Treasury, then the Margin for such Note shall be adjusted so that the interest rate on such Investment Note is no different than if you had not exercised your rights pursuant to this sentence to select a different U.S. Treasury or to agree to a different time for determining the Initial Treasury. Schedule 1 sets forth the
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definitive Initial Treasury for each Note.

"INSTITUTIONAL INVESTOR" shall mean any insurance company, commercial, investment or merchant bank, finance company, mutual fund, registered money or asset manager, savings and loan association, credit union, registered investment advisor, pension fund, investment company, licensed broker-dealer, "qualified institutional buyer" (as such term is defined under Rule 144A promulgated under the Securities Act, or any successor law, rule or regulation) or "accredited investor" (as such term is defined under Regulation D promulgated under the Securities Act, or any successor law, rule or regulation).

"INTANGIBLES" shall mean, without duplication, all Intellectual Property and operating agreements, treasury stock, deferred or capitalized research and development costs, goodwill (including any amounts, however designated, representing the cost of acquisition of business and investments in excess of the book value thereof), unamortized debt discount and expense, any write-up of asset value after June 30, 1997 and any other amounts reflected in contra-equity accounts, and any other assets treated as intangible assets under GAAP.

"INTELLECTUAL PROPERTY" shall mean all patents, trademarks, service marks, trade names, copyrights, brand names, mechanical or technical processes and paradigms, know-how, and similar intellectual property and applications, licenses and similar rights in respect of the same.

"INTEREST CHARGES" shall mean, with respect to any period, the sum (without duplication) of the following: (a) all interest in respect of Debt of the Company deducted in determining Net Income for such period, and (b) all debt discount and expense amortized or required to be amortized in the determination of Net Income for such period.

"INVESTMENTS" shall have the meaning provided in paragraph 6C(3).

"LIEN" shall mean any mortgage, pledge, security interest, encumbrance, minimum or compensating deposit arrangement, lien (statutory or otherwise) or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction) or any other type of preferential arrangement for the purpose, or having the effect, of protecting a creditor against loss or securing the payment or performance of an obligation.

"MARGIN" shall mean, for any Note, 165 basis points; provided that, if you select, for purposes of determining the Initial Treasury, a different U.S. Treasury security from the U.S Treasury selected by the Company or if a time other than 10:00 a.m. is used to determine the Initial Treasury, in either case pursuant to your rights as described in the definition of Initial Treasury, then the Margin during the period of time commencing on the funding of the Investment Note until the first Rate Reset Date thereunder shall be adjusted as described in the last sentence of the definition of Initial Treasury and, from and after the first Rate Reset Date, the Margin shall again adjust to equal 165 basis points. Schedule 1 sets forth the definitive initial Margin for each Note through the first Rate Reset Date of each Note.

"MATERIAL ADVERSE EFFECT" shall mean (i) a material adverse effect on the business, assets, liabilities, operations, prospects or condition, financial or otherwise, of the Company, (ii) material impairment of the Company to perform any of its obligations under the Agreement and the Notes or (iii) material impairment of the validity or enforceability or the rights of, or the benefits available to, the holders of the Notes under this Agreement or the Notes.

"MATURITY DATE" shall have the meaning set forth in paragraph 1 hereof.

"MOODY'S" shall mean Moody's Investors Services, Inc., including the NCO/Moody's Commercial Division, or any successor Person.

"NET INCOME" shall mean, as to any period, consolidated gross revenues of the Company less all operating and non-operating expenses of the Company for such period, including all charges of a proper character (including current and deferred taxes on income, provision for taxes on unremitted foreign earnings which are included in gross revenues, and current additions to reserves), but not including in gross revenues the following:

(i) any gains (net of expenses and taxes applicable thereto) in excess of losses resulting from the Transfer of capital assets (i.e., assets other than current assets);

(ii) any gains resulting from the write-up of assets;

(iii) any equity of the Company in the undistributed earnings (but not losses) of any corporation which is not a Subsidiary;

(iv) any earnings or losses of any Person acquired by the Company through purchase, merger, consolidation or otherwise for any fiscal period prior to the fiscal period in which the acquisition occurs:

(v) gains or losses from the acquisition of securities or the retirement or extinguishment of Debt;

(vi) gains on collections from insurance policies or settlements;

(vii) any income or gain during such period from any change in accounting principles, from any discontinued operations or the disposition thereof, from any extraordinary items or from any prior period adjustment;

(viii) in the case of a successor to the Company by consolidation or merger or as a transferee of its assets, any earnings of the successor corporation prior to such consolidation, merger or transfer of assets.

If the preceding calculation results in a number less than zero, such amount shall be considered a net loss.

"OFFICER'S CERTIFICATE" shall mean a certificate signed in the name of the Company by its President, one of its Vice Presidents or its Treasurer.

"OTHER EC NOTES" shall mean those certain senior promissory notes of the Company issued by the Company on the date hereof to (a) Embarcadero Center Associates in the aggregate principal amount of $111,927,000 (b) Three Embarcadero Center Venture in the aggregate principal amount of $76,897,000 and

(c) Four Embarcadero Center Venture in the aggregate principal amount of $143,119,000.

"PERMITTED INVESTMENTS" shall have the meaning set forth in paragraph 6C(3).

"PERMITTED LIENS" shall have the meaning set forth in paragraph 6C(1).

"PERSON" shall mean and include an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organ ization and a government or any department or agency thereof.

"PHASE ONE" shall mean the closing and consummation of the transactions described in that certain Master Transaction Agreement dated as of September 28, 1998, by and among Prudential, PIC Realty Corporation, Fedmark Corporation, Embarcadero Center Investors Partnership, Pacific Property Services, L.P., the Persons listed on Exhibit A-1 attached thereto, Boston Properties Limited Partnership and Boston Properties, Inc., which are to be consummated on the "Closing Date" (as defined in such Master Transaction Agreement).

"PRUDENTIAL" shall mean The Prudential Insurance Company of America, a New Jersey mutual insurance company.

"PRUDENTIAL GUARANTIED LOAN" shall mean that certain loan in the aggregate principal amount of $92,000,000 by The Chase Manhattan Bank and/or any of its subsidiaries or affiliates (the "BANK") to you, Embarcadero Center Associates, Three Embarcadero Center Venture and Four Embarcadero Center Venture pursuant to that certain Term Loan Agreement dated as of November 12, 1998.

"RATE RESET DATE", with respect to any Note, shall have the meaning set forth in such Note.

"RATED BANK" shall have the meaning set forth in paragraph 6C(3)(ii).

"RELEASE" shall mean any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, leaching or migration into the indoor or outdoor environment, including, without limitation, the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or subsurface strata, in violation of applicable law or prudent business practice.

"REQUIRED HOLDER(S)" shall mean the holder or holders of at least 51% of the aggregate principal amount of the Notes from time to time outstanding,

but shall include, in any event, the BP Parties so long as any BP Party holds a direct or indirect interest in any Note.

"RESET TREASURY" shall mean the yield to maturity implied by (i) the yields reported, as of 10:00am (New York City time) on the Business Day next preceding the Rate Reset Date for any Note, on the display designated as "Page 678" on the Telerate Access Service, for actively traded U.S. Treasury securities having a maturity equal to the earlier to occur of the next Rate Reset Date provided for in such Note (if any) and the Maturity Date of such Note, or if such yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the Treasury Constant Maturity Series yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the Rate Reset Date in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the earlier to occur of the next Rate Reset Date provided for in such Note (if any) or the Maturity Date of such Note. Such implied yields shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities.

"RESPONSIBLE OFFICER" shall mean the chief executive officer, chief operating officer, chief financial officer or chief accounting officer of the Company or any other officer of the Company involved principally in its financial administration or its controllership function.

"RESTRICTED INVESTMENT" shall mean any Investment other than a Permitted Investment.

"RESTRICTED PAYMENTS" shall mean any of the following (provided that, notwithstanding anything to the contrary stated below, the term "Restricted Payments" does not include any distribution of capital gains by the Company to its shareholders):

(i) any dividend on any class of the Company's capital stock at any time after the date hereof;

(ii) any other distribution on account of any class of the Company's capital stock;

(iii) any redemption, purchase or other acquisition, direct or indirect, of any shares of the Company's capital stock;

(iv) any unscheduled payment of principal of, or retirement, redemption, purchase or other acquisition of, any subordinated debt,

including subordinated debt that is convertible into equity of the Company;

(v) any Restricted Investment;

"S&P" shall mean Standard and Poor's Corporation, or any successor Person.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SHAREHOLDER" shall mean and include any Person who owns, beneficially or of record, directly or indirectly, at any time during any year with respect to which a computation is being made 5% or more of the outstanding voting stock of the Company.

"SIGNIFICANT HOLDER" shall mean (i) any BP Party, so long as any BP Party shall hold (or be committed under this Agreement to purchase) any Note, or (ii) any other holder of at least 5% of the aggregate principal amount of the Notes from time to time outstanding.

"SUBSIDIARY" shall mean any corporation or other entity at least 51% of the total combined voting power of all classes of Voting Stock or similar securities of which shall, at the time as of which any determination is being made, be owned by the Company either directly or through Subsidiaries.

"TOTAL ASSETS" shall mean, as at any time of determination, the total assets of a Person recorded on a balance sheet of such Person prepared in accordance with GAAP.

"TRANSFER" shall mean, with respect to any item, the sale, exchange, conveyance, lease, transfer or other disposition of such item.

"TRANSFEREE" shall mean any direct or indirect transferee of all or any part of any Note purchased by you under this Agreement.

"TREASURY" shall mean, for any Note, the Initial Treasury or the then Reset Treasury, as the case may be, upon which the Margin under such Note is added to obtain the interest rate of such Note.

"VOTING STOCK" shall mean, with respect to any corporation, any shares of stock of such corporation whose holders are entitled under ordinary circumstances to vote for the election of directors of such corporation (irrespective of whether at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency), and, with respect to any other entity, any similar security of such entity.

10C. ACCOUNTING AND LEGAL PRINCIPLES, TERMS AND DETERMINATIONS. All references in this Agreement to "GAAP" shall mean generally accepted accounting principles, as in effect in the United States from time to time. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all unaudited financial statements and certificates and reports as to financial matters required to be furnished hereunder shall be prepared, in accordance with GAAP (except as set forth in the next succeeding sentence of this paragraph 10C), applied on a basis consistent with the most recent audited financial statements of the Company delivered pursuant to paragraph 5A(i) or (ii) or, if no such statements have been so delivered, the most recent audited financial statements referred to in clause (i) of paragraph 8B. Notwithstanding the foregoing, however, quarterly financial statements shall not include notes to financial statements and to that extent such statements will not have been prepared in accordance with GAAP. Any reference herein to any specific citation, section or form of law, statute, rule or regulation shall refer to such new, replacement or analogous citation, section or form should citation, section or form be modified, amended or replaced.

11. MISCELLANEOUS.

11A. NOTE PAYMENTS. The Company agrees that, so long as you shall hold any Note, it will make payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to such Note, which comply with the terms of this Agreement, by wire transfer of immediately available funds for credit (not later than 12:00 noon, New York City time, on the date due) to your account or accounts as specified in the Purchaser Schedule attached hereto, or such other account or accounts in the United States as you may designate in writing, notwithstanding any contrary provision herein or in any Note with respect to the place of payment. You agree that, before disposing of any Note, you will make a notation thereon (or on a schedule attached thereto) of all principal payments previously made thereon and of the date to which interest thereon has been paid. Upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office. The Company agrees to afford the benefits of this paragraph 11A to any Transferee which shall have made the same agreement as you have made in this paragraph 11A.

11B. EXPENSES. The Company agrees, whether or not the transactions contemplated hereby shall be consummated, to pay, and save you and any Transferee harmless against liability for the payment of, all reasonable out-of-pocket costs and expenses arising in connection with such transactions, including:

(i) (A) all stamp and documentary taxes and similar charges and (B) costs of obtaining a private placement number for the Notes in each case as a result of the execution and delivery of this Agreement or the issuance of the Notes;

(ii) document production and duplication charges and the reasonable fees and expenses of any special counsel engaged by you or such Transferee in connection with this Agreement and the transactions contemplated hereby;

(iii) the costs and expenses, including reasonable attorneys' fees, incurred by you or such Transferee in enforcing any rights under this Agreement or the Notes; and

(iv) any judgment, liability, claim, order, decree, cost, fee, expense, action or obligation resulting directly from the consummation of the transactions contemplated hereby, including the use of the proceeds of the Notes by the Company;

provided that the Company shall not be responsible for (1) any of your
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expenses or those of a Transferee incurred solely in connection with any transfer of any Note or (2) the fees and expenses of more than one counsel for the holders of the Notes, except to the extent the Required Holders determine that (a) either legal advice is needed in a jurisdiction other than that specified in paragraph 11L or (b) there exists a conflict of
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interest amongst the holders of the Notes. The obligations of the Company under this paragraph 11B shall survive the transfer of any Note or portion
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thereof or interest therein by you or any Transferee and the payment of any Note.

11C. CONSENT TO AMENDMENTS. This Agreement may be amended, and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Company shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s); except that, (i) without the written consent of the
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holder or holders of all Notes at the time outstanding, no amendment to this Agreement shall change the maturity of any Note, or change the principal of, or the rate, method of computation or time of payment of interest on or any Yield-Maintenance Amount payable with respect to any Note, or affect the time, amount or allocation of any prepayments, or change the proportion of the principal amount of the Notes required with respect to any consent, amendment, waiver or declaration, and (ii) so long as any BP Holder holds any Note(s), no amendment, action or omission to act shall amend, modify or otherwise affect such BP Party's rights under the Note(s) that it holds (or its rights under this Agreement to the extent relating to such BP Party's Note(s)) without such BP Party's written consent. Each holder of any Note at the time or thereafter outstanding shall be bound by any consent authorized by this paragraph 11C, whether or
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not such Note shall have been marked to indicate such consent, but any Notes issued thereafter may bear a notation referring to any such consent. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights

hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein and in the Notes, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

11D. FORM, REGISTRATION, TRANSFER AND EXCHANGE OF NOTES; LOST NOTES. The Notes are issuable as registered notes without coupons in denominations of at least $1,000,000, except as may be necessary to (i) reflect any principal amount not evenly divisible by $1,000,000 or (ii) enable the registration of transfer by a holder of its entire holding of Notes. The Company shall keep at its principal office a register in which the Company shall provide for the registration of Notes and of transfers of Notes. Upon surrender for registration of transfer of any Note at the principal office of the Company, the Company shall, at its expense, execute and deliver one or more new Notes of like tenor and of a like aggregate principal amount, registered in the name of such transferee or transferees. At the option of the holder of any Note, such Note may be exchanged for other Notes of like tenor and of any authorized denominations, of a like aggregate principal amount, upon surrender of the Note to be exchanged at the principal office of the Company. Whenever any Notes are so surrendered for exchange, the Company shall, at its expense, execute and deliver the Notes which the holder making the exchange is entitled to receive. Every Note surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the holder of such Note or such holder's attorney duly authorized in writing. Any Note or Notes issued in exchange for any Note or upon transfer thereof shall carry the rights to unpaid interest and interest to accrue which were carried by the Note so exchanged or transferred, so that neither gain nor loss of interest shall result from any such transfer or exchange. Upon receipt of written notice from the holder of any Note of the loss, theft, destruction or mutilation of such Note and, in the case of any such loss, theft or destruction, upon receipt of such holder's indemnity agreement (which shall be unsecured if such holder is an Institutional Investor whose senior debt securities are rated BBB- or Baa3 or better by S&P or Moody's, respectively, and, otherwise, which shall be unsecured unless the Company requests in writing that such indemnity agreement be secured), or in the case of any such mutilation upon surrender and cancellation of such Note, the Company will make and deliver a new Note, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Note. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes.

11E. TRANSFER OF NOTES; PERSONS DEEMED OWNERS. Subject to the next succeeding sentence, you may transfer any Note or portion thereof in your sole discretion; provided, however, that any Transferee shall be an Institutional Investor.

Prior to due presentment for registration of transfer, the Company may treat the Person in whose name any Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of, interest on and any Yield-Maintenance Amount payable with respect to such Note and for all other purposes whatsoever, whether or not such Note shall be overdue, and the Company shall not be affected by notice to the contrary.

11F. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT. All representations and warranties contained herein or made in writing by or on behalf of the Company in connection herewith shall survive the execution and delivery of this Agreement and the Notes, the transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any Transferee, regardless of any investigation made at any time by or on behalf of you or any Transferee. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings between you and the Company relating to the subject matter hereof, and the Company shall not be affected by notice to the contrary. No provision of this Agreement shall be interpreted for or against any party because that party or its legal representative drafted the provision.

11G. SUCCESSORS AND ASSIGNS. All covenants and other agreements in this Agreement contained by or on behalf of either of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto (including, without limitation, any Transferee) whether so expressed or not.

11H. NOTICES. All written communications provided for hereunder shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (i) if to you, addressed to you at the address specified for such communications in the Purchaser Schedule attached hereto, or at such other address as you shall have specified to the Company in writing, (ii) if to any other holder of any Note, addressed to such other holder at such address as such other holder shall have specified to the Company in writing or, if any such other holder shall not have so specified an address to the Company, then addressed to such other holder in care of the last holder of such Note which shall have so specified an address to the Company, and (iii) if to the Company, addressed to it at Prudential Realty Group, 8 Campus Drive, 4th Floor, Arbor Circle South, Parsippany, New Jersey 07054, Attention: John Triece, or at such other address as the Company shall have specified to the holder of each Note in writing; provided, however, that any such communication to the Company may also, at the option of the holder of any Note, be delivered by any other means either to the Company at its address specified above or to any officer of the Company.

11I. PAYMENTS DUE ON NON-BUSINESS DAYS. Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or interest

on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day. If the date for any payment is extended to the next succeeding Business Day by reason of the preceding sentence, the period of such extension shall be included in the computation of the interest payable on such Business Day.

11J. SATISFACTION REQUIREMENT. If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement required to be satisfactory to you or to the Required Holder(s), the determination of such satisfaction shall be made by you or the Required Holder(s), as the case may be, in the reasonable judgment of the Person or Persons making such determination.

11K. INDEMNIFICATION. The Company hereby agrees to indemnify you and your directors, officers, employees and agents from, and hold each of them harmless against, any and all losses, liabilities, claims, damages and expenses arising out of or by reason of any investigation or litigation or other proceeding relating to this Agreement, the Notes or the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation or litigation or other proceedings (but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified).

11L. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York.

11M. SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11N. DESCRIPTIVE HEADINGS. The descriptive headings of the several paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

11O. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument.

If you are in agreement with the foregoing, please sign the form of acceptance on the enclosed counterpart of this letter and return the same to the Company, whereupon this letter shall become a binding agreement between the Company and you.

Very truly yours,

PRUDENTIAL REALTY
SECURITIES, INC.

By: /s/ Paul D. Egan

Name: Paul D. Egan
Title: Vice President

By:_____
Name:_____
Title:_____

The forgoing Agreement is
hereby accepted as of the
date first above written:

ONE EMBARCADERO CENTER VENTURE, a
California General Partnership

By: BOSTON PROPERTIES LLC, as
Managing General Partner

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, as Manager

By: BOSTON PROPERTIES, INC.,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

EXHIBIT A

[FORM OF NOTES]

PRUDENTIAL REALTY SECURITIES, INC.

SENIOR NOTE DUE _____, 200_

No. _____ [Date]
$_____

FOR VALUE RECEIVED, the undersigned, PRUDENTIAL REALTY SECURITIES, INC. (the "COMPANY"), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to ONE EMBARCADERO CENTER VENTURE, a California general partnership, or registered assigns, the principal sum of _____ DOLLARS ($_____) on _____, ____ (the "Maturity Date"), with interest (computed on the basis of a 360-day year comprised of 12 30-day months) on the unpaid balance thereof at the rate of ____% per annum from the date hereof through and including _____, ___ (the "RATE RESET DATE") and thereafter through and including the Maturity Date, at a rate of interest per annum equal to the sum of (i) _____ basis points, and (ii) the Reset Treasury, as defined in the Note Agreement. All such interest shall be payable semiannually on the 15/th/ day of June and December in each year, commencing with the first such date next succeeding the date hereof, until the principal hereof shall have become due and payable, and shall be payable on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Yield-Maintenance Amount (as defined in the Note Agreement), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the lesser of (a) the maximum rate permitted by applicable law and (b) 2.0% over the interest rate then in effect under this Note in accordance with the foregoing terms and provisions.

Payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to this Note are to be made in immediately available funds, in lawful money of the United States of America, by wire transfer to [_____] at [NAME OF BANK] in [New York City], ABA #_____, Account # _____, or to such other account or place as the registered holder hereof shall designate to the Company in writing.

This Note is one of a series of Senior Notes (the "NOTES") issued pursuant to a Note Agreement, dated as of November 12, 1998 (the "NOTE AGREEMENT"), between the Company and One Embarcadero Center Venture and is entitled to the benefits thereof.

This Note is a registered Note and, as provided in the Note Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written

instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Note Agreement.

If an Event of Default, as defined in the Note Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Note Agreement.

The Company and any and all endorsers, guarantors and sureties severally waive grace, demand, presentment for payment, notice of dishonor or default, notice of intent to accelerate, notice of acceleration (to the extent set forth in the Note Agreement), protest and diligence in collecting.

THIS NOTE IS INTENDED TO BE PERFORMED IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAW OF SUCH STATE.

PRUDENTIAL REALTY SECURITIES, INC.

By_____
[Vice] President

By_____
Treasurer

EXHIBIT C

INVESTMENT GUIDELINES

1. Invest only in investment grade fixed income assets that:

a) are current in payment and not in default (subject to cure periods):

b) minimally provide for interest payments which are (i) monthly in the case of "non securities" investments (i.e., whole mortgage loans) or (ii) semi-annually in the case of "securities" investments (i.e. ABS):

c) have a maturity date which is at least thirty months beyond the asset purchase date:

d) include prepayment premiums providing for yield maintenance or the substantial equivalent: and

e) on an individual basis, do not exceed 7% of the total portfolio:

2. Make more than 80% of all investment in assets directly secured by first mortgages. In addition: (a) no such assets may have a "loan to value" ratio which exceeds 80%, and at least 90% of such assets shall have a "loan to value" ratio which is 75% or less and (b) the overall portfolio of such assets shall be geographically diverse.

EXHIBIT 99.12

PRUDENTIAL REALTY SECURITIES, INC.
8 CAMPUS DRIVE
PARSIPPANY, NEW JERSEY 07054

As of November 12, 1998

EMBARCADERO CENTER ASSOCIATES
C/O BOSTON PROPERTIES, INC.
8 ARLINGTON STREET
BOSTON, MASSACHUSETTS 02116-3495
ATTN: GENERAL COUNCIL

Ladies and Gentlemen:

The undersigned, PRUDENTIAL REALTY SECURITIES, INC. (herein called the "COMPANY"), hereby agrees with you as follows:

1. AUTHORIZATION OF ISSUE OF NOTES. The Company will authorize the issue of up to eight (8) of its senior promissory notes in the aggregate principal amount of $111,927,000 to be dated the date of issue thereof, to mature in the case of each Note so issued, subject to the terms and provisions of the next sentence below, not more than 15 years after the date of original issuance thereof as set forth in each such Note (the "MATURITY DATE") and listed on Schedule 1 attached hereto, to bear interest on the unpaid balance thereof from
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the date thereof until the Rate Reset Date or, if such Note does not have a Rate Reset Date, the Maturity Date for each such Note at the rate per annum equal to the Initial Treasury plus the Margin, and from the Rate Reset Date (if any) of any such Note until the principal thereof shall have become due and payable at the rate per annum equal to the Reset Treasury plus the Margin, and to have such other particular terms, as shall be specified herein and therein, and to be substantially in the form of Exhibit A attached hereto. Notwithstanding the
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foregoing, each Note shall either mature or have a Rate Reset Date within ten (10) years after the date of original issuance of such Note. The term "Notes" as used herein shall include each such senior promissory note delivered pursuant to any provision of this Agreement and each such senior promissory note delivered in substitution or exchange for any other Note pursuant to any such provision.

2. PURCHASE AND SALE OF NOTES. The Company hereby agrees to sell to you and, subject to the terms and conditions herein set forth, you agree to purchase from the Company, Notes in the aggregate principal amount of $111,927,000 at 100% of such

aggregate principal amount. The Company will deliver to you, at the offices of O'Melveny & Myers LLP at 275 Battery Street, Suite 2600, San Francisco, California, (or such other location to be determined by mutual agreement between the Company and you) one or more Notes registered in your name, evidencing the aggregate principal amount of Notes to be purchased by you and in the denomination or denominations specified in the Purchaser Schedule attached hereto, against payment of the purchase price thereof by transfer of immediately available funds for credit to the Company's account #890-0305-525 at The Bank of New York, New York, New York, ABA No. 021-000-018 on the date of closing, which shall be November 12, 1998 or any other date on or before November 13, 1998 upon which the Company and you may mutually agree (herein called the "CLOSING" or the "DATE OF CLOSING").

3. CONDITIONS OF CLOSING. Your obligation to purchase and pay for the Notes to be purchased by you hereunder is subject to the satisfaction, on or before the date of closing, of the following conditions:

3A. EXECUTION AND DELIVERY OF DOCUMENTS. The Company shall have delivered, or cause to be delivered, to you duly executed, original or certified copies of the following documents, each to be dated the date of closing unless otherwise indicated:

(i) the Note(s), originally executed and in substantially the form of Exhibit A attached hereto.

(ii) a favorable opinion of Deborah Shulevitz, Esq., counsel to the Company (or such other counsel designated by the Company and acceptable to you) satisfactory to you and substantially in the form of Exhibit B
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attached hereto and as to such other matters as you may reasonably request.

(iii) the Certificate of Incorporation of the Company certified as of a date within 10 Business Days of closing by the Secretary of State of Delaware.

(iv) the Bylaws of the Company certified by the Secretary of the Company.

(v) an incumbency certificate signed by the Secretary or an Assistant Secretary of the Company certifying as to the names, titles and true signatures of the officers of the Company authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder.

(vi) a certificate of the Secretary or an Assistant Secretary of the Company (A) attaching resolutions of the Board of Directors of the Company evidencing approval of the transactions contemplated by this Agreement and the issuance of the Notes and the execution, delivery and performance thereof, and authorizing certain officers to execute and deliver the same, and certifying that such resolutions were

duly and validly adopted at a meeting duly noticed and held and such resolutions have not since been amended, revoked or rescinded, (B) certifying that no dissolution or liquidation proceedings as to the Company have been commenced or are contemplated, and (C) identifying and attaching any proposed or effected amendments to or changes in the Certificate of Incorporation of the Company since the date of the certified copies thereof provided pursuant to clause (iii) above or, if none, so certifying.

(vii) (A) the representations and warranties contained in paragraph 8 ---
shall be true on and as of the date of closing, except to the extent of changes caused by the transactions herein contemplated; (B) there shall exist on the date of closing no Event of Default or Default and no Event of Default or Default will occur by reason of or immediately following the sale of the Notes hereunder; (C) no condition, event or act that has had or would have a Material Adverse Effect has occurred since December 31, 1997, and (D) you shall have received an Officer's Certificate certifying as to all of the foregoing.

(viii) a corporate good standing certificate as to the Company from the State of New Jersey.

(xi) additional documents or certificates with respect to such legal matters or corporate or other proceedings related to the transactions contemplated hereby as may be reasonably requested by you.

3B. PURCHASE PERMITTED BY APPLICABLE LAWS. The purchase of and payment for the Notes to be purchased by you on the date of closing on the terms and conditions herein provided (including the use of the proceeds of such Notes by the Company) shall not violate any applicable law or governmental regulation (including, without limitation, Section 5 of the Securities Act or Regulation T, U or X of the Board of Governors of the Federal Reserve System) and shall not subject you to any tax, penalty, liability or other onerous condition under or pursuant to any applicable law or governmental regulation, and you shall have received such certificates or other evidence as you may request to establish compliance with this condition.

3C. PROCEEDINGS. All corporate and other proceedings taken or to be taken in connection with the transactions contemplated hereby and all documents incident thereto shall be satisfactory in substance and form to you, and you shall have received all such counterpart originals or certified or other copies of such documents as you may reasonably request.

3D. RATING. The Company shall have obtained a rating of the Notes, as of a date not more than 30 days prior to the closing hereof, of A or better from S&P and the equivalent rating from Fitch and shall provide written evidence of the same.

3E. PHASE ONE TRANSACTIONS. Phase One of the transactions shall have been completed or shall be consummated concurrently with the consummation of the transactions described herein.

3F. EQUITY REDEMPTION AND PRUDENTIAL GUARANTIED LOANS. You shall have obtained the Prudential Guarantied Loan and Equity Redemption Loan or the closing of such loans shall occur concurrently with the closing of the transactions contemplated herein; and the lenders of the Prudential Guarantied Loan and Equity Redemption Loan shall have made available to you in full the proceeds of the Prudential Guarantied Loan and Equity Redemption Loan.

4. PREPAYMENTS. The Notes are not prepayable during the first year of the term thereof. The Notes shall be subject to prepayment, in whole or in part at any time after the first anniversary date of this Agreement, at the option of the Company, at 100% of the principal amount so prepaid plus accrued interest thereon to the prepayment date and the Yield-Maintenance Amount, if any, under the applicable Note with respect to the principal amount so prepaid; provided, however, that any prepayment, whether in whole or in part, made on a Rate Reset Date shall be payable without any Yield-Maintenance Amount. If the Company elects to prepay any of the Notes at any time while any BP Party holds any Notes, the Company shall first offer to prepay all Notes then held by such BP Party(ies) before offering to prepay any Notes held by any other Person. Within three (3) business days after delivery to it of any such offer of prepayment, each such BP Party shall provide the Company written notice of its election to either have such BP Party's Notes prepaid first or to have the Notes held by other Persons prepaid prior to the Notes held by such BP Party; provided that, -------- ---- notwithstanding the election of any such BP Party to have Notes held by other Persons paid first, the Company may prepay any portion of such BP Party's Notes once the Company has prepaid in full all Notes held by such other Persons. The failure of any BP Party to provide such notice to the Company within such three (3) business day period shall be deemed an election to prepay such BP Party's Notes first.

5. AFFIRMATIVE COVENANTS.

5A. FINANCIAL STATEMENTS. The Company covenants that it will deliver to each Significant Holder in duplicate:

(i) as soon as practicable and in any event within 60 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, statements of income, cash flows and shareholders' equity of the Company for the period from the beginning of the current year to the end of such quarterly period, and a balance sheet of the Company as at the end of such quarterly period, setting forth in comparative form statements of income and cash flows for the corresponding period in the preceding year, all in reasonable detail and certified by an authorized financial officer of the Company, subject to changes resulting from year-end adjustments;

(ii) as soon as practicable and in any event within 120 days after the end of each fiscal year, statements of income, cash flows and shareholders' equity of the Company for such year, and a balance sheet of the Company as at the end of such year, all prepared in accordance with GAAP, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit, all in reasonable detail and satisfactory in form to the Required Holder(s)' and reported on by a Big Five Accounting Firm selected by the Company whose report shall be without limitation as to the scope of the audit and reasonably satisfactory in substance to the Required Holder(s) and shall be certified by such Big Five Accounting Firm to its knowledge with its unqualified opinion;

(iii) promptly upon transmission thereof, copies of all such financial statements, proxy statements, notices and reports as it shall send to its stockholders;

(iv) promptly upon receipt thereof, a copy of each other report or management letter submitted to the Company by its independent public accountants in connection with any annual, interim or special audit made by them of the books of the Company;

(v) such other financial data and other information as the Company regularly provides to its other lenders, other holders of Debt or other creditors; and

(vi) with reasonable promptness, such other information and documents as such Significant Holder may reasonably request.

Together with each delivery of financial statements required by clauses (i) and (ii) above, the Company will deliver to each Significant Holder an Officer's Certificate demonstrating (with computations in reasonable detail) compliance by the Company and its Subsidiaries with the provisions of paragraph 6A and stating that there exists no Event of Default or Default, or, if any Event of Default or Default exists, specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto. Together with each delivery of financial statements required by clause (ii) above, the Company will deliver to each Significant Holder a certificate of such accountants stating that, in making the audit necessary for their report on such financial statements, they have obtained no knowledge of any Event of Default or Default, or, if they have obtained knowledge of any Event of Default or Default, specifying the nature and period of existence thereof. Such accountants, however, shall not be liable to anyone by reason of their failure to obtain knowledge of any Event of Default or Default which would not be disclosed in the course of an audit conducted in accordance with generally accepted auditing standards.

The Company also covenants that promptly after any Responsible Officer obtains knowledge of an Event of Default or Default, it will deliver to each Significant Holder an

Officer's Certificate specifying the nature and period of existence thereof and what action the Company has taken, is taking or proposes to take with respect thereto.

5B. INSPECTION OF BOOKS AND RECORDS. The Company covenants that it will permit any Person designated by any Significant Holder in writing, at such Significant Holder's expense, to visit the Company's place of business to examine the corporate books and financial records of the Company and make copies thereof or extracts therefrom and to discuss the affairs, finances and accounts of the Company with the principal officers thereof and its independent public accountants, all at such reasonable times and as often as such Significant Holder may reasonably request; provided, however that disclosure of any
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confidential or material non-public information of the Company requested by such Person may be reasonably conditioned on such Person's execution and delivery of a confidentiality agreement in form and substance acceptable to Company.

5C. COVENANT TO SECURE NOTE EQUALLY. The Company covenants that if it shall create or assume any Lien upon any of its property or assets, whether now owned or hereafter acquired, other than Liens permitted by the provisions of paragraph 6C(1) (unless prior written consent to the creation or assumption
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thereof shall have been obtained pursuant to paragraph 11C), it will make or
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cause to be made effective provision whereby the Notes will be secured by such Lien equally and ratably with any and all other Debt thereby secured so long as any such other Debt shall be so secured; provided that the creation and
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maintenance of such equal and ratable Lien shall not in any way limit or modify the right of the holders of the Notes to enforce the provisions of paragraph
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6C(1).
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5D. COMPLIANCE WITH LAWS. The Company covenants that it and all of its properties and facilities will comply at all times in all material respects with all federal, state, local and regional statutes, laws, ordinances and judicial or administrative orders, judgments, rulings and regulations, including those relating to protection of the environment except, in any such case, where failure to comply would not result in a Material Adverse Effect on the business, condition (financial or otherwise) or operations of the Company.

5E. PAYMENT OF TAXES. The Company covenants that it will file or cause to be filed all federal, state and other income tax returns which, to the knowledge of the officers of the Company, are required to be filed, and will pay all taxes as shown on such returns and on all assessments received by it to the extent that such taxes become due, except such taxes as are subject to a Good Faith Contest.

5F. ENFORCEMENT OF MORTGAGE PROVISIONS. The Company covenants that it shall require any Commercial Mortgage Loans originated or acquired by it to contain covenants to the effect that (1) the mortgagor shall obtain and maintain at all times appropriate insurance coverage with respect to the mortgaged property and (2) the mortgagor shall promptly pay and discharge any indebtedness or lawful claims against the mortgaged property which if unpaid would constitute a Lien on such property. The Company further

covenants and agrees that it will use commercially reasonable efforts to enforce such covenants.

6. NEGATIVE COVENANTS. So long as any Note or amount owing under this Agreement shall remain unpaid, the Company covenants that:

6A(1). DEBT SERVICE COVERAGE RATIO. The Company will not, at any time, permit the Debt Service Coverage Ratio to be less than 1.4 to 1.

6A(2). DEBT TO TOTAL ASSETS RATIO. The Company will not permit the ratio of (i) Debt to (ii) the sum of Total Assets plus the cumulative depreciation of any real property assets of the Company to exceed .70 to 1.

6B. RESTRICTED PAYMENTS. The Company covenants that it will not make, pay or declare, or commit to make, pay or declare, any Restricted Payment unless, after giving effect thereto, (i) the aggregate amount of all Restricted Payments made during the twelve month period commencing on the date hereof and expiring on the one (1) year anniversary of the date hereof, and including all previously made Restricted Payments, does not exceed 100% of the lesser of (A) Net Income and (B) Net Income (determined without giving effect to any current income taxes or any change in deferred taxes), in each case, for all such fiscal quarters during such time period on a cumulative basis, and (ii) the aggregate amount of all Restricted Payments made during any fiscal quarter after the expiration of such twelve (12) month period, and including all previously made Restricted Payments, does not exceed 105% of the lesser of (C) Net Income and (D) Net Income (determined without giving effect to any current income taxes or any change in deferred taxes), in each case, for all such fiscal quarters on a cumulative basis, and (iii) no Default or Event of Default exists or would exist after giving effect to such Restricted Payment.

6C. LIENS, DEBT, AND OTHER RESTRICTIONS. The Company will not:

6C(1). LIENS. Create, assume or suffer to exist any Lien upon any of its properties or assets, whether now owned or hereafter acquired, or any income, participation, royalty or profits therefrom (whether or not provision is made for the equal and ratable securing of the Notes in accordance with the provisions of paragraph 5C), except for the Liens specified in clauses (i) through (xi) below (collectively, "PERMITTED LIENS");

(i) Liens for taxes, assessments or other governmental levies or charges not yet due or which are subject to a Good Faith Contest;

(ii) statutory Liens of landlords and Liens of carriers, contractors, warehousemen, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or which are subject to a Good Faith Contest;

(iii) Liens (other than any Lien imposed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) incurred, or deposits made, in the ordinary course of business (A) in connection with workers' compensation, unemployment insurance, old age benefit and other types of social security, (B) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, performance bonds, purchase, construction, government or sales contracts and other similar obligations or (C) otherwise to satisfy statutory or legal obligations; provided, that in each such case such Liens
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(1) were not incurred or made in connection with the incurrence or maintenance of Indebtedness, the borrowing of money, the obtaining of advances or credit, and (2) do not in the aggregate materially detract from the value of the property or assets so encumbered or materially impair the use thereof in the operation of its business;

(iv) Liens existing (A) prior to the time of acquisition upon any property acquired by the Company through purchase, merger or consolidation or otherwise, whether or not expressly assumed by the Company, or (B) placed on property at the time of acquisition by the Company or to secure all or a portion of (or to secure Debt incurred to pay all or a portion of) the purchase price thereof; provided that such Lien shall not have been
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created, incurred or assumed in contemplation of such purchase, merger, consolidation or other event;

(v) Liens now or hereafter required by this Agreement;

(vi) Liens in existence on the date hereof as set forth on Schedule
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6C(1) hereto;

(vii) leases, subleases, licenses and sublicenses granted to third parties not interfering in any material respect with the business of the Company;

(viii) minor survey exceptions or minor encumbrances, easements or reservations, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to use of real property, that are necessary for the conduct of the operations of the Company or that customarily exist on properties of corporations engaged in similar businesses and are similarly situated and that do not in any event materially impair their use in the operations of the Company;

(ix) any attachment or judgment Lien, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay; provided the
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aggregate amount of such attachment or judgment Liens shall not secure obligations in excess of $10,000,000 at any time;

(x) Liens other than those described in clauses (i) through (ix) above that secure Debt permitted by clauses (i) and (ii) of paragraph 6C(2); provided that no Default or Event of Default shall exist and be continuing or shall result therefrom; or

(xi) any Lien renewing, extending or refunding any Lien permitted by clause (x) above.

6C(2). DEBT. Create, incur, assume or in any other way become liable in respect of any Debt, except

(i) the Notes;

(ii) Funded Debt of the Company described in Schedule 6C(2) and outstanding as of the date hereof; and

(iii) additional Funded Debt of the Company in an amount, which when added to all other Funded Debt of the Company then outstanding (but excluding the Funded Debt evidenced by the Notes and the Other EC Notes), does not exceed $1,000,000,000 at any one time outstanding.

6C(3). LOANS, ADVANCES, INVESTMENTS AND CONTINGENT LIABILITIES. Make or permit to remain outstanding any loan or advance to, or extend credit other than credit extended in the normal course of business to any Person who is not an Affiliate of the Company to, or Guarantee, directly or indirectly, in connection with the obligations, stock or dividends of, or own, purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any Person, or commit to do any of the foregoing, (all of the foregoing collectively being "INVESTMENTS"), except for the Investments set forth in clauses (i) through (ix) below (collectively, "PERMITTED INVESTMENTS"):

(i) obligations backed by the full faith and credit of the United States Government (whether issued by the United States Government or an agency thereof), and obligations guaranteed by the United States Government, in each case which mature within one year from the date acquired;

(ii) demand and time deposits with, Eurodollar deposits with or certificates of deposit issued by any commercial bank or trust company (1) organized under the laws of the United States or any of its states or having branch offices therein, (2) having equity capital in excess of $100,000,000 and (3) which issues either (x) senior debt securities rated A or better by S&P, A or better by Moody's or (y) commercial paper rated A-2 or better by S&P or Prime-2 or better by Moody's (or, in either case, an equivalent rating from another nationally recognized credit rating agency) ("RATED BANKS"), in each case payable in the United States in United States dollars and in each case which mature within one year from the date acquired;

(iii) marketable commercial paper and loan participations rated A-1 or better by S&P or P-1 or better by Moody's (or, in either case, an equivalent rating from another nationally recognized credit rating agency) and maturing not more than 270 days from the date acquired;

(iv) bonds, debentures, notes or similar debt instruments issued by a state or municipality given a "AA" rating or better by S&P or an equivalent rating by another nationally recognized credit rating agency and maturing not more than one year from the date acquired;

(v) the loans, investments and advances existing as of the date hereof and listed on Schedule 6C(3) hereto;

(vi) repurchase agreements and similar commercial undertakings for terms of less than one year with any Rated Bank, provided that such
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repurchase agreements or undertakings are secured and collateralized by obligations backed by the full faith and credit of the United States Government in aggregate face amount equal to or greater than the obligations so secured;

(vii) money market mutual funds that (A) are denominated in U.S. Dollars, (B) have average asset maturities not in excess of 365 days, (C) have total invested assets in excess of $1,000,000,000 and (D) invest exclusively in Permitted Investments other than those described in Clause
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(ix) below, or are rated at least BBB- by S&P;

(viii) bonds, debentures, notes or similar debt instruments issued by a corporation organized and existing under the laws of any state of the United States of America or the District of Columbia and having a long term credit rating of BBB-or better from S&P or Baa3 or better from Moody's; and

(ix) Commercial Mortgage Loans and ABS originated, purchased or acquired by the Company in the ordinary course of its business, provided that any such Commercial Mortgage Loan or ABS shall comply with the investment guidelines set forth on Exhibit C hereto at the time of
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origination, purchase, or acquisition by the Company; and further provided, that at all times the Company's portfolio of Investments, taken as a whole, shall be in compliance with such investment guidelines.

6C(4). MERGER AND CONSOLIDATION. Merge or consolidate with any other Person, except that the Company may consolidate or merge with any other corporation if (A) the Company shall be the continuing or surviving corporation and (B) no Default or Event of Default exists or would exist after giving effect to such merger or consolidation.

6C(5). TRANSFER OF ASSETS. Transfer, or agree or otherwise commit to Transfer, a substantial portion of its assets.

6C(6) ISSUANCE OF ADDITIONAL UNSECURED NOTES. Issue any unsecured notes of the Company which are rated lower than the rating of the Notes on the date hereof.

7. EVENTS OF DEFAULT.

7A. ACCELERATION. If any of the following events shall occur and be continuing for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise):

(i) the Company defaults in the payment of any principal of or Yield-Maintenance Amount payable with respect to any Note when the same shall become due, either by the terms thereof or otherwise as herein provided; or

(ii) the Company defaults in the payment of any interest on any Note for more than 10 days after the date due; or

(iii) the Company defaults (whether as primary obligor or as guarantor or other surety) in any payment of principal of or interest on any other Debt (other than secured Debt which is non-recourse to the Company) beyond any period of grace provided with respect thereto, or the Company fails to perform or observe any other agreement, term or condition contained in any agreement under which any such Debt is created (or if any other event thereunder or under any such agreement shall occur and be continuing) and the effect of such failure or other event is to cause, or to permit the holder or holders of such (or a trustee on behalf of such holder or holders) to cause, such Debt to become due (or to be repurchased by the Company) prior to any stated maturity, provided that the aggregate amount of all Debt as to which such a payment default shall occur and be continuing or such a failure or other event causing or permitting acceleration (or resale to the Company) shall occur and be continuing exceeds an amount equal to the lesser of (x) $10,000,000 and (y) 5% of the net assets of the Company as reflected on its most recent balance sheet at the time of determination; or

(iv) any representation or warranty made by or on behalf of the Company or any of its officers herein or in any other writing furnished in connection with or pursuant to this Agreement or the transactions contemplated hereby shall be false in any material respect on the date as of which made; or

(v) the Company fails to perform or observe any agreement contained in paragraph 6; or

(vi) the Company fails to perform or observe any other agreement, term or condition contained herein and such failure shall not be remedied within 30 days after the Company receives written notice of such default from any holder of a Note; or

(vii) the Company makes an assignment for the benefit of creditors or is generally not paying its debts as such debts become due; or

(viii) any decree or order for relief in respect of the Company is entered under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law, whether now or hereafter in effect (herein called the "BANKRUPTCY LAW"), of any jurisdiction; or

(ix) the Company petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Company, or of any substantial part of the assets of the Company, or commences a voluntary case under the Bankruptcy Law of the United States or any proceedings relating to the Company under the Bankruptcy Law of any other jurisdiction; or

(x) any such petition or application is filed, or any such proceedings are commenced, against the Company and the Company by any act indicates its approval thereof, consent thereto or acquiescence therein, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings, and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xi) any order, judgment or decree is entered in any proceedings decreeing the dissolution of the Company and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xii) one or more final judgments in an aggregate amount in excess of $10,000,000 is rendered against the Company and, within 60 days after entry thereof, a solvent insurance carrier or carriers have not confirmed in writing that each such judgment is fully insured or any such judgment is not discharged or execution thereof stayed pending appeal, or within 60 days after the expiration of any such stay, any such judgment is not discharged;

then (a) if such event is an Event of Default specified in clauses (i) or
(ii) of this paragraph 7A, the holder of any Note (other than the Company or any of its Affiliates) may at its option during the continuance of such Event of Default, by notice in writing to the Company, declare such Note to be, and such Note shall thereupon be and become, immediately due and payable at par, together with interest accrued thereon, without presentment, demand, protest or other notice of any kind,

all of which are hereby waived by the Company, (b) if such event is an Event of Default specified in clause (viii), (ix) or (x) of this paragraph 7A, all of the Notes at the time outstanding shall automatically become immediately due and payable, together with interest accrued thereon and the Yield-Maintenance Amount, if any and to the extent permitted by law, with respect to each Note, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company, and (c) with respect to any other event constituting an Event of Default, the Required Holder(s) may, at its or their option, by notice in writing to the Company, declare all of the Notes to be, and all of the Notes shall thereupon be and become, immediately due and payable together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, with respect to each Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company (provided that, so long as any BP Party holds any Note(s), such BP Party may declare its Note(s) to be immediately due and payable with respect to any such other event constituting an Event of Default without the consent or approval of the other Holders).

The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of the Yield-Maintenance Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

7B. RESCISSION OF ACCELERATION. At any time after any or all of the Notes shall have been declared immediately due and payable pursuant to paragraph 7A, the Required Holder(s) may, by notice in writing to the Company, rescind and annul such declaration and its consequences if (i) the Company shall have paid all overdue interest on the Notes, the principal of and Yield-Maintenance Amount, if any, payable with respect to any Notes which have become due otherwise than by reason of such declaration, and interest on such overdue interest and overdue principal and Yield-Maintenance Amount at the applicable rate specified in the Notes, (ii) the Company shall not have paid any amounts which have become due solely by reason of such declaration, (iii) all Events of Default and Defaults, other than non-payment of amounts which have become due solely by reason of such declaration, shall have been cured or waived pursuant to paragraph 11C, and (iv) no judgment or decree shall have been entered for the payment of any amounts due pursuant to the Notes or this Agreement. Notwithstanding the foregoing, so long as any BP Holder holds any Note(s), only such BP Holder shall be permitted to rescind and annul any such declaration with respect to the Note(s) that it holds. No such rescission or annulment shall extend to or affect any subsequent Event of Default or Default or impair any right arising therefrom.

7C. NOTICE OF ACCELERATION OR RESCISSION. Whenever any Note shall be declared immediately due and payable pursuant to paragraph 7A or any such declaration shall be

rescinded and annulled pursuant to paragraph 7B, the Company shall forthwith
give written notice thereof to the holder of each Note at the time outstanding.

7D. OTHER REMEDIES. If any Event of Default shall occur and be continuing, the holder of any Note may proceed to protect and enforce its rights under this Agreement and such Note by exercising such remedies as are available to such holder in respect thereof under applicable law, either by suit in equity or by action at law, or both, whether for specific performance of any covenant or other agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement. No remedy conferred in this Agreement upon the holder of any Note is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or now or hereafter existing at law or in equity or by statute or otherwise.

8. REPRESENTATIONS, COVENANTS AND WARRANTIES. The Company represents, covenants and warrants as follows:

8A. ORGANIZATION. The Company is a corporation duly organized and existing in good standing under the laws of the State of Delaware, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof. The Company has no Subsidiaries.

8B. FINANCIAL STATEMENTS. The Company has furnished you with the unaudited financial statements, certified by a principal financial officer of the Company: a balance sheet of the Company as of June 30, 1998 and statements of income, stockholders' equity and cash flows for the six-month period ended on such date, prepared by the Company. To the Company's knowledge, such financial statements are true and correct in all material respects (subject, as to interim statements, to changes resulting from audits and year-end adjustments), have been prepared in accordance with GAAP consistently followed through out the periods involved and show all liabilities, direct and contingent, of the Company required to be shown in accordance with such principles. To the Company's knowledge, the balance sheets fairly present the condition of the Company as at the dates thereof, and the statements of income, stockholders' equity and cash flows fairly present the results of the operations of the Company and its cash flows for the periods indicated. To the knowledge of the Company, there has been no material adverse change in the business, condition (financial or otherwise) or operations of the Company since June 30, 1998.

8C. ACTIONS PENDING. There is no action, suit, investigation or proceeding pending or, to the knowledge of the Company, threatened against the Company, or any properties or rights of the Company, by or before any court, arbitrator or administrative or

governmental body which (i) might result in a Material Adverse Effect or (ii) purports to affect the validity or enforceability of this Agreement, any Note issued hereunder or the transactions contemplated hereby.

8D. TAXES. The Company has filed all federal, state and other income tax returns which, to the knowledge of the officers of the Company, are required to be filed, and has paid all taxes as shown on such returns and on all assessments received by it to the extent that such taxes have become due, except such taxes as are subject to a Good Faith Contest.

8E. CONFLICTING AGREEMENTS AND OTHER MATTERS. The Company is not a party to any contract or agreement or subject to any charter or other corporate restriction which materially and adversely affects its business, property or assets, or financial condition. Neither the execution nor delivery of this Agreement or the Notes, nor the offering, issuance and sale of the Notes, nor fulfillment of nor compliance with the terms and provisions hereof and of the Notes will materially conflict with, or result in a material breach of the terms, conditions or provisions of, or constitute a default under, or result in any material violation of, or result in the creation of any Lien upon any of the properties or assets of the Company pursuant to, the charter or by-laws of the Company, any award of any arbitrator or any agreement (including any agreement with stockholders), instrument, order, judgment, decree, statute, law, rule or regulation to which the Company is subject. Except as set forth in Schedule 8E
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attached hereto, the Company is not a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company, any agreement relating thereto or any other contract or agreement (including its charter) which limits the amount of, or otherwise imposes restrictions on the incurring of, Debt of the Company of the type to be evidenced by the Notes.

8F. OFFERING OF NOTES. Neither the Company nor any agent acting on its behalf has, directly or indirectly, offered the Notes or any similar security of the Company for sale to, or solicited any offers to buy the Notes or any similar security of the Company from, or otherwise approached or negotiated with respect thereto with, any Person other than Institutional Investors, and neither the Company nor any agent acting on its behalf has taken or will take any action which would subject the issuance or sale of the Notes to the provisions of section 5 of the Securities Act or to the provisions of any securities or Blue Sky law of any applicable jurisdiction.

8G. USE OF PROCEEDS. The Company does not own or have any present intention of acquiring any "margin stock" as defined in Regulation U (12 CFR Part 207) of the Board of Governors of the Federal Reserve System (herein called "MARGIN STOCK"). The proceeds of sale of the Notes will be used to purchase Commercial Mortgage Loans and/or marketable debt securities, including, but not limited to, ABS. None of such proceeds will be used, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any margin stock or for the purpose of maintaining, reducing or retiring any Indebtedness which was originally incurred to purchase or carry any stock that is currently a margin stock or for any other purpose which might constitute this transaction a

"purpose credit" within the meaning of such Regulation U. Neither the Company nor any agent acting on its behalf has taken or will take any action which might cause this Agreement or the Notes to violate Regulation U, Regulation T or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Exchange Act, in each case as in effect now or as the same may hereafter be in effect.

8H. ERISA. The Company has no retirement or employee benefit plans subject to ERISA.

8I. GOVERNMENTAL CONSENT. No circumstance in connection with the offering, issuance, sale or delivery of the Notes is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body in connection with the execution and delivery of this Agreement, the offering, issuance, sale or delivery of the Notes or fulfillment of or compliance with the terms and provisions hereof or of the Notes, if the failure to obtain any such consent would have a Material Adverse Effect.

8J. COMPLIANCE WITH LAWS. The Company and all of its properties and facilities have complied at all times in all material respects with all federal, state, local and regional statutes, laws, ordinances and judicial or administrative orders, judgments, rulings and regulations, except, in any such case, where failure to comply would not result in a Material Adverse Effect on the business, condition (financial or otherwise) or operations of the Company.

8K. INVESTMENT COMPANY STATUS. Neither the Company nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended.

8L. DUE AUTHORIZATION, ETC. This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

8M. DISCLOSURE. Neither this Agreement nor any other document, certificate or statement furnished to you by or on behalf of the Company in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact peculiar to the Company which materially adversely affects or in the future may (so far as the Company can now foresee) materially adversely affect the business, property or assets, or

financial condition of the Company and which has not been set forth in this Agreement or in the other documents, certificates and written statements furnished to you and Boston Properties Limited Partnership, a Delaware limited partnership by or on behalf of the Company prior to the date hereof in connection with the transactions contemplated hereby.

8N. INVESTMENTS. All mortgage loans owned by the Company as of the date of this Agreement are Commercial Mortgage Loans which are not in default beyond any applicable cure periods pursuant to the terms thereof, and the Company has not extended any of the cure periods provided in the loan documents governing, evidencing and securing such Commercial Mortgage Loans and originally executed in connection therewith beyond the applicable cure periods provided in such loan documents.

8O. ENVIRONMENTAL MATTERS. Except as disclosed on Schedule 8O hereto, the Company (i) has complied in all material respects with all applicable Environmental Laws, and the Company has not received (A) notice of any material failure so to comply, (B) any letter or request for information under Section 104 of CERCLA or comparable state laws or (C) any information that would lead it to believe that it is the subject of any federal, state or local investigation concerning Environmental Laws; (ii) does not manage, generate, transport, discharge or store any Hazardous Material in material violation of any material Environmental Laws; (iii) does not own, operate or maintain any underground storage tanks; and (iv) is not aware of any conditions or circumstances associated with its currently or previously owned or leased properties or operations (or those of any tenants of such properties) which may give rise to any liabilities under Environmental Laws which could have a Material Adverse Effect.

9. REPRESENTATIONS OF THE PURCHASER. You represent that you are not acquiring the Notes to be purchased by you hereunder with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act, provided that the disposition of your property shall at all times be and remain within your control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

10. DEFINITIONS; ACCOUNTING MATTERS. For the purpose of this Agreement, the terms defined in paragraphs 10A and 10B (or within the text of any other paragraph) shall have the respective meanings specified therein and all accounting matters shall be subject to determination as provided in paragraph 10C.

10A. YIELD-MAINTENANCE TERMS.

"BUSINESS DAY" shall mean any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed.

"CALLED PRINCIPAL" shall mean, with respect to any Note, the principal of such Note that is to be prepaid pursuant to paragraph 4 or is declared
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to be immediately due and payable pursuant to paragraph 7A, as the context
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requires.

"DISCOUNTED VALUE" shall mean, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (as converted to reflect the periodic basis on which interest on the Notes is payable, if interest is payable other than on a semi-annual basis) equal to the Reinvestment Yield with respect to such Called Principal.

"REINVESTMENT YIELD" shall mean, with respect to the Called Principal of any Note, the offered-side yield to maturity, as of 10:00 a.m. (New York City time) on the Business Day next preceding the Settlement Date with respect to such Called Principal, of the U.S. Treasury security that was used to determine the then Treasury of such Investment Note.

"REMAINING AVERAGE LIFE" shall mean, with respect to the Called Principal of any Note, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) each Remaining Scheduled Payment of such Called Principal (but not of interest thereon) by (b) the number of years (calculated to the nearest one-twelfth year) which will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"REMAINING SCHEDULED PAYMENTS" shall mean, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due on or after the Settlement Date through and including the Rate Reset Date (assuming that the entire principal balance and all accrued interest as of such Rate Reset Date will be repaid on such Rate Reset Date), if the Settlement Date precedes such Rate Reset Date, or alternatively, the Maturity Date if the Settlement Date occurs after the Rate Reset Date.

"SETTLEMENT DATE" shall mean, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to paragraph 4 or is declared to be immediately due and payable pursuant to
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paragraph 7A, as the context requires.

"YIELD-MAINTENANCE AMOUNT" shall mean, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Called Principal of such Note over the sum of (i) such Called Principal plus (ii) to the extent paid on the Settlement Date with the Called Principal, interest accrued thereon as of (including interest due on) the Settlement Date with respect to such Called Principal. The Yield-Maintenance Amount shall in no event be less than zero.

10B. OTHER TERMS.

"ABS" shall mean mortgage, or other asset backed securities.

"AFFILIATE" shall mean any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Company. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

"BANKRUPTCY LAW" shall have the meaning specified in clause (viii) of paragraph 7A.

"BIG FIVE ACCOUNTING FIRM" shall mean any of Arthur Andersen, Deloitte & Touche, KPMG Peat Marwick, PricewaterhouseCoopers and Ernst & Young.

"BP PARTY" shall mean Boston Properties Limited Partnership, a Delaware limited partnership, and any Affiliate thereof, and shall also include, in all events, One Embarcadero Center Venture, a California general partnership.

"CASH FLOW" shall mean, in respect of any period, the sum of (a) Net Income for such period and (b) the amount of all depreciation and amortization allowances and other non-cash expenses of the Company but only to the extent deducted in the determination of Net Income for such period.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

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

"COMMERCIAL MORTGAGE LOANS" shall mean commercial mortgage loans made in substantial conformance with (x) standards prevailing in the commercial loan mortgage marketplace and (y) the guidelines contained in Exhibit C hereto.

"CURRENT DEBT" shall mean, with respect to the Company, all Indebtedness for borrowed money which by its terms or by the terms of any instrument or

agreement relating thereto matures on demand or within one year from the date of the creation thereof and is not directly or indirectly renewable or extendible at the option of the debtor to a date more than one year from the date of the creation thereof, provided that Indebtedness for borrowed money outstanding under a revolving credit or similar agreement which obligates the lender or lenders to extend credit over a period of more than one year shall constitute Funded Debt and not Current Debt, even though such Indebtedness by its terms matures on demand or within one year from the date of the creation thereof.

"DEBT" shall mean Current Debt and Funded Debt.

"DEBT SERVICE" shall mean, with respect to any period, the sum of the following: (a) Interest Charges for such period, and (b) all payments of principal in respect of Debt of the Company paid or payable during such period.

"DEBT SERVICE COVERAGE RATIO" shall mean, at any time of determination, the ratio of (a) Cash Flow for the most recent fiscal quarter to (b) Debt Service for such fiscal quarter.

"DEFAULT" shall mean any of the events specified in paragraph 7A, ------------ whether or not any requirement for such event to become an Event of Default has been satisfied.

"DUFF & PHELPS" shall mean Duff & Phelps Corporation.

"ENVIRONMENTAL LAWS" shall mean all laws relating to pollution, the release or other discharge, handling, disposition or treatment of Hazardous Materials and other substances or the protection of the environment or of employee health and safety, including, without limitation, CERCLA, the Hazardous Material Transportation Act (49 U.S.C. Section 1801 et. seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 7401 et. seq.), the Clean Air Act (42 U.S.C. Section 401 et. seq.), the Toxic Substances Control Act (15 U.S.C. Section 651 et. seq.) and the Emergency Planning and Community Right-To-Know Act (42 U.S.C. Section 11001 et. seq.), each as the same may be amended and supplemented.

"EVENT OF DEFAULT" shall mean any of the events specified in paragraph --------- 7A, provided that there has been satisfied any requirement in connection -- with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act.

"EQUITY REDEMPTION LOAN" shall mean that certain loan in the aggregate principal amount of $328,143,000 by Bankboston. N.A., The Chase Manhattan Bank, Fleet National Bank, PNC Bank, National Association, Dresdner Bank AG New York Branch and Grand Cayman Branch, The Bank of New York, Key Bank

National Association and Citizens Bank (and the other banks which may become parties to the Term Loan Agreement described immediately below) to you, One Embarcadero Center Venture, Three Embarcadero Center Venture and Four Embarcadero Center Venture pursuant to that certain Term Loan Agreement dated as of November 12, 1998.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

"FITCH" shall mean Fitch IVCA, Inc.

"FUNDED DEBT" shall mean, with respect to any Person, all Indebtedness of such Person which by its terms or by the terms of any instrument or agreement relating thereto matures, or which is otherwise payable or unpaid, more than one year from, or is directly or indirectly renewable or extendible at the option of the debtor to a date more than one year (including an option of the debtor under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of more than one year) from, the date of the creation thereof, including current maturities of long-term debt that appear as current liabilities in accordance with GAAP.

"GAAP" shall have the meaning set forth in paragraph 10C.

"GOOD FAITH CONTEST" shall mean, with respect to any tax, assessment, Lien, obligation, claim, liability, judgment, injunction, award, decree, order, law, regulation, statute or similar item, any challenge or contest thereof by appropriate proceedings timely initiated in good faith by the Company for which adequate reserves therefor have been taken in accordance with GAAP.

"GUARANTEE" shall mean, with respect to any Person, any direct or indirect liability, contingent or otherwise, of such Person with respect to any indebtedness, lease, dividend or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted or sold with recourse by such Person, or in respect of which such Person is otherwise directly or indirectly liable, including, without limitation, any such obligation in effect guaranteed by such Person through any agreement (contingent or otherwise) to

(i) purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise);

(ii) maintain the solvency or any balance sheet or other financial condition of the obligor of such obligation; or

(iii) pay the purchase price for goods or services regardless of the non-delivery or non-furnishing thereof, in any such case if the purpose, intent or effect of such agreement is to provide assurance that such obligation will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such obligation will be protected against loss in respect thereof.

The amount of any Guarantee shall be equal to the outstanding principal amount of the obligation guaranteed or such lesser amount to which the maximum exposure of the guarantor shall have been specifically limited.

"HAZARDOUS MATERIALS" shall mean (i) any material or substance defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous material", "toxic substances" or any other formulations intended to define, list or classify substances by reason of their deleterious properties, (ii) any oil, petroleum or petroleum derived substance, (iii) any flammable substances or explosives, (iv) any radioactive materials, (v) asbestos in any form, (vi) electrical equipment that contains any oil or dielectric fluid containing levels or polychlorinated biphenyls in excess of 50 parts per million, (vii) pesticides or (viii) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental agency or authority or which may or could pose a hazard to the health and safety of persons in the vicinity thereof.

"INCLUDING" shall mean, unless the context clearly requires otherwise, "including without limitation".

"INDEBTEDNESS" shall mean, with respect to any Person and without duplication (i) all items (excluding items of contingency reserves or of reserves for deferred income taxes) which in accordance with GAAP would be included in determining total liabilities as shown on the liability side of a balance sheet of such Person as of the date on which Indebtedness is to be determined, other than Preferred Stock of such Person except as set forth in clause (iv) below; (ii) all indebtedness secured by any Lien on, or payable out of the proceeds or production from, any property or asset owned or held by such Person, whether or not the indebtedness secured thereby shall have been assumed, (iii) all indebtedness of third parties, including joint ventures and partnerships of which such Person is a venturer or general partner, recourse to which may be had against such Person, (iv) redemption obligations in respect of mandatorily redeemable Preferred Stock; and (v) all indebtedness and other obligations of others with respect to which such Person has become liable by way of a Guarantee.

"INITIAL TREASURY" shall mean, for any Note, the yield to maturity implied by (i) the bid-side yields reported, as of 10:00am (New York City time) (or, at your election, at such other time as we may mutually agree) on the Business Day next preceding the date upon which such Note is funded, on the display designated as

"Page 678" on the Telerate Access Service, for actively traded U.S. Treasury securities having a maturity equal to the Rate Reset Date of such Note, or if such bid-side yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the Treasury Constant Maturity Series bid-side yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the date upon which such Note is funded in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Rate Reset Date of such Note. Such implied yields shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities. Notwithstanding the foregoing, subject to the Company's written approval (which approval shall not be unreasonably withheld or delayed), you shall be entitled to select a different actively traded U.S. Treasury security (which shall have a maturity date approximately equal and reasonably comparable to the first Rate Reset Date of such Note) the bid-side yield to maturity of which shall be the Initial Treasury for purposes of such Note; provided, however, that if you select a different U.S.
Treasury security which is approved by the Company pursuant to the foregoing or if a time other than 10:00 a.m. is used to determine the Initial Treasury, then the Margin for such Note shall be adjusted so that the interest rate on such Investment Note is no different than if you had not exercised your rights pursuant to this sentence to select a different U.S. Treasury or to agree to a different time for determining the Initial Treasury. Schedule 1 sets forth the definitive Initial Treasury for each Note.

"INSTITUTIONAL INVESTOR" shall mean any insurance company, commercial, investment or merchant bank, finance company, mutual fund, registered money or asset manager, savings and loan association, credit union, registered investment advisor, pension fund, investment company, licensed broker-dealer, "qualified institutional buyer" (as such term is defined under Rule 144A promulgated under the Securities Act, or any successor law, rule or regulation) or "accredited investor" (as such term is defined under Regulation D promulgated under the Securities Act, or any successor law, rule or regulation).

"INTANGIBLES" shall mean, without duplication, all Intellectual Property and operating agreements, treasury stock, deferred or capitalized research and development costs, goodwill (including any amounts, however designated, representing the cost of acquisition of business and investments in excess of the book value thereof), unamortized debt discount and expense, any write-up of asset value after June 30, 1997 and any other amounts reflected in contra-equity accounts, and any other assets treated as intangible assets under GAAP.

"INTELLECTUAL PROPERTY" shall mean all patents, trademarks, service marks, trade names, copyrights, brand names, mechanical or technical processes and

paradigms, know-how, and similar intellectual property and applications, licenses and similar rights in respect of the same.

"INTEREST CHARGES" shall mean, with respect to any period, the sum (without duplication) of the following: (a) all interest in respect of Debt of the Company deducted in determining Net Income for such period, and (b) all debt discount and expense amortized or required to be amortized in the determination of Net Income for such period.

"INVESTMENTS" shall have the meaning provided in paragraph 6C(3).

"LIEN" shall mean any mortgage, pledge, security interest, encumbrance, minimum or compensating deposit arrangement, lien (statutory or otherwise) or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction) or any other type of preferential arrangement for the purpose, or having the effect, of protecting a creditor against loss or securing the payment or performance of an obligation.

"MARGIN" shall mean, for any Note, 165 basis points; provided that, if you select, for purposes of determining the Initial Treasury, a different U.S. Treasury security from the U.S Treasury selected by the Company or if a time other than 10:00 a.m. is used to determine the Initial Treasury, in either case pursuant to your rights as described in the definition of Initial Treasury, then the Margin during the period of time commencing on the funding of the Investment Note until the first Rate Reset Date thereunder shall be adjusted as described in the last sentence of the definition of Initial Treasury and, from and after the first Rate Reset Date, the Margin shall again adjust to equal 165 basis points. Schedule 1 sets forth the definitive initial Margin for each Note through the first Rate Reset Date of each Note.

"MATERIAL ADVERSE EFFECT" shall mean (i) a material adverse effect on the business, assets, liabilities, operations, prospects or condition, financial or otherwise, of the Company, (ii) material impairment of the Company to perform any of its obligations under the Agreement and the Notes or (iii) material impairment of the validity or enforceability or the rights of, or the benefits available to, the holders of the Notes under this Agreement or the Notes.

"MATURITY DATE" shall have the meaning set forth in paragraph 1 hereof.

"MOODY'S" shall mean Moody's Investors Services, Inc., including the NCO/Moody's Commercial Division, or any successor Person.

"NET INCOME" shall mean, as to any period, consolidated gross revenues of the Company less all operating and non-operating expenses of the Company for such period, including all charges of a proper character (including current and deferred taxes on income, provision for taxes on unremitted foreign earnings which are included in gross revenues, and current additions to reserves), but not including in gross revenues the following:

(i) any gains (net of expenses and taxes applicable thereto) in excess of losses resulting from the Transfer of capital assets (i.e., assets other than current assets);

(ii) any gains resulting from the write-up of assets;

(iii) any equity of the Company in the undistributed earnings (but not losses) of any corporation which is not a Subsidiary;

(iv) any earnings or losses of any Person acquired by the Company through purchase, merger, consolidation or otherwise for any fiscal period prior to the fiscal period in which the acquisition occurs;

(v) gains or losses from the acquisition of securities or the retirement or extinguishment of Debt;

(vi) gains on collections from insurance policies or settlements;

(vii) any income or gain during such period from any change in accounting principles, from any discontinued operations or the disposition thereof, from any extraordinary items or from any prior period adjustment;

(viii) in the case of a successor to the Company by consolidation or merger or as a transferee of its assets, any earnings of the successor corporation prior to such consolidation, merger or transfer of assets.

If the preceding calculation results in a number less than zero, such amount shall be considered a net loss.

"OFFICER'S CERTIFICATE" shall mean a certificate signed in the name of the Company by its President, one of its Vice Presidents or its Treasurer.

"OTHER EC NOTES" shall mean those certain senior promissory notes of the Company issued by the Company on the date hereof to (a) One Embarcadero Center Venture in the aggregate principal amount of $88,200,000 (b) Three Embarcadero Center Venture in the aggregate principal amount of $76,897,000 and (c) Four Embarcadero Center Venture in the aggregate principal amount of $143,119,000.

"PERMITTED INVESTMENTS" shall have the meaning set forth in paragraph 6C(3).

"PERMITTED LIENS" shall have the meaning set forth in paragraph 6C(1).

"PERSON" shall mean and include an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and a government or any department or agency thereof.

"PHASE ONE" shall mean the closing and consummation of the transactions described in that certain Master Transaction Agreement dated as of September 28, 1998, by and among Prudential, PIC Realty Corporation, Fedmark Corporation, Embarcadero Center Investors Partnership, Pacific Property Services, L.P., the Persons listed on Exhibit A-1 attached thereto, Boston Properties Limited Partnership and Boston Properties, Inc., which are to be consummated on the "Closing Date" (as defined in such Master Transaction Agreement).

"PRUDENTIAL" shall mean The Prudential Insurance Company of America, a New Jersey mutual insurance company.

"PRUDENTIAL GUARANTIED LOAN" shall mean that certain loan in the aggregate principal amount of $92,000,000 by The Chase Manhattan Bank and/or any of its subsidiaries or affiliates (the "BANK") to you, One Embarcadero Center Venture, Three Embarcadero Center Venture and Four Embarcadero Center Venture pursuant to that certain Term Loan Agreement dated as of November 12, 1998.

"RATE RESET DATE", with respect to any Note, shall have the meaning set forth in such Note.

"RATED BANK" shall have the meaning set forth in paragraph 6C(3)(ii).

"RELEASE" shall mean any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, leaching or migration into the indoor or outdoor environment, including, without limitation, the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or subsurface strata, in violation of applicable law or prudent business practice.

"REQUIRED HOLDER(S)" shall mean the holder or holders of at least 51% of the aggregate principal amount of the Notes from time to time outstanding, but shall include, in any event, the BP Parties so long as any BP Party holds a direct or indirect interest in any Note.

"RESET TREASURY" shall mean the yield to maturity implied by (i) the yields reported, as of 10:00am (New York City time) on the Business Day next preceding

the Rate Reset Date for any Note, on the display designated as "Page 678" on the Telerate Access Service, for actively traded U.S. Treasury securities having a maturity equal to the earlier to occur of the next Rate Reset Date provided for in such Note (if any) and the Maturity Date of such Note, or if such yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the Treasury Constant Maturity Series yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the Rate Reset Date in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the earlier to occur of the next Rate Reset Date provided for in such Note (if any) or the Maturity Date of such Note. Such implied yields shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities.

"RESPONSIBLE OFFICER" shall mean the chief executive officer, chief operating officer, chief financial officer or chief accounting officer of the Company or any other officer of the Company involved principally in its financial administration or its controllership function.

"RESTRICTED INVESTMENT" shall mean any Investment other than a Permitted Investment.

"RESTRICTED PAYMENTS" shall mean any of the following (provided that, notwithstanding anything to the contrary stated below, the term "Restricted Payments" does not include any distribution of capital gains by the Company to its shareholders):

(i) any dividend on any class of the Company's capital stock at any time after the date hereof;

(ii) any other distribution on account of any class of the Company's capital stock;

(iii) any redemption, purchase or other acquisition, direct or indirect, of any shares of the Company's capital stock;

(iv) any unscheduled payment of principal of, or retirement, redemption, purchase or other acquisition of, any subordinated debt, including subordinated debt that is convertible into equity of the Company;

(v) any Restricted Investment;

"S&P" shall mean Standard and Poor's Corporation, or any successor Person.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SHAREHOLDER" shall mean and include any Person who owns, beneficially or of record, directly or indirectly, at any time during any year with respect to which a computation is being made 5% or more of the outstanding voting stock of the Company.

"SIGNIFICANT HOLDER" shall mean (i) any BP Party, so long as any BP Party shall hold (or be committed under this Agreement to purchase) any Note, or (ii) any other holder of at least 5% of the aggregate principal amount of the Notes from time to time outstanding.

"SUBSIDIARY" shall mean any corporation or other entity at least 51% of the total combined voting power of all classes of Voting Stock or similar securities of which shall, at the time as of which any determination is being made, be owned by the Company either directly or through Subsidiaries.

"TOTAL ASSETS" shall mean, as at any time of determination, the total assets of a Person recorded on a balance sheet of such Person prepared in accordance with GAAP.

"TRANSFER" shall mean, with respect to any item, the sale, exchange, conveyance, lease, transfer or other disposition of such item.

"TRANSFEREE" shall mean any direct or indirect transferee of all or any part of any Note purchased by you under this Agreement.

"TREASURY" shall mean, for any Note, the Initial Treasury or the then Reset Treasury, as the case may be, upon which the Margin under such Note is added to obtain the interest rate of such Note.

"VOTING STOCK" shall mean, with respect to any corporation, any shares of stock of such corporation whose holders are entitled under ordinary circumstances to vote for the election of directors of such corporation (irrespective of whether at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency), and, with respect to any other entity, any similar security of such entity.

10C. ACCOUNTING AND LEGAL PRINCIPLES, TERMS AND DETERMINATIONS. All references in this Agreement to "GAAP" shall mean generally accepted accounting principles, as in effect in the United States from time to time. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all unaudited financial statements and certificates and reports as to financial matters required to be furnished hereunder shall be

prepared, in accordance with GAAP (except as set forth in the next succeeding sentence of this paragraph 10C), applied on a basis consistent with the most recent audited financial statements of the Company delivered pursuant to paragraph 5A(i) or (ii) or, if no such statements have been so delivered, the most recent audited financial statements referred to in clause (i) of paragraph 8B. Notwithstanding the foregoing, however, quarterly financial statements shall not include notes to financial statements and to that extent such statements will not have been prepared in accordance with GAAP. Any reference herein to any specific citation, section or form of law, statute, rule or regulation shall refer to such new, replacement or analogous citation, section or form should citation, section or form be modified, amended or replaced.

11. MISCELLANEOUS.

11A. NOTE PAYMENTS. The Company agrees that, so long as you shall hold any Note, it will make payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to such Note, which comply with the terms of this Agreement, by wire transfer of immediately available funds for credit (not later than 12:00 noon, New York City time, on the date due) to your account or accounts as specified in the Purchaser Schedule attached hereto, or such other account or accounts in the United States as you may designate in writing, notwithstanding any contrary provision herein or in any Note with respect to the place of payment. You agree that, before disposing of any Note, you will make a notation thereon (or on a schedule attached thereto) of all principal payments previously made thereon and of the date to which interest thereon has been paid. Upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office. The Company agrees to afford the benefits of this paragraph 11A to any Transferee which shall have made the same agreement as you have made in this paragraph 11A.

11B. EXPENSES. The Company agrees, whether or not the transactions contemplated hereby shall be consummated, to pay, and save you and any Transferee harmless against liability for the payment of, all reasonable out-of-pocket costs and expenses arising in connection with such transactions, including:

(i) (A) all stamp and documentary taxes and similar charges and (B) costs of obtaining a private placement number for the Notes in each case as a result of the execution and delivery of this Agreement or the issuance of the Notes;

(ii) document production and duplication charges and the reasonable fees and expenses of any special counsel engaged by you or such Transferee in connection with this Agreement and the transactions contemplated hereby;

(iii) the costs and expenses, including reasonable attorneys' fees, incurred by you or such Transferee in enforcing any rights under this Agreement or the Notes; and

(iv) any judgment, liability, claim, order, decree, cost, fee, expense, action or obligation resulting directly from the consummation of the transactions contemplated hereby, including the use of the proceeds of the Notes by the Company;

provided that the Company shall not be responsible for (1) any of your expenses or those of a Transferee incurred solely in connection with any transfer of any Note or (2) the fees and expenses of more than one counsel for the holders of the Notes, except to the extent the Required Holders determine that (a) either legal advice is needed in a jurisdiction other than that specified in paragraph 11L or (b) there exists a conflict of interest amongst the holders of the Notes. The obligations of the Company under this paragraph 11B shall survive the transfer of any Note or portion thereof or interest therein by you or any Transferee and the payment of any Note.

11C. CONSENT TO AMENDMENTS. This Agreement may be amended, and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Company shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s); except that, (i) without the written consent of the holder or holders of all Notes at the time outstanding, no amendment to this Agreement shall change the maturity of any Note, or change the principal of, or the rate, method of computation or time of payment of interest on or any Yield-Maintenance Amount payable with respect to any Note, or affect the time, amount or allocation of any prepayments, or change the proportion of the principal amount of the Notes required with respect to any consent, amendment, waiver or declaration, and (ii) so long as any BP Holder holds any Note(s), no amendment, action or omission to act shall amend, modify or otherwise affect such BP Party's rights under the Note(s) that it holds (or its rights under this Agreement to the extent relating to such BP Party's Note(s)) without such BP Party's written consent. Each holder of any Note at the time or thereafter outstanding shall be bound by any consent authorized by this paragraph 11C, whether or not such Note shall have been marked to indicate such consent, but any Notes issued thereafter may bear a notation referring to any such consent. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein and in the Notes, the term "this Agree ment" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

11D. FORM, REGISTRATION, TRANSFER AND EXCHANGE OF NOTES; LOST NOTES. The Notes are issuable as registered notes without coupons in denominations of at least $1,000,000, except as may be necessary to (i) reflect any principal amount not evenly divisible by $1,000,000 or (ii) enable the registration of transfer by a holder of its entire holding of Notes. The Company shall keep at its principal office a register in which the

Company shall provide for the registration of Notes and of transfers of Notes. Upon surrender for registration of transfer of any Note at the principal office of the Company, the Company shall, at its expense, execute and deliver one or more new Notes of like tenor and of a like aggregate principal amount, registered in the name of such transferee or transferees. At the option of the holder of any Note, such Note may be exchanged for other Notes of like tenor and of any authorized denominations, of a like aggregate principal amount, upon surrender of the Note to be exchanged at the principal office of the Company. Whenever any Notes are so surrendered for exchange, the Company shall, at its expense, execute and deliver the Notes which the holder making the exchange is entitled to receive. Every Note surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the holder of such Note or such holder's attorney duly authorized in writing. Any Note or Notes issued in exchange for any Note or upon transfer thereof shall carry the rights to unpaid interest and interest to accrue which were carried by the Note so exchanged or transferred, so that neither gain nor loss of interest shall result from any such transfer or exchange. Upon receipt of written notice from the holder of any Note of the loss, theft, destruction or mutilation of such Note and, in the case of any such loss, theft or destruction, upon receipt of such holder's indemnity agreement (which shall be unsecured if such holder is an Institutional Investor whose senior debt securities are rated BBB- or Baa3 or better by S&P or Moody's, respectively, and, otherwise, which shall be unsecured unless the Company requests in writing that such indemnity agreement be secured), or in the case of any such mutilation upon surrender and cancellation of such Note, the Company will make and deliver a new Note, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Note. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes.

11E. TRANSFER OF NOTES; PERSONS DEEMED OWNERS. Subject to the next succeeding sentence, you may transfer any Note or portion thereof in your sole discretion; provided, however, that any Transferee shall be an Institutional Investor. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name any Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of, interest on and any Yield-Maintenance Amount payable with respect to such Note and for all other purposes whatsoever, whether or not such Note shall be overdue, and the Company shall not be affected by notice to the contrary.

11F. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT. All representations and warranties contained herein or made in writing by or on behalf of the Company in connection herewith shall survive the execution and delivery of this Agreement and the Notes, the transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any Transferee, regardless of any investigation made at any time by or on behalf of you or any Transferee. Subject to the preceding

sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings between you and the Company relating to the subject matter hereof, and the Company shall not be affected by notice to the contrary. No provision of this Agreement shall be interpreted for or against any party because that party or its legal representative drafted the provision.

11G. SUCCESSORS AND ASSIGNS. All covenants and other agreements in this Agreement contained by or on behalf of either of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto (including, without limitation, any Transferee) whether so expressed or not.

11H. NOTICES. All written communications provided for hereunder shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (i) if to you, addressed to you at the address specified for such communications in the Purchaser Schedule attached hereto, or at such other address as you shall have specified to the Company in writing, (ii) if to any other holder of any Note, addressed to such other holder at such address as such other holder shall have specified to the Company in writing or, if any such other holder shall not have so specified an address to the Company, then addressed to such other holder in care of the last holder of such Note which shall have so specified an address to the Company, and (iii) if to the Company, addressed to it at Prudential Realty Group, 8 Campus Drive, Parsippany, New Jersey 07054, Attention: John Triece, or at such other address as the Company shall have specified to the holder of each Note in writing; provided, however, that any such communication to the Company may also, at the option of the holder of any Note, be delivered by any other means either to the Company at its address specified above or to any officer of the Company.

11I. PAYMENTS DUE ON NON-BUSINESS DAYS. Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day. If the date for any payment is extended to the next succeeding Business Day by reason of the preceding sentence, the period of such extension shall be included in the computation of the interest payable on such Business Day.

11J. SATISFACTION REQUIREMENT. If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement required to be satisfactory to you or to the Required Holder(s), the determination of such satisfaction shall be made by you or the Required Holder(s), as the case may be, in the reasonable judgment of the Person or Persons making such determination.

11K. INDEMNIFICATION. The Company hereby agrees to indemnify you and your directors, officers, employees and agents from, and hold each of them harmless against, any and all losses, liabilities, claims, damages and expenses arising out of or by reason of any investigation or litigation or other proceeding relating to this Agreement, the Notes or the transactions contemplated hereby, including, without limitation, the reasonable fees and

disbursements of counsel incurred in connection with any such investigation or litigation or other proceedings (but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified).

11L. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York.

11M. SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11N. DESCRIPTIVE HEADINGS. The descriptive headings of the several paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

11O. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument.

(Remainder of Page Intentionally Left Blank)

If you are in agreement with the foregoing, please sign the form of acceptance on the enclosed counterpart of this letter and return the same to the Company, whereupon this letter shall become a binding agreement between the Company and you.

Very truly yours,

PRUDENTIAL REALTY
SECURITIES, INC.

By: /s/ Paul D. Egan

Name: Paul D. Egan
Title: Vice President

By:_____
Name:_____
Title:_____

The forgoing Agreement is
hereby accepted as of the
date first above written

EMBARCADERO CENTER ASSOCIATES, a
California General Partnership

By: BOSTON PROPERTIES LLC, as
Managing General Partner

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, as Manager

By: BOSTON PROPERTIES, INC.,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

EXHIBIT A

[FORM OF NOTES]

PRUDENTIAL REALTY SECURITIES, INC.

SENIOR NOTE DUE _____, 200_

No. _____ [Date]
$_____

FOR VALUE RECEIVED, the undersigned, PRUDENTIAL REALTY SECURITIES, INC. (the "COMPANY"), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to EMBARCADERO CENTER ASSOCIATES, a California general partnership, or registered assigns, the principal sum of _____ DOLLARS ($_____) on _____, ____ (the "Maturity Date"), with interest (computed on the basis of a 360-day year comprised of 12 30-day months) on the unpaid balance thereof at the rate of ____% per annum from the date hereof through and including _____, ___ (the "RATE RESET DATE") and thereafter through and including the Maturity Date, at a rate of interest per annum equal to the sum of (i) _____ basis points, and (ii) the Reset Treasury, as defined in the Note Agreement. All such interest shall be payable semiannually on the 15/th/ day of June and December in each year, commencing with the first such date next succeeding the date hereof, until the principal hereof shall have become due and payable, and shall be payable on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Yield-Maintenance Amount (as defined in the Note Agreement), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the lesser of (a) the maximum rate permitted by applicable law and (b) 2.0% over the interest rate then in effect under this Note in accordance with the foregoing terms and provisions.

Payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to this Note are to be made in immediately available funds, in lawful money of the United States of America, by wire transfer to [_____] at [NAME OF BANK] in [New York City], ABA #_____, Account # _____, or to such other account or place as the registered holder hereof shall designate to the Company in writing.

This Note is one of a series of Senior Notes (the "NOTES") issued pursuant to a Note Agreement, dated as of November 12, 1998 (the "NOTE AGREEMENT"), between the Company and One Embarcadero Center Venture and is entitled to the benefits thereof.

This Note is a registered Note and, as provided in the Note Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written

instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company -may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Note Agreement.

If an Event of Default, as defined in the Note Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Note Agreement.

The Company and any and all endorsers, guarantors and sureties severally waive grace, demand, presentment for payment, notice of dishonor or default, notice of intent to accelerate, notice of acceleration (to the extent set forth in the Note Agreement), protest and diligence in collecting.

THIS NOTE IS INTENDED TO BE PERFORMED IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAW OF SUCH STATE.

PRUDENTIAL REALTY SECURITIES, INC.

By_____
[Vice] President

By_____
Treasurer

EXHIBIT C

INVESTMENT GUIDELINES

1. Invest only in investment grade fixed income assets that:

a) are current in payment and not in default (subject to cure periods):

b) minimally provide for interest payments which are (i) monthly in the case of "non securities" investments (i.e., whole mortgage loans) or (ii) semi-annually in the case of "securities" investments (i.e. ABS):

c) have a maturity date which is at least thirty months beyond the asset purchase date:

d) include prepayment premiums providing for yield maintenance or the substantial equivalent: and

e) on an individual basis, do not exceed 7% of the total portfolio.

2. Make more than 80% of all investment in assets directly secured by first mortgages. In addition: (a) no such assets may have a "loan to value" ratio which exceeds 80%, and at least 90% of such assets shall have a "loan to value" ratio which is 75% or less and (b) the overall portfolio of such assets shall be geographically diverse.

Exhibit 99.13

PRUDENTIAL REALTY SECURITIES, INC.
8 CAMPUS DRIVE
PARSIPPANY, NEW JERSEY 07054

As of November 12, 1998

THREE EMBARCADERO CENTER VENTURE
C/O BOSTON PROPERTIES, INC.
8 ARLINGTON STREET
BOSTON, MASSACHUSETTS 02116-3495
ATTN: GENERAL COUNCIL

Ladies and Gentlemen:

The undersigned, PRUDENTIAL REALTY SECURITIES, INC. (herein called the "COMPANY"), hereby agrees with you as follows:

1. AUTHORIZATION OF ISSUE OF NOTES. The Company will authorize the issue of up to eight (8) of its senior promissory notes in the aggregate principal amount of $76,897,000, to be dated the date of issue thereof, to mature in the case of each Note so issued, subject to the terms and provisions of the next sentence below, not more than 15 years after the date of original issuance thereof as set forth in each such Note (the "MATURITY DATE") and listed on Schedule 1 attached hereto, to bear interest on the unpaid balance thereof from
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the date thereof until the Rate Reset Date or, if such Note does not have a Rate Reset Date, the Maturity Date for each such Note at the rate per annum equal to the Initial Treasury plus the Margin, and from the Rate Reset Date (if any) of any such Note until the principal thereof shall have become due and payable at the rate per annum equal to the Reset Treasury plus the Margin, and to have such other particular terms, as shall be specified herein and therein, and to be substantially in the form of Exhibit A attached hereto. Notwithstanding the
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foregoing, each Note shall either mature or have a Rate Reset Date within ten (10) years after the date of original issuance of such Note. The term "Notes" as used herein shall include each such senior promissory note delivered pursuant to any provision of this Agreement and each such senior promissory note delivered in substitution or exchange for any other Note pursuant to any such provision.

2. PURCHASE AND SALE OF NOTES. The Company hereby agrees to sell to you and, subject to the terms and conditions herein set forth, you agree to purchase from the Company, Notes in the aggregate principal amount of $76,897,000 at 100% of such

aggregate principal amount. The Company will deliver to you, at the offices of O'Melveny & Myers LLP at 275 Battery Street, Suite 2600, San Francisco, California, (or such other location to be determined by mutual agreement between the Company and you) one or more Notes registered in your name, evidencing the aggregate principal amount of Notes to be purchased by you and in the denomination or denominations specified in the Purchaser Schedule attached hereto, against payment of the purchase price thereof by transfer of immediately available funds for credit to the Company's account #890-0305-525 at The Bank of New York, New York, New York, ABA No. 021-000-018 on the date of closing, which shall be November 12, 1998 or any other date on or before November 13, 1998 upon which the Company and you may mutually agree (herein called the "CLOSING" or the "DATE OF CLOSING").

3. CONDITIONS OF CLOSING. Your obligation to purchase and pay for the Notes to be purchased by you hereunder is subject to the satisfaction, on or before the date of closing, of the following conditions:

3A. EXECUTION AND DELIVERY OF DOCUMENTS. The Company shall have delivered, or cause to be delivered, to you duly executed, original or certified copies of the following documents, each to be dated the date of closing unless otherwise indicated:

(i) the Note(s), originally executed and in substantially the form of Exhibit A attached hereto.

(ii) a favorable opinion of Deborah Shulevitz, Esq., counsel to the Company (or such other counsel designated by the Company and acceptable to you) satisfactory to you and substantially in the form of Exhibit B
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attached hereto and as to such other matters as you may reasonably request.

(iii) the Certificate of Incorporation of the Company certified as of a date within 10 Business Days of closing by the Secretary of State of Delaware.

(iv) the Bylaws of the Company certified by the Secretary of the Company.

(v) an incumbency certificate signed by the Secretary or an Assistant Secretary of the Company certifying as to the names, titles and true signatures of the officers of the Company authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder.

(vi) a certificate of the Secretary or Assistant Secretary of the Company (A) attaching resolutions of the Board of Directors of the Company evidencing approval of the transactions contemplated by this Agreement and the issuance of the Notes and the execution, delivery and performance thereof, and authorizing certain officers to execute and deliver the same, and certifying that such resolutions

were duly and validly adopted at a meeting duly noticed and held and such resolutions have not since been amended, revoked or rescinded, (B) certifying that no dissolution or liquidation proceedings as to the Company have been commenced or are contemplated, and (C) identifying and attaching any proposed or effected amendments to or changes in the Certificate of Incorporation of the Company since the date of the certified copies thereof provided pursuant to clause (iii) above or, if none, so certifying.

(vii) (A) the representations and warranties contained in paragraph 8 shall be true on and as of the date of closing, except to the
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extent of changes caused by the transactions herein contemplated; (B) there shall exist on the date of closing no Event of Default or Default and no Event of Default or Default will occur by reason of or immediately following the sale of the Notes hereunder; (C) no condition, event or act that has had or would have a Material Adverse Effect has occurred since December 31, 1997, and (D) you shall have received an Officer's Certificate certifying as to all of the foregoing.

(viii) a corporate good standing certificate as to the Company from the State of New Jersey.

(xi) additional documents or certificates with respect to such legal matters or corporate or other proceedings related to the transactions contemplated hereby as may be reasonably requested by you.

3B. PURCHASE PERMITTED BY APPLICABLE LAWS. The purchase of and payment for the Notes to be purchased by you on the date of closing on the terms and conditions herein provided (including the use of the proceeds of such Notes by the Company) shall not violate any applicable law or governmental regulation (including, without limitation, Section 5 of the Securities Act or Regulation T, U or X of the Board of Governors of the Federal Reserve System) and shall not subject you to any tax, penalty, liability or other onerous condition under or pursuant to any applicable law or governmental regulation, and you shall have received such certificates or other evidence as you may request to establish compliance with this condition.

3C. PROCEEDINGS. All corporate and other proceedings taken or to be taken in connection with the transactions contemplated hereby and all documents incident thereto shall be satisfactory in substance and form to you, and you shall have received all such counterpart originals or certified or other copies of such documents as you may reasonably request.

3D. RATING. The Company shall have obtained a rating of the Notes, as of a date not more than 30 days prior to the closing hereof, of A or better from S&P and the equivalent rating from Fitch and shall provide written evidence of the same.

3E. PHASE ONE TRANSACTIONS. Phase One of the transactions shall have been completed or shall be consummated concurrently with the consummation of the transactions described herein.

3F. EQUITY REDEMPTION AND PRUDENTIAL GUARANTIED LOANS. You shall have obtained the Prudential Guarantied Loan and Equity Redemption Loan or the closing of such loans shall occur concurrently with the closing of the transactions contemplated herein; and the lenders of the Prudential Guarantied Loan and Equity Redemption Loan shall have made available to you in full the proceeds of the Prudential Guarantied Loan and Equity Redemption Loan.

4. PREPAYMENTS. The Notes are not prepayable during the first year of the term thereof. The Notes shall be subject to prepayment, in whole or in part at any time after the first anniversary date of this Agreement, at the option of the Company, at 100% of the principal amount so prepaid plus accrued interest thereon to the prepayment date and the Yield-Maintenance Amount, if any, under the applicable Note with respect to the principal amount so prepaid; provided, however, that any prepayment, whether in whole or in part, made on a Rate Reset Date shall be payable without any Yield-Maintenance Amount. If the Company elects to prepay any of the Notes at any time while any BP Party holds any Notes, the Company shall first offer to prepay all Notes then held by such BP Party(ies) before offering to prepay any Notes held by any other Person. Within three (3) business days after delivery to it of any such offer of prepayment, each such BP Party shall provide the Company written notice of its election to either have such BP Party's Notes prepaid first or to have the Notes held by other Persons prepaid prior to the Notes held by such BP Party; provided that, -------- ---- notwithstanding the election of any such BP Party to have Notes held by other Persons paid first, the Company may prepay any portion of such BP Party's Notes once the Company has prepaid in full all Notes held by such other Persons. The failure of any BP Party to provide such notice to the Company within such three (3) business day period shall be deemed an election to prepay such BP Party's Notes first.

5. AFFIRMATIVE COVENANTS.

5A. FINANCIAL STATEMENTS. The Company covenants that it will deliver to each Significant Holder in duplicate:

(i) as soon as practicable and in any event within 60 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, statements of income, cash flows and shareholders' equity of the Company for the period from the beginning of the current year to the end of such quarterly period, and a balance sheet of the Company as at the end of such quarterly period, setting forth in comparative form statements of income and cash flows for the corresponding period in the preceding year, all in reasonable detail and certified by an authorized financial officer of the Company, subject to changes resulting from year-end adjustments;

(ii) as soon as practicable and in any event within 120 days after the end of each fiscal year, statements of income, cash flows and shareholders' equity of the Company for such year, and a balance sheet of the Company as at the end of such year, all prepared in accordance with GAAP, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit, all in reasonable detail and satisfactory in form to the Required Holder(s)' and reported on by a Big Five Accounting Firm selected by the Company whose report shall be without limitation as to the scope of the audit and reasonably satisfactory in substance to the Required Holder(s) and shall be certified by such Big Five Accounting Firm to its knowledge with its unqualified opinion;

(iii) promptly upon transmission thereof, copies of all such financial statements, proxy statements, notices and reports as it shall send to its stockholders;

(iv) promptly upon receipt thereof, a copy of each other report or management letter submitted to the Company by its independent public accountants in connection with any annual, interim or special audit made by them of the books of the Company;

(v) such other financial data and other information as the Company regularly provides to its other lenders, other holders of Debt or other creditors; and

(vi) with reasonable promptness, such other information and documents as such Significant Holder may reasonably request.

Together with each delivery of financial statements required by clauses (i) and (ii) above, the Company will deliver to each Significant Holder an Officer's Certificate demonstrating (with computations in reasonable detail) compliance by the Company and its Subsidiaries with the provisions of paragraph 6A and stating that there exists no Event of Default or Default, or, if any Event of Default or Default exists, specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto. Together with each delivery of financial statements required by clause (ii) above, the Company will deliver to each Significant Holder a certificate of such accountants stating that, in making the audit necessary for their report on such financial statements, they have obtained no knowledge of any Event of Default or Default, or, if they have obtained knowledge of any Event of Default or Default, specifying the nature and period of existence thereof. Such accountants, however, shall not be liable to anyone by reason of their failure to obtain knowledge of any Event of Default or Default which would not be disclosed in the course of an audit conducted in accordance with generally accepted auditing standards.

The Company also covenants that promptly after any Responsible Officer obtains knowledge of an Event of Default or Default, it will deliver to each Significant Holder an Officer's Certificate specifying the nature and period of existence thereof and what action the Company has taken, is taking or proposes to take with respect thereto.

5B. INSPECTION OF BOOKS AND RECORDS. The Company covenants that it will permit any Person designated by any Significant Holder in writing, at such Significant Holder's expense, to visit the Company's place of business to examine the corporate books and financial records of the Company and make copies thereof or extracts therefrom and to discuss the affairs, finances and accounts of the Company with the principal officers thereof and its independent public accountants, all at such reasonable times and as often as such Significant Holder may reasonably request; provided, however that disclosure of any
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confidential or material non-public information of the Company requested by such Person may be reasonably conditioned on such Person's execution and delivery of a confidentiality agreement in form and substance acceptable to Company.

5C. COVENANT TO SECURE NOTE EQUALLY. The Company covenants that if it shall create or assume any Lien upon any of its property or assets, whether now owned or hereafter acquired, other than Liens permitted by the provisions of paragraph 6C(1) (unless prior written consent to the creation or assumption
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thereof shall have been obtained pursuant to paragraph 11C), it will make or
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cause to be made effective provision whereby the Notes will be secured by such Lien equally and ratably with any and all other Debt thereby secured so long as any such other Debt shall be so secured; provided that the creation and
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maintenance of such equal and ratable Lien shall not in any way limit or modify the right of the holders of the Notes to enforce the provisions of paragraph
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6C(1).
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5D. COMPLIANCE WITH LAWS. The Company covenants that it and all of its properties and facilities will comply at all times in all material respects with all federal, state, local and regional statutes, laws, ordinances and judicial or administrative orders, judgments, rulings and regulations, including those relating to protection of the environment except, in any such case, where failure to comply would not result in a Material Adverse Effect on the business, condition (financial or otherwise) or operations of the Company.

5E. PAYMENT OF TAXES. The Company covenants that it will file or cause to be filed all federal, state and other income tax returns which, to the knowledge of the officers of the Company, are required to be filed, and will pay all taxes as shown on such returns and on all assessments received by it to the extent that such taxes become due, except such taxes as are subject to a Good Faith Contest.

5F. ENFORCEMENT OF MORTGAGE PROVISIONS. The Company covenants that it shall require any Commercial Mortgage Loans originated or acquired by it to contain covenants to the effect that (1) the mortgagor shall obtain and maintain at all times appropriate insurance coverage with respect to the mortgaged property and (2) the mortgagor shall promptly pay and discharge any indebtedness or lawful claims against the mortgaged property which if unpaid would constitute a Lien on such property. The Company further covenants and agrees that it will use commercially reasonable efforts to enforce such covenants.

6. NEGATIVE COVENANTS. So long as any Note or amount owing under this Agreement shall remain unpaid, the Company covenants that:

6A(1). DEBT SERVICE COVERAGE RATIO. The Company will not, at any time, permit the Debt Service Coverage Ratio to be less than 1.4 to 1.

6A(2). DEBT TO TOTAL ASSETS RATIO. The Company will not permit the ratio of (i) Debt to (ii) the sum of Total Assets plus the cumulative depreciation of any real property assets of the Company to exceed .70 to 1.

6B. RESTRICTED PAYMENTS. The Company covenants that it will not make, pay or declare, or commit to make, pay or declare, any Restricted Payment unless, after giving effect thereto, (i) the aggregate amount of all Restricted Payments made during the twelve month period commencing on the date hereof and expiring on the one (1) year anniversary of the date hereof, and including all previously made Restricted Payments, does not exceed 100% of the lesser of (A) Net Income and (B) Net Income (determined without giving effect to any current income taxes or any change in deferred taxes), in each case, for all such fiscal quarters during such time period on a cumulative basis, and (ii) the aggregate amount of all Restricted Payments made during any fiscal quarter after the expiration of such twelve (12) month period, and including all previously made Restricted Payments, does not exceed 105% of the lesser of (C) Net Income and (D) Net Income (determined without giving effect to any current income taxes or any change in deferred taxes), in each case, for all such fiscal quarters on a cumulative basis, and (iii) no Default or Event of Default exists or would exist after giving effect to such Restricted Payment.

6C. LIENS, DEBT, AND OTHER RESTRICTIONS. The Company will not:

6C(1). LIENS. Create, assume or suffer to exist any Lien upon any of its properties or assets, whether now owned or hereafter acquired, or any income, participation, royalty or profits therefrom (whether or not provision is made for the equal and ratable securing of the Notes in accordance with the provisions of paragraph 5C), except for the Liens specified in clauses (i) through (xi) below (collectively, "PERMITTED LIENS");

(i) Liens for taxes, assessments or other governmental levies or charges not yet due or which are subject to a Good Faith Contest;

(ii) statutory Liens of landlords and Liens of carriers, contractors, warehousemen, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or which are subject to a Good Faith Contest;

(iii) Liens (other than any Lien imposed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) incurred, or deposits made, in the ordinary course of business (A) in connection with workers' compensation, unemployment insurance, old age benefit and other types of social security, (B) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, performance bonds, purchase, construction, government or sales contracts and other similar obligations or (C) otherwise to satisfy statutory or legal obligations; provided, that in each such case

such Liens (1) were not incurred or made in connection with the incurrence or maintenance of Indebtedness, the borrowing of money, the obtaining of advances or credit, and (2) do not in the aggregate materially detract from the value of the property or assets so encumbered or materially impair the use thereof in the operation of its business;

(iv) Liens existing (A) prior to the time of acquisition upon any property acquired by the Company through purchase, merger or consolidation or otherwise, whether or not expressly assumed by the Company, or (B) placed on property at the time of acquisition by the Company or to secure all or a portion of (or to secure Debt incurred to pay all or a portion of) the purchase price thereof; provided that such Lien shall not have been
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created, incurred or assumed in contemplation of such purchase, merger, consolidation or other event;

(v) Liens now or hereafter required by this Agreement;

(vi) Liens in existence on the date hereof as set forth on Schedule
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6C(1) hereto;

(vii) leases, subleases, licenses and sublicenses granted to third parties not interfering in any material respect with the business of the Company;

(viii) minor survey exceptions or minor encumbrances, easements or reservations, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to use of real property, that are necessary for the conduct of the operations of the Company or that customarily exist on properties of corporations engaged in similar businesses and are similarly situated and that do not in any event materially impair their use in the operations of the Company;

(ix) any attachment or judgment Lien, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay; provided the
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aggregate amount of such attachment or judgment Liens shall not secure obligations in excess of $10,000,000 at any time;

(x) Liens other than those described in clauses (i) through (ix)
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above that secure Debt permitted by clauses (i) and (ii) of paragraph
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6C(2); provided that no Default or Event of Default shall exist and be
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continuing or shall result therefrom; or

(xi) any Lien renewing, extending or refunding any Lien permitted by clause (x) above.

6C(2). DEBT. Create, incur, assume or in any other way become liable in respect of any Debt, except
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(i) the Notes;

(ii) Funded Debt of the Company described in Schedule 6C(2) and outstanding as of the date hereof; and

(iii) additional Funded Debt of the Company in an amount, which when added to all other Funded Debt of the Company then outstanding (but excluding the Funded Debt evidenced by the Notes and the Other EC Notes), does not exceed $1,000,000,000 at any one time outstanding.

6C(3). LOANS, ADVANCES, INVESTMENTS AND CONTINGENT LIABILITIES. Make or permit to remain outstanding any loan or advance to, or extend credit other than credit extended in the normal course of business to any Person who is not an Affiliate of the Company to, or Guarantee, directly or indirectly, in connection with the obligations, stock or dividends of, or own, purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any Person, or commit to do any of the foregoing, (all of the foregoing collectively being "INVESTMENTS"), except for the Investments set forth in clauses (i) through (ix) below (collectively, "PERMITTED INVESTMENTS"):

(i) obligations backed by the full faith and credit of the United States Government (whether issued by the United States Government or an agency thereof), and obligations guaranteed by the United States Government, in each case which mature within one year from the date acquired;

(ii) demand and time deposits with, Eurodollar deposits with or certificates of deposit issued by any commercial bank or trust company (1) organized under the laws of the United States or any of its states or having branch offices therein, (2) having equity capital in excess of $100,000,000 and (3) which issues either (x) senior debt securities rated A or better by S&P, A or better by Moody's or (y) commercial paper rated A-2 or better by S&P or Prime-2 or better by Moody's (or, in either case, an equivalent rating from another nationally recognized credit rating agency) ("RATED BANKS"), in each case payable in the United States in United States dollars and in each case which mature within one year from the date acquired;

(iii) marketable commercial paper and loan participations rated A-1 or better by S&P or P-1 or better by Moody's (or, in either case, an equivalent rating from another nationally recognized credit rating agency) and maturing not more than 270 days from the date acquired;

(iv) bonds, debentures, notes or similar debt instruments issued by a state or municipality given a "AA" rating or better by S&P or an equivalent rating by another nationally recognized credit rating agency and maturing not more than one year from the date acquired;

(v) the loans, investments and advances existing as of the date hereof and listed on Schedule 6C(3) hereto;

(vi) repurchase agreements and similar commercial undertakings for terms of less than one year with any Rated Bank, provided that such repurchase agreements or undertakings are secured and collateralized by obligations backed by the full faith and credit of the United States Government in aggregate face amount equal to or greater than the obligations so secured;

(vii) money market mutual funds that (A) are denominated in U.S. Dollars, (B) have average asset maturities not in excess of 365 days, (C) have total invested assets in excess of $1,000,000,000 and (D) invest exclusively in Permitted Investments other than those described in Clause (ix) below, or are rated at least BBB- by S&P;

(viii) bonds, debentures, notes or similar debt instruments issued by a corporation organized and existing under the laws of any state of the United States of America or the District of Columbia and having a long term credit rating of BBB-or better from S&P or Baa3 or better from Moody's; and

(ix) Commercial Mortgage Loans and ABS originated, purchased or acquired by the Company in the ordinary course of its business, provided that any such Commercial Mortgage Loan or ABS shall comply with the investment guidelines set forth on Exhibit C hereto at the time of origination, purchase, or acquisition by the Company; and further provided, that at all times the Company's portfolio of Investments, taken as a whole, shall be in compliance with such investment guidelines.

6C(4). MERGER AND CONSOLIDATION. Merge or consolidate with any other Person, except that the Company may consolidate or merge with any other corporation if (A) the Company shall be the continuing or surviving corporation and (B) no Default or Event of Default exists or would exist after giving effect to such merger or consolidation.

6C(5). TRANSFER OF ASSETS. Transfer, or agree or otherwise commit to Transfer, a substantial portion of its assets.

6C(6) ISSUANCE OF ADDITIONAL UNSECURED NOTES. Issue any unsecured notes of the Company which are rated lower than the rating of the Notes on the date hereof.

7. EVENTS OF DEFAULT.

7A. ACCELERATION. If any of the following events shall occur and be continuing for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise):

(i) the Company defaults in the payment of any principal of or Yield-Maintenance Amount payable with respect to any Note when the same shall become due, either by the terms thereof or otherwise as herein provided; or

(ii) the Company defaults in the payment of any interest on any Note for more than 10 days after the date due; or

(iii) the Company defaults (whether as primary obligor or as guarantor or other surety) in any payment of principal of or interest on any other Debt (other than secured Debt which is non-recourse to the Company) beyond any period of grace provided with respect thereto, or the Company fails to perform or observe any other agreement, term or condition contained in any agreement under which any such Debt is created (or if any other event thereunder or under any such agreement shall occur and be continuing) and the effect of such failure or other event is to cause, or to permit the holder or holders of such (or a trustee on behalf of such holder or holders) to cause, such Debt to become due (or to be repurchased by the Company) prior to any stated maturity, provided that the aggregate amount of all Debt as to which such a payment default shall occur and be continuing or such a failure or other event causing or permitting acceleration (or resale to the Company) shall occur and be continuing exceeds an amount equal to the lesser of (x) $10,000,000 and (y) 5% of the net assets of the Company as reflected on its most recent balance sheet at the time of determination; or

(iv) any representation or warranty made by or on behalf of the Company or any of its officers herein or in any other writing furnished in connection with or pursuant to this Agreement or the transactions contemplated hereby shall be false in any material respect on the date as of which made; or

(v) the Company fails to perform or observe any agreement contained in paragraph 6; or
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(vi) the Company fails to perform or observe any other agreement, term or condition contained herein and such failure shall not be remedied within 30 days after the Company receives written notice of such default from any holder of a Note; or

(vii) the Company makes an assignment for the benefit of creditors or is generally not paying its debts as such debts become due; or

(viii) any decree or order for relief in respect of the Company is entered under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law, whether now or hereafter in effect (herein called the "BANKRUPTCY LAW"), of any jurisdiction; or

(ix) the Company petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Company, or of any substantial part of the assets of the Company, or commences a voluntary case under the Bankruptcy Law of the United States or any proceedings relating to the Company under the Bankruptcy Law of any other jurisdiction; or

(x) any such petition or application is filed, or any such proceedings are commenced, against the Company and the Company by any act indicates its approval thereof, consent thereto or acquiescence therein, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings, and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xi) any order, judgment or decree is entered in any proceedings decreeing the dissolution of the Company and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xii) one or more final judgments in an aggregate amount in excess of $10,000,000 is rendered against the Company and, within 60 days after entry thereof, a solvent insurance carrier or carriers have not confirmed in writing that each such judgment is fully insured or any such judgment is not discharged or execution thereof stayed pending appeal, or within 60 days after the expiration of any such stay, any such judgment is not discharged;

then (a) if such event is an Event of Default specified in clauses (i) or (ii) of this paragraph 7A, the holder of any Note (other than the Company or any of its Affiliates) may at its option during the continuance of such Event of Default, by notice in writing to the Company, declare such Note to be, and such Note shall thereupon be and become, immediately due and payable at par, together with interest accrued thereon, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company, (b) if such event is an Event of Default specified in clause (viii), (ix) or (x) of this paragraph 7A, all of the Notes at the time outstanding shall automatically become immediately due and payable, together with interest accrued thereon and the Yield-Maintenance Amount, if any and to the extent permitted by law, with respect to each Note, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company, and (c) with respect to any other event constituting an Event of Default, the Required Holder(s) may, at its or their option, by notice in writing to the Company, declare all of the Notes to be, and all of the Notes shall thereupon be and become, immediately due and payable together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, with respect to each Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company (provided that, so long as any BP Party holds any Note(s), such BP Party may declare its Note(s) to be immediately due and payable

with respect to any such other event constituting an Event of Default without the consent or approval of the other Holders).

The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of the Yield-Maintenance Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

7B. RESCISSION OF ACCELERATION. At any time after any or all of the Notes shall have been declared immediately due and payable pursuant to paragraph 7A, the Required Holder(s) may, by notice in writing to the Company, rescind and annul such declaration and its consequences if (i) the Company shall have paid all overdue interest on the Notes, the principal of and Yield-Maintenance Amount, if any, payable with respect to any Notes which have become due otherwise than by reason of such declaration, and interest on such overdue interest and overdue principal and Yield-Maintenance Amount at the applicable rate specified in the Notes, (ii) the Company shall not have paid any amounts which have become due solely by reason of such declaration, (iii) all Events of Default and Defaults, other than non-payment of amounts which have become due solely by reason of such declaration, shall have been cured or waived pursuant to paragraph 11C, and (iv) no judgment or decree shall have been entered for the payment of any amounts due pursuant to the Notes or this Agreement. Notwithstanding the foregoing, so long as any BP Holder holds any Note(s), only such BP Holder shall be permitted to rescind and annul any such declaration with respect to the Note(s) that it holds. No such rescission or annulment shall extend to or affect any subsequent Event of Default or Default or impair any right arising therefrom.

7C. NOTICE OF ACCELERATION OR RESCISSION. Whenever any Note shall be declared immediately due and payable pursuant to paragraph 7A or any such declaration shall be rescinded and annulled pursuant to paragraph 7B, the Company shall forthwith give written notice thereof to the holder of each Note at the time outstanding.

7D. OTHER REMEDIES. If any Event of Default shall occur and be continuing, the holder of any Note may proceed to protect and enforce its rights under this Agreement and such Note by exercising such remedies as are available to such holder in respect thereof under applicable law, either by suit in equity or by action at law, or both, whether for specific performance of any covenant or other agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement. No remedy conferred in this Agreement upon the holder of any Note is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or now or hereafter existing at law or in equity or by statute or otherwise.

8. REPRESENTATIONS, COVENANTS AND WARRANTIES. The Company represents, covenants and warrants as follows:

8A. ORGANIZATION. The Company is a corporation duly organized and existing in good standing under the laws of the State of Delaware, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof. The Company has no Subsidiaries.

8B. FINANCIAL STATEMENTS. The Company has furnished you with the unaudited financial statements, certified by a principal financial officer of the Company: a balance sheet of the Company as of June 30, 1998 and statements of income, stockholders' equity and cash flows for the six-month period ended on such date, prepared by the Company. To the Company's knowledge, such financial statements are true and correct in all material respects (subject, as to interim statements, to changes resulting from audits and year-end adjustments), have been prepared in accordance with GAAP consistently followed through out the periods involved and show all liabilities, direct and contingent, of the Company required to be shown in accordance with such principles. To the Company's knowledge, the balance sheets fairly present the condition of the Company as at the dates thereof, and the statements of income, stockholders' equity and cash flows fairly present the results of the operations of the Company and its cash flows for the periods indicated. To the knowledge of the Company, there has been no material adverse change in the business, condition (finan cial or otherwise) or operations of the Company since June 30, 1998.

8C. ACTIONS PENDING. There is no action, suit, investigation or proceeding pending or, to the knowledge of the Company, threatened against the Company, or any properties or rights of the Company, by or before any court, arbitrator or administrative or governmental body which (i) might result in a Material Adverse Effect or (ii) purports to affect the validity or enforceability of this Agreement, any Note issued hereunder or the transactions contemplated hereby.

8D. TAXES. The Company has filed all federal, state and other income tax returns which, to the knowledge of the officers of the Company, are required to be filed, and has paid all taxes as shown on such returns and on all assessments received by it to the extent that such taxes have become due, except such taxes as are subject to a Good Faith Contest.

8E. CONFLICTING AGREEMENTS AND OTHER MATTERS. The Company is not a party to any contract or agreement or subject to any charter or other corporate restriction which materially and adversely affects its business, property or assets, or financial condition. Neither the execution nor delivery of this Agreement or the Notes, nor the offering, issuance and sale of the Notes, nor fulfillment of nor compliance with the terms and provisions hereof and of the Notes will materially conflict with, or result in a material breach of the terms, conditions or provisions of, or constitute a default under, or result in any material violation of, or result in the creation of any Lien upon any of the properties or assets of the Company

pursuant to, the charter or by-laws of the Company, any award of any arbitrator or any agree ment (including any agreement with stockholders), instrument, order, judgment, decree, statute, law, rule or regulation to which the Company is subject. Except as set forth in Schedule 8E attached hereto, the Company is not a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company, any agreement relating thereto or any other contract or agreement (including its charter) which limits the amount of, or otherwise imposes restrictions on the incurring of, Debt of the Company of the type to be evidenced by the Notes.

8F. OFFERING OF NOTES. Neither the Company nor any agent acting on its behalf has, directly or indirectly, offered the Notes or any similar security of the Company for sale to, or solicited any offers to buy the Notes or any similar security of the Company from, or otherwise approached or negotiated with respect thereto with, any Person other than Institutional Investors, and neither the Company nor any agent acting on its behalf has taken or will take any action which would subject the issuance or sale of the Notes to the provisions of section 5 of the Securities Act or to the provisions of any securities or Blue Sky law of any applicable jurisdiction.

8G. USE OF PROCEEDS. The Company does not own or have any present intention of acquiring any "margin stock" as defined in Regulation U (12 CFR Part 207) of the Board of Governors of the Federal Reserve System (herein called "MARGIN STOCK"). The proceeds of sale of the Notes will be used to purchase Commercial Mortgage Loans and/or marketable debt securities, including, but not limited to, ABS. None of such proceeds will be used, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any margin stock or for the purpose of maintaining, reducing or retir ing any Indebtedness which was originally incurred to purchase or carry any stock that is currently a margin stock or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of such Regulation U. Neither the Company nor any agent acting on its behalf has taken or will take any action which might cause this Agreement or the Notes to violate Regulation U, Regulation T or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Exchange Act, in each case as in effect now or as the same may hereafter be in effect.

8H. ERISA. The Company has no retirement or employee benefit plans subject to ERISA.

8I. GOVERNMENTAL CONSENT. No circumstance in connection with the offering, issuance, sale or delivery of the Notes is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body in connection with the execution and delivery of this Agreement, the offering, issuance, sale or delivery of the Notes or fulfillment of or compliance with the terms and provisions hereof or of the Notes, if the failure to obtain any such consent would have a Material Adverse Effect.

8J. COMPLIANCE WITH LAWS. The Company and all of its properties and facilities have complied at all times in all material respects with all federal, state, local and regional statutes, laws, ordinances and judicial or administrative orders, judgments, rulings and regulations, except, in any such case, where failure to comply would not result in a Material Adverse Effect on the business, condition (financial or otherwise) or operations of the Company.

8K. INVESTMENT COMPANY STATUS. Neither the Company nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended.

8L. DUE AUTHORIZATION, ETC. This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

8M. DISCLOSURE. Neither this Agreement nor any other document, certificate or statement furnished to you by or on behalf of the Company in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact peculiar to the Company which materially adversely affects or in the future may (so far as the Company can now foresee) materially adversely affect the business, property or assets, or financial condition of the Company and which has not been set forth in this Agreement or in the other documents, certificates and written statements furnished to you and Boston Properties Limited Partnership, a Delaware limited partnership by or on behalf of the Company prior to the date hereof in connection with the transactions contemplated hereby.

8N. INVESTMENTS. All mortgage loans owned by the Company as of the date of this Agreement are Commercial Mortgage Loans which are not in default beyond any applicable cure periods pursuant to the terms thereof, and the Company has not extended any of the cure periods provided in the loan documents governing, evidencing and securing such Commercial Mortgage Loans and originally executed in connection therewith beyond the applicable cure periods provided in such loan documents.

8O. ENVIRONMENTAL MATTERS. Except as disclosed on Schedule 8O hereto, the
Company (i) has complied in all material respects with all applicable Environmental Laws, and the Company has not received (A) notice of any material failure so to comply, (B) any letter or request for information under Section 104 of CERCLA or comparable state laws or (C) any information that would lead it to believe that it is the subject of any federal, state or local investigation concerning Environmental Laws; (ii) does not manage, generate,

transport, discharge or store any Hazardous Material in material violation of any material Environmental Laws; (iii) does not own, operate or maintain any underground storage tanks; and (iv) is not aware of any conditions or circumstances associated with its currently or previously owned or leased properties or operations (or those of any tenants of such properties) which may give rise to any liabilities under Environmental Laws which could have a Material Adverse Effect.

9. REPRESENTATIONS OF THE PURCHASER. You represent that you are not acquiring the Notes to be purchased by you hereunder with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act, provided that the disposition of your property shall at all times be and remain within your control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

10. DEFINITIONS; ACCOUNTING MATTERS. For the purpose of this Agreement, the terms defined in paragraphs 10A and 10B (or within the text of any other
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paragraph) shall have the respective meanings specified therein and all accounting matters shall be subject to determination as provided in paragraph
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10C.
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10A. YIELD-MAINTENANCE TERMS.

"BUSINESS DAY" shall mean any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed.

"CALLED PRINCIPAL" shall mean, with respect to any Note, the princi pal of such Note that is to be prepaid pursuant to paragraph 4 or is
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declared to be immediately due and payable pursuant to paragraph 7A, as the
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context requires.

"DISCOUNTED VALUE" shall mean, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (as converted to reflect the periodic basis on which interest on the Notes is payable, if interest is payable other than on a semi-annual basis) equal to the Reinvestment Yield with respect to such Called Principal.

"REINVESTMENT YIELD" shall mean, with respect to the Called Princi pal of any Note, the offered-side yield to maturity, as of 10:00 a.m. (New York City time) on the Business Day next preceding the Settlement Date with respect to such

Called Principal, of the U.S. Treasury security that was used to determine the then Treasury of such Investment Note.

"REMAINING AVERAGE LIFE" shall mean, with respect to the Called Principal of any Note, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) each Remaining Scheduled Payment of such Called Principal (but not of interest thereon) by (b) the number of years (calculated to the nearest one-twelfth year) which will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"REMAINING SCHEDULED PAYMENTS" shall mean, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due on or after the Settlement Date through and including the Rate Reset Date (assuming that the entire principal balance and all accrued interest as of such Rate Reset Date will be repaid on such Rate Reset Date), if the Settlement Date precedes such Rate Reset Date, or alternatively, the Maturity Date if the Settlement Date occurs after the Rate Reset Date.

"SETTLEMENT DATE" shall mean, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to paragraph 4 or is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

"YIELD-MAINTENANCE AMOUNT" shall mean, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Called Principal of such Note over the sum of (i) such Called Principal plus (ii) to the extent paid on the Settlement Date with the Called Principal, interest accrued thereon as of (including interest due on) the Settlement Date with respect to such Called Principal. The Yield-Maintenance Amount shall in no event be less than zero.

10B. OTHER TERMS.

"ABS" shall mean mortgage, or other asset backed securities.

"AFFILIATE" shall mean any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Company. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

"BANKRUPTCY LAW" shall have the meaning specified in clause (viii) of paragraph 7A.

"BIG FIVE ACCOUNTING FIRM" shall mean any of Arthur Andersen, Deloitte & Touche, KPMG Peat Marwick, PricewaterhouseCoopers and Ernst & Young.

"BP PARTY" shall mean Boston Properties Limited Partnership, a Delaware limited partnership, and any Affiliate thereof, and shall also include, in all events, One Embarcadero Center Venture, a California general partnership.

"CASH FLOW" shall mean, in respect of any period, the sum of (a) Net Income for such period and (b) the amount of all depreciation and amortization allowances and other non-cash expenses of the Company but only to the extent deducted in the determination of Net Income for such period.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

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

"COMMERCIAL MORTGAGE LOANS" shall mean commercial mortgage loans made in substantial conformance with (x) standards prevailing in the commercial loan mortgage marketplace and (y) the guidelines contained in Exhibit C hereto.

"CURRENT DEBT" shall mean, with respect to the Company, all Indebtedness for borrowed money which by its terms or by the terms of any instrument or agreement relating thereto matures on demand or within one year from the date of the creation thereof and is not directly or indirectly renewable or extendible at the option of the debtor to a date more than one year from the date of the creation thereof, provided that Indebtedness for borrowed money outstanding under a revolving credit or similar agreement which obligates the lender or lenders to extend credit over a period of more than one year shall constitute Funded Debt and not Current Debt, even though such Indebtedness by its terms matures on demand or within one year from the date of the creation thereof.

"DEBT" shall mean Current Debt and Funded Debt.

"DEBT SERVICE" shall mean, with respect to any period, the sum of the following: (a) Interest Charges for such period, and (b) all payments of principal in respect of Debt of the Company paid or payable during such period.

"DEBT SERVICE COVERAGE RATIO" shall mean, at any time of determination, the ratio of (a) Cash Flow for the most recent fiscal quarter to (b) Debt Service for such fiscal quarter.

"DEFAULT" shall mean any of the events specified in paragraph 7A, ----------
whether or not any requirement for such event to become an Event of Default has been satisfied.

"DUFF & PHELPS" shall mean Duff & Phelps Corporation.

"ENVIRONMENTAL LAWS" shall mean all laws relating to pollution, the release or other discharge, handling, disposition or treatment of Hazardous Materials and other substances or the protection of the environment or of employee health and safety, including, without limitation, CERCLA, the Hazardous Material Transportation Act (49 U.S.C. Section 1801 et. seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 7401 et. seq.), the Clean Air Act (42 U.S.C. Section 401 et. seq.), the Toxic Substances Control Act (15 U.S.C. Section 651 et. seq.) and the Emergency Planning and Community Right-To-Know Act (42 U.S.C. Section 11001 et. seq.), each as the same may be amended and supplemented.

"EVENT OF DEFAULT" shall mean any of the events specified in paragraph 7A, provided that there has been satisfied any requirement in ----------
connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act.

"EQUITY REDEMPTION LOAN" shall mean that certain loan in the aggregate principal amount of $328,143,000 by Bankboston. N.A., The Chase Manhattan Bank, Fleet National Bank, PNC Bank, National Association, Dresdner Bank AG New York Branch and Grand Cayman Branch, The Bank of New York, Key Bank National Association and Citizens Bank (and other banks which may become parties to the Term Loan Agreement described immediately below) to you, One Embarcadero Center Venture, Embarcadero Center Associates and Four Embarcadero Center Venture pursuant to that certain Term Loan Agreement dated as of November 12, 1998.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

"FITCH" shall mean Fitch IVCA, Inc.

"FUNDED DEBT" shall mean, with respect to any Person, all Indebtedness of such Person which by its terms or by the terms of any instrument or agreement relating thereto matures, or which is otherwise payable or unpaid, more than one year from, or is directly or indirectly renewable or extendible at the option of the debtor to a date more than one year (including an option of the debtor under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of more than one year) from, the date of the creation thereof, including current maturities of long-term debt that appear as current liabilities in accordance with GAAP.

"GAAP" shall have the meaning set forth in paragraph 10C.

"GOOD FAITH CONTEST" shall mean, with respect to any tax, assessment, Lien, obligation, claim, liability, judgment, injunction, award, decree, order, law, regulation, statute or similar item, any challenge or contest thereof by appropriate proceedings timely initiated in good faith by the Company for which adequate reserves therefor have been taken in accordance with GAAP.

"GUARANTEE" shall mean, with respect to any Person, any direct or indirect liability, contingent or otherwise, of such Person with respect to any indebtedness, lease, dividend or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted or sold with recourse by such Person, or in respect of which such Person is otherwise directly or indirectly liable, including, without limitation, any such obligation in effect guaranteed by such Person through any agreement (contingent or otherwise) to

(i) purchase,repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise);

(ii) maintain the solvency or any balance sheet or other financial condition of the obligor of such obligation; or

(iii) pay the purchase price for goods or services regardless of the non-delivery or non-furnishing thereof, in any such case if the purpose, intent or effect of such agreement is to provide assurance that such obligation will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such obligation will be protected against loss in respect thereof.

The amount of any Guarantee shall be equal to the outstanding principal amount of the obligation guaranteed or such lesser amount to which the maximum exposure of the guarantor shall have been specifically limited.

"HAZARDOUS MATERIALS" shall mean (i) any material or substance defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous material", "toxic substances" or any other formulations intended to define, list or classify substances by reason of their deleterious properties, (ii) any oil, petroleum or petroleum derived substance, (iii) any flammable substances or explosives, (iv) any radioactive materials, (v) asbestos in any form, (vi) electrical equipment that contains any oil or dielectric fluid containing levels or polychlorinated biphenyls in excess of 50 parts per million, (vii) pesticides or (viii)

any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental agency or authority or which may or could pose a hazard to the health and safety of persons in the vicinity thereof.

"INCLUDING" shall mean, unless the context clearly requires otherwise, "including without limitation".

"INDEBTEDNESS" shall mean, with respect to any Person and without duplication (i) all items (excluding items of contingency reserves or of reserves for deferred income taxes) which in accordance with GAAP would be included in determining total liabilities as shown on the liability side of a balance sheet of such Person as of the date on which Indebtedness is to be determined, other than Preferred Stock of such Person except as set forth in clause (iv) below; (ii) all indebtedness secured by any Lien on, or payable out of the proceeds or production from, any property or asset owned or held by such Person, whether or not the indebtedness secured thereby shall have been assumed, (iii) all indebtedness of third parties, including joint ventures and partnerships of which such Person is a venturer or general partner, recourse to which may be had against such Person, (iv) redemption obligations in respect of mandatorily redeemable Preferred Stock; and (v) all indebtedness and other obligations of others with respect to which such Person has become liable by way of a Guarantee.

"INITIAL TREASURY" shall mean, for any Note, the yield to maturity implied by (i) the bid-side yields reported, as of 10:00am (New York City time) (or, at your election, at such other time as we may mutually agree) on the Business Day next preceding the date upon which such Note is funded, on the display designated as "Page 678" on the Telerate Access Service, for actively traded U.S. Treasury securities having a maturity equal to the Rate Reset Date of such Note, or if such bid-side yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the Treasury Constant Maturity Series bid-side yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the date upon which such Note is funded in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Rate Reset Date of such Note. Such implied yields shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities. Notwithstanding the foregoing, subject to the Company's written approval (which approval shall not be unreasonably withheld or delayed), you shall be entitled to select a different actively traded U.S. Treasury security (which shall have a maturity date approximately equal and reasonably comparable to the first Rate Reset Date of such Note) the bid-side yield to maturity of which shall be the Initial Treasury for purposes of such Note; provided, however, that if you select a different U.S. Treasury security which is approved by the Company pursuant to the foregoing or if a time other than 10:00 a.m. is used to determine the Initial Treasury,

then the Margin for such Note shall be adjusted so that the interest rate on such Investment Note is no different than if you had not exercised your rights pursuant to this sentence to select a different U.S. Treasury or to agree to a different time for determining the Initial Treasury. Schedule 1 sets forth the definitive Initial Treasury for each Note.

"INSTITUTIONAL INVESTOR" shall mean any insurance company, commercial, investment or merchant bank, finance company, mutual fund, registered money or asset manager, savings and loan association, credit union, registered investment advisor, pension fund, investment company, licensed broker-dealer, "qualified institutional buyer" (as such term is defined under Rule 144A promulgated under the Securities Act, or any successor law, rule or regulation) or "accredited investor" (as such term is defined under Regulation D promulgated under the Securities Act, or any successor law, rule or regulation).

"INTANGIBLES" shall mean, without duplication, all Intellectual Property and operating agreements, treasury stock, deferred or capitalized research and development costs, goodwill (including any amounts, however designated, representing the cost of acquisition of business and investments in excess of the book value thereof), unamortized debt discount and expense, any write-up of asset value after June 30, 1997 and any other amounts reflected in contra-equity accounts, and any other assets treated as intangible assets under GAAP.

"INTELLECTUAL PROPERTY" shall mean all patents, trademarks, service marks, trade names, copyrights, brand names, mechanical or technical processes and paradigms, know-how, and similar intellectual property and applications, licenses and similar rights in respect of the same.

"INTEREST CHARGES" shall mean, with respect to any period, the sum (without duplication) of the following: (a) all interest in respect of Debt of the Company deducted in determining Net Income for such period, and (b) all debt discount and expense amortized or required to be amortized in the determination of Net Income for such period.

"INVESTMENTS" shall have the meaning provided in paragraph 6C(3).

"LIEN" shall mean any mortgage, pledge, security interest, encumbrance, minimum or compensating deposit arrangement, lien (statutory or otherwise) or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction) or any other type of preferential arrangement for the purpose, or having the effect, of protecting a creditor against loss or securing the payment or performance of an obligation.

"MARGIN" shall mean, for any Note, 165 basis points; provided that, if you select, for purposes of determining the Initial Treasury, a different U.S. Treasury security from the U.S Treasury selected by the Company or if a time other than 10:00 a.m. is used to determine the Initial Treasury, in either case pursuant to your rights as described in the definition of Initial Treasury, then the Margin during the period of time commencing on the funding of the Investment Note until the first Rate Reset Date thereunder shall be adjusted as described in the last sentence of the definition of Initial Treasury and, from and after the first Rate Reset Date, the Margin shall again adjust to equal 165 basis points. Schedule 1 sets forth the definitive initial Margin for each Note through the first Rate Reset Date of each Note.

"MATERIAL ADVERSE EFFECT" shall mean (i) a material adverse effect on the business, assets, liabilities, operations, prospects or condition, financial or otherwise, of the Company, (ii) material impairment of the Company to perform any of its obligations under the Agreement and the Notes or (iii) material impairment of the validity or enforceability or the rights of, or the benefits available to, the holders of the Notes under this Agreement or the Notes.

"MATURITY DATE" shall have the meaning set forth in paragraph 1 hereof.

"MOODY'S" shall mean Moody's Investors Services, Inc., including the NCO/Moody's Commercial Division, or any successor Person.

"NET INCOME" shall mean, as to any period, consolidated gross revenues of the Company less all operating and non-operating expenses of the Company for such period, including all charges of a proper character (including current and deferred taxes on income, provision for taxes on unremitted foreign earnings which are included in gross revenues, and current additions to reserves), but not including in gross revenues the following:

(i) any gains (net of expenses and taxes applicable thereto) in excess of losses resulting from the Transfer of capital assets (i.e., assets other than current assets);

(ii) any gains resulting from the write-up of assets;

(iii) any equity of the Company in the undistributed earnings (but not losses) of any corporation which is not a Subsidiary;

(iv) any earnings or losses of any Person acquired by the Company through purchase, merger, consolidation or otherwise for any fiscal period prior to the fiscal period in which the acquisition occurs;

(v) gains or losses from the acquisition of securities or the retirement or extinguishment of Debt;

(vi) gains on collections from insurance policies or settlements;

(vii) any income or gain during such period from any change in accounting principles, from any discontinued operations or the disposition thereof, from any extraordinary items or from any prior period adjustment;

(viii) in the case of a successor to the Company by consolidation or merger or as a transferee of its assets, any earnings of the successor corporation prior to such consolidation, merger or transfer of assets.

If the preceding calculation results in a number less than zero, such amount shall be considered a net loss.

"OFFICER'S CERTIFICATE" shall mean a certificate signed in the name of the Company by its President, one of its Vice Presidents or its Treasurer.

"OTHER EC NOTES" shall mean those certain senior promissory notes of the Company issued by the Company on the date hereof to (a) One Embarcadero Center Venture in the aggregate principal amount of $88,200,000 (b) Embarcadero Center Associates in the aggregate principal amount of $111,927,000 and (c) Four Embarcadero Center Venture in the aggregate principal amount of $143,119,000.

"PERMITTED INVESTMENTS" shall have the meaning set forth in paragraph 6C(3).

"PERMITTED LIENS" shall have the meaning set forth in paragraph 6C(1).

"PERSON" shall mean and include an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organ ization and a government or any department or agency thereof.

"PHASE ONE" shall mean the closing and consummation of the transactions described in that certain Master Transaction Agreement dated as of September 28, 1998, by and among Prudential, PIC Realty Corporation, Fedmark Corporation, Embarcadero Center Investors Partnership, Pacific Property Services, L.P., the Persons listed on Exhibit A-1 attached thereto, Boston Properties Limited Partnership and Boston Properties, Inc., which are to be consummated on the "Closing Date" (as defined in such Master Transaction Agreement).

"PRUDENTIAL" shall mean The Prudential Insurance Company of America, a New Jersey mutual insurance company.

"PRUDENTIAL GUARANTIED LOAN" shall mean that certain loan in the aggregate principal amount of $92,000,000 by The Chase Manhattan Bank and/or any of its subsidiaries or affiliates (the "BANK") to you, One Embarcadero Center Venture, Embarcadero Center Associates and Four Embarcadero Center Venture pursuant to that certain Term Loan Agreement dated as of November 12, 1998.

"RATE RESET DATE", with respect to any Note, shall have the meaning set forth in such Note.

"RATED BANK" shall have the meaning set forth in paragraph 6C(3)(ii).

"RELEASE" shall mean any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, leaching or migration into the indoor or outdoor environment, including, without limitation, the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or subsurface strata, in violation of applicable law or prudent business practice.

"REQUIRED HOLDER(S)" shall mean the holder or holders of at least 51% of the aggregate principal amount of the Notes from time to time outstanding, but shall include, in any event, the BP Parties so long as any BP Party holds a direct or indirect interest in any Note.

"RESET TREASURY" shall mean the yield to maturity implied by (i) the yields reported, as of 10:00am (New York City time) on the Business Day next preceding the Rate Reset Date for any Note, on the display designated as "Page 678" on the Telerate Access Service, for actively traded U.S. Treasury securities having a maturity equal to the earlier to occur of the next Rate Reset Date provided for in such Note (if any) and the Maturity Date of such Note, or if such yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the Treasury Constant Maturity Series yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the Rate Reset Date in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the earlier to occur of the next Rate Reset Date provided for in such Note (if any) or the Maturity Date of such Note. Such implied yields shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities.

"RESPONSIBLE OFFICER" shall mean the chief executive officer, chief operating officer, chief financial officer or chief accounting officer of the Company

or any other officer of the Company involved principally in its financial administration or its controllership function.

"RESTRICTED INVESTMENT" shall mean any Investment other than a Permitted Investment.

"RESTRICTED PAYMENTS" shall mean any of the following (provided that, notwithstanding anything to the contrary stated below, the term "Restricted Payments" does not include any distribution of capital gains by the Company to its shareholders):

(i) any dividend on any class of the Company's capital stock at any time after the date hereof;

(ii) any other distribution on account of any class of the Company's capital stock;

(iii) any redemption, purchase or other acquisition, direct or indirect, of any shares of the Company's capital stock;

(iv) any unscheduled payment of principal of, or retirement, redemption, purchase or other acquisition of, any subordinated debt, including subordinated debt that is convertible into equity of the Company;

(v) any Restricted Investment;

"S&P" shall mean Standard and Poor's Corporation, or any successor Person.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SHAREHOLDER" shall mean and include any Person who owns, beneficially or of record, directly or indirectly, at any time during any year with respect to which a computation is being made 5% or more of the outstanding voting stock of the Company.

"SIGNIFICANT HOLDER" shall mean (i) any BP Party, so long as any BP Party shall hold (or be committed under this Agreement to purchase) any Note, or (ii) any other holder of at least 5% of the aggregate principal amount of the Notes from time to time outstanding.

"SUBSIDIARY" shall mean any corporation or other entity at least 51% of the total combined voting power of all classes of Voting Stock or similar securities

of which shall, at the time as of which any determination is being made, be owned by the Company either directly or through Subsidiaries.

"TOTAL ASSETS" shall mean, as at any time of determination, the total assets of a Person recorded on a balance sheet of such Person prepared in accordance with GAAP.

"TRANSFER" shall mean, with respect to any item, the sale, exchange, conveyance, lease, transfer or other disposition of such item.

"TRANSFEREE" shall mean any direct or indirect transferee of all or any part of any Note purchased by you under this Agreement.

"TREASURY" shall mean, for any Note, the Initial Treasury or the then Reset Treasury, as the case may be, upon which the Margin under such Note is added to obtain the interest rate of such Note.

"VOTING STOCK" shall mean, with respect to any corporation, any shares of stock of such corporation whose holders are entitled under ordinary circumstances to vote for the election of directors of such corporation (irrespective of whether at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency), and, with respect to any other entity, any similar security of such entity.

10C. ACCOUNTING AND LEGAL PRINCIPLES, TERMS AND DETERMINATIONS. All references in this Agreement to "GAAP" shall mean generally accepted accounting principles, as in effect in the United States from time to time. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all unaudited financial statements and certificates and reports as to financial matters required to be furnished hereunder shall be prepared, in accordance with GAAP (except as set forth in the next succeeding sentence of this paragraph 10C), applied on a basis consistent with the most
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recent audited financial statements of the Company delivered pursuant to paragraph 5A(i) or (ii) or, if no such statements have been so delivered, the
- --------------- ----
most recent audited financial statements referred to in clause (i) of paragraph
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8B. Notwithstanding the foregoing, however, quarterly financial statements
- --
shall not include notes to financial statements and to that extent such statements will not have been prepared in accordance with GAAP. Any reference herein to any specific citation, section or form of law, statute, rule or regulation shall refer to such new, replacement or analogous citation, section or form should citation, section or form be modified, amended or replaced.

11. MISCELLANEOUS.

11A NOTE PAYMENTS. The Company agrees that, so long as you shall hold any Note, it will make payments of principal of, interest on and any Yield-Maintenance Amount

payable with respect to such Note, which comply with the terms of this Agreement, by wire transfer of immediately available funds for credit (not later than 12:00 noon, New York City time, on the date due) to your account or accounts as specified in the Purchaser Schedule attached hereto, or such other account or accounts in the United States as you may designate in writing, notwithstanding any contrary provision herein or in any Note with respect to the place of payment. You agree that, before disposing of any Note, you will make a notation thereon (or on a schedule attached thereto) of all principal payments previously made thereon and of the date to which interest thereon has been paid. Upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office. The Company agrees to afford the benefits of this paragraph 11A to any Transferee which shall have
made the same agreement as you have made in this paragraph 11A.

11B. EXPENSES. The Company agrees, whether or not the transactions contemplated hereby shall be consummated, to pay, and save you and any Transferee harmless against liability for the payment of, all reasonable out-of-pocket costs and expenses arising in connection with such transactions, including:

(i) (A) all stamp and documentary taxes and similar charges and (B) costs of obtaining a private placement number for the Notes in each case as a result of the execution and delivery of this Agreement or the issuance of the Notes;

(ii) document production and duplication charges and the reasonable fees and expenses of any special counsel engaged by you or such Transferee in connection with this Agreement and the transactions contemplated hereby;

(iii) the costs and expenses, including reasonable attorneys' fees, incurred by you or such Transferee in enforcing any rights under this Agreement or the Notes; and

(iv) any judgment, liability, claim, order, decree, cost, fee, expense, action or obligation resulting directly from the consummation of the transactions contemplated hereby, including the use of the proceeds of the Notes by the Company;

provided that the Company shall not be responsible for (1) any of your expenses or those of a Transferee incurred solely in connection with any transfer of any Note or (2) the fees and expenses of more than one counsel for the holders of the Notes, except to the extent the Required Holders determine that (a) either legal advice is needed in a jurisdiction other than that specified in paragraph 11L or (b) there exists a conflict of interest amongst the holders of the Notes. The obligations of the Company under this paragraph 11B shall survive the transfer of any Note or portion thereof or interest therein by you or any Transferee and the payment of any Note.

11C. CONSENT TO AMENDMENTS. This Agreement may be amended, and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Company shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s); except that, (i) without the written consent of the holder or holders of all Notes at the time outstanding, no amendment to this Agreement shall change the maturity of any Note, or change the principal of, or the rate, method of computation or time of payment of interest on or any Yield-Maintenance Amount payable with respect to any Note, or affect the time, amount or allocation of any prepayments, or change the proportion of the principal amount of the Notes required with respect to any consent, amendment, waiver or declaration, and (ii) so long as any BP Holder holds any Note(s), no amendment, action or omission to act shall amend, modify or otherwise affect such BP Party's rights under the Note(s) that it holds (or its rights under this Agreement to the extent relating to such BP Party's Note(s)) without such BP Party's written consent. Each holder of any Note at the time or thereafter outstanding shall be bound by any consent authorized by this paragraph 11C, whether or not such Note shall have been marked to indicate such consent, but any Notes issued thereafter may bear a notation referring to any such consent. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein and in the Notes, the term "this Agree ment" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

11D. FORM, REGISTRATION, TRANSFER AND EXCHANGE OF NOTES; LOST NOTES. The Notes are issuable as registered notes without coupons in denominations of at least $1,000,000, except as may be necessary to (i) reflect any principal amount not evenly divisible by $1,000,000 or (ii) enable the registration of transfer by a holder of its entire holding of Notes. The Company shall keep at its principal office a register in which the Company shall provide for the registration of Notes and of transfers of Notes. Upon surrender for registration of transfer of any Note at the principal office of the Company, the Company shall, at its expense, execute and deliver one or more new Notes of like tenor and of a like aggregate principal amount, registered in the name of such transferee or transferees. At the option of the holder of any Note, such Note may be exchanged for other Notes of like tenor and of any authorized denominations, of a like aggregate principal amount, upon surrender of the Note to be exchanged at the principal office of the Company. Whenever any Notes are so surrendered for exchange, the Company shall, at its expense, execute and deliver the Notes which the holder making the exchange is entitled to receive. Every Note surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the holder of such Note or such holder's attorney duly authorized in writing. Any Note or Notes issued in exchange for any Note or upon transfer thereof shall carry the rights to unpaid interest and interest to accrue which were carried by the Note so exchanged or transferred, so that neither gain nor loss of interest shall result from any such transfer or exchange. Upon receipt of written notice from the holder of any Note of the loss, theft, destruction or mutilation of such Note and, in the case of any such loss, theft or destruction, upon receipt of such holder's indemnity agreement (which shall be unsecured if such holder is an Institutional Investor whose senior

debt securities are rated BBB- or Baa3 or better by S&P or Moody's, respectively, and, otherwise, which shall be unsecured unless the Company requests in writing that such indemnity agreement be secured), or in the case of any such mutilation upon surrender and cancellation of such Note, the Company will make and deliver a new Note, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Note. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes.

11E. TRANSFER OF NOTES; PERSONS DEEMED OWNERS. Subject to the next succeeding sentence, you may transfer any Note or portion thereof in your sole discretion; provided, however, that any Transferee shall be an Institutional Investor. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name any Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of, interest on and any Yield-Maintenance Amount payable with respect to such Note and for all other purposes whatsoever, whether or not such Note shall be overdue, and the Company shall not be affected by notice to the contrary.

11F. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT. All representations and warranties contained herein or made in writing by or on behalf of the Company in connection herewith shall survive the execution and delivery of this Agreement and the Notes, the transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any Transferee, regardless of any investi gation made at any time by or on behalf of you or any Transferee. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings between you and the Company relating to the subject matter hereof, and the Company shall not be affected by notice to the contrary. No provision of this Agreement shall be interpreted for or against any party because that party or its legal representative drafted the provision.

11G. SUCCESSORS AND ASSIGNS. All covenants and other agreements in this Agreement contained by or on behalf of either of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto (including, without limitation, any Transferee) whether so expressed or not.

11H. NOTICES. All written communications provided for hereunder shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (i) if to you, addressed to you at the address specified for such communications in the Purchaser Schedule attached hereto, or at such other address as you shall have specified to the Company in writing, (ii) if to any other holder of any Note, addressed to such other holder at such address as such other holder shall have specified to the Company in writing or, if any such other holder shall not have so specified an address to the Company, then addressed to such other holder in care of the last holder of such Note which shall have so specified an

address to the Company, and (iii) if to the Company, addressed to it at Prudential Realty Group, 8 Campus Drive, Parsippany, New Jersey 07054, Attention: John Triece, or at such other address as the Company shall have specified to the holder of each Note in writing; provided, however, that any such communication to the Company may also, at the option of the holder of any Note, be delivered by any other means either to the Company at its address specified above or to any officer of the Company.

11I. PAYMENTS DUE ON NON-BUSINESS DAYS. Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day. If the date for any payment is extended to the next succeeding Business Day by reason of the preceding sentence, the period of such extension shall be included in the computation of the interest payable on such Business Day.

11J. SATISFACTION REQUIREMENT. If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement required to be satisfactory to you or to the Required Holder(s), the determination of such satisfaction shall be made by you or the Required Holder(s), as the case may be, in the reasonable judgment of the Person or Persons making such determination.

11K. INDEMNIFICATION. The Company hereby agrees to indemnify you and your directors, officers, employees and agents from, and hold each of them harmless against, any and all losses, liabilities, claims, damages and expenses arising out of or by reason of any investigation or litigation or other proceeding relating to this Agreement, the Notes or the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation or litigation or other proceedings (but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified).

11L. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York.

11M. SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11N. DESCRIPTIVE HEADINGS. The descriptive headings of the several paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

11O. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument.

[INTENTIONALLY LEFT BLANK]

If you are in agreement with the foregoing, please sign the form of acceptance on the enclosed counterpart of this letter and return the same to the Company, whereupon this letter shall become a binding agreement between the Company and you.

Very truly yours,

PRUDENTIAL REALTY
SECURITIES, INC.

By: /s/ Paul D. Egan

Name: Paul D. Egan
Title: Vice President

By:_____
Name:_____
Title:_____

The foregoing Agreement is
hereby accepted as of the
date first above written:

THREE EMBARCADERO CENTER VENTURE,
a California general partnership

By: BOSTON PROPERTIES LLC,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, as Manager

By: BOSTON PROPERTIES, INC.,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

EXHIBIT A

[FORM OF NOTES]

PRUDENTIAL REALTY SECURITIES, INC.

SENIOR NOTE DUE _____, 200_

No. _____ [Date]
$_____

FOR VALUE RECEIVED, the undersigned, PRUDENTIAL REALTY SECURITIES, INC. (the "COMPANY"), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to THREE EMBARCADERO CENTER VENTURE, a California general partnership, or registered assigns, the principal sum of _____ _____ DOLLARS ($_____) on _____, ____ (the "Maturity Date"), with interest (computed on the basis of a 360-day year comprised of 12 30-day months) on the unpaid balance thereof at the rate of ____% per annum from the date hereof through and including _____, ___ (the "RATE RESET DATE") and thereafter through and including the Maturity Date, at a rate of interest per annum equal to the sum of (i) _____ basis points, and (ii) the Reset Treasury, as defined in the Note Agreement. All such interest shall be payable semiannually on the 15/th/ day of June and December in each year, commencing with the first such date next succeeding the date hereof, until the principal hereof shall have become due and payable, and shall be payable on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Yield-Maintenance Amount (as defined in the Note Agreement), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the lesser of (a) the maximum rate permitted by applicable law and (b) 2.0% over the interest rate then in effect under this Note in accordance with the foregoing terms and provisions.

Payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to this Note are to be made in immediately available funds, in lawful money of the United States of America, by wire transfer to [_____] at [NAME OF BANK] in [New York City], ABA #_____, Account # _____, or to such other account or place as the registered holder hereof shall designate to the Company in writing.

This Note is one of a series of Senior Notes (the "NOTES") issued pursuant to a Note Agreement, dated as of November 12, 1998 (the "NOTE AGREEMENT"), between the Company and One Embarcadero Center Venture and is entitled to the benefits thereof.

This Note is a registered Note and, as provided in the Note Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee.

Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Note Agreement.

If an Event of Default, as defined in the Note Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Note Agreement.

The Company and any and all endorsers, guarantors and sureties severally waive grace, demand, presentment for payment, notice of dishonor or default, notice of intent to accelerate, notice of acceleration (to the extent set forth in the Note Agreement), protest and diligence in collecting.

THIS NOTE IS INTENDED TO BE PERFORMED IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAW OF SUCH STATE.

PRUDENTIAL REALTY SECURITIES, INC.

By_____
[Vice] President

By_____
Treasurer

EXHIBIT C

INVESTMENT GUIDELINES

1. Invest only in investment grade fixed income assets that:

a) are current in payment and not in default (subject to cure periods):

b) minimally provide for interest payments which are (i) monthly in the case of "non securities" investments (i.e., whole mortgage loans) or (ii) semi-annually in the case of "securities" investments (i.e. ABS):

c) have a maturity date which is at least thirty months beyond the asset purchase date:

d) include prepayment premiums providing for yield maintenance or the substantial equivalent: and

e) on an individual basis, do not exceed 7% of the total portfolio.

2. Make more than 80% of all investment in assets directly secured by first mortgages. In addition: (a) no such assets may have a "loan to value" ratio which exceeds 80%, and at least 90% of such assets shall have a "loan to value" ratio which is 75% or less and (b) the overall portfolio of such assets shall be geographically diverse.

PRUDENTIAL REALTY SECURITIES, INC.
8 CAMPUS DRIVE
PARSIPPANY, NEW JERSEY 07054

As of November 12, 1998

FOUR EMBARCADERO CENTER VENTURE
C/O BOSTON PROPERTIES, INC.
8 ARLINGTON STREET
BOSTON, MASSACHUSETTS 02116-3495
ATTN: GENERAL COUNCIL

Ladies and Gentlemen:

The undersigned, PRUDENTIAL REALTY SECURITIES, INC. (herein called the "COMPANY"), hereby agrees with you as follows:

1. AUTHORIZATION OF ISSUE OF NOTES. The Company will authorize the issue of up to eight (8) of its senior promissory notes in the aggregate principal amount of $143,119,000, to be dated the date of issue thereof, to mature in the case of each Note so issued, subject to the terms and provisions of the next sentence below, not more than 15 years after the date of original issuance thereof as set forth in each such Note (the "MATURITY DATE") and listed on Schedule 1 attached hereto, to bear interest on the unpaid balance thereof from
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the date thereof until the Rate Reset Date or, if such Note does not have a Rate Reset Date, the Maturity Date for each such Note at the rate per annum equal to the Initial Treasury plus the Margin, and from the Rate Reset Date (if any) of any such Note until the principal thereof shall have become due and payable at the rate per annum equal to the Reset Treasury plus the Margin, and to have such other particular terms, as shall be specified herein and therein, and to be substantially in the form of Exhibit A attached hereto. Notwithstanding the
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foregoing, each Note shall either mature or have a Rate Reset Date within ten (10) years after the date of original issuance of such Note. The term "Notes" as used herein shall include each such senior promissory note delivered pursuant to any provision of this Agreement and each such senior promissory note delivered in substitution or exchange for any other Note pursuant to any such provision.

2. PURCHASE AND SALE OF NOTES. The Company hereby agrees to sell to you and, subject to the terms and conditions herein set forth, you agree to purchase from the Company, Notes in the aggregate principal amount of $143,119,000 at 100% of such

aggregate principal amount. The Company will deliver to you, at the offices of O'Melveny & Myers LLP at 275 Battery Street, Suite 2600, San Francisco, California, (or such other location to be determined by mutual agreement between the Company and you) one or more Notes registered in your name, evidencing the aggregate principal amount of Notes to be purchased by you and in the denomination or denominations specified in the Purchaser Schedule attached hereto, against payment of the purchase price thereof by transfer of immediately available funds for credit to the Company's account #890-0305-525 at The Bank of New York, New York, New York, ABA No. 021-000-018 on the date of closing, which shall be November 12, 1998 or any other date on or before November 13, 1998 upon which the Company and you may mutually agree (herein called the "CLOSING" or the "DATE OF CLOSING").

3. CONDITIONS OF CLOSING. Your obligation to purchase and pay for the Notes to be purchased by you hereunder is subject to the satisfaction, on or before the date of closing, of the following conditions:

3A. EXECUTION AND DELIVERY OF DOCUMENTS. The Company shall have delivered, or cause to be delivered, to you duly executed, original or certified copies of the following documents, each to be dated the date of closing unless otherwise indicated:

(i) the Note(s), originally executed and in substantially the form of Exhibit A attached hereto.

(ii) a favorable opinion of Deborah Shulevitz, Esq., counsel to the Company (or such other counsel designated by the Company and acceptable to you) satisfactory to you and substantially in the form of Exhibit B
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attached hereto and as to such other matters as you may reasonably request.

(iii) the Certificate of Incorporation of the Company certified as of a date within 10 Business Days of closing by the Secretary of State of Delaware.

(iv) the Bylaws of the Company certified by the Secretary of the Company.

(v) an incumbency certificate signed by the Secretary or an Assistant Secretary of the Company certifying as to the names, titles and true signatures of the officers of the Company authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder.

(vi) a certificate of the Secretary or an Assistant Secretary of the Company (A) attaching resolutions of the Board of Directors of the Company evidencing approval of the transactions contemplated by this Agreement and the issuance of the Notes and the execution, delivery and performance thereof, and authorizing certain officers to execute and deliver the same, and certifying that such resolutions were duly and validly adopted at a meeting duly noticed and held and such resolutions

have not since been amended, revoked or rescinded, (B) certifying that no dissolution or liquidation proceedings as to the Company have been commenced or are contemplated, and (C) identifying and attaching any proposed or effected amendments to or changes in the Certificate of Incorporation of the Company since the date of the certified copies thereof provided pursuant to clause (iii) above or, if none, so certifying.

(vii) (A) the representations and warranties contained in paragraph 8 shall be true on and as of the date of closing, except to the extent of changes caused by the transactions herein contemplated; (B) there shall exist on the date of closing no Event of Default or Default and no Event of Default or Default will occur by reason of or immediately following the sale of the Notes hereunder; (C) no condition, event or act that has had or would have a Material Adverse Effect has occurred since December 31, 1997, and (D) you shall have received an Officer's Certificate certifying as to all of the foregoing.

(viii) a corporate good standing certificate as to the Company from the State of New Jersey.

(xi) additional documents or certificates with respect to such legal matters or corporate or other proceedings related to the transactions contemplated hereby as may be reasonably requested by you.

3B. PURCHASE PERMITTED BY APPLICABLE LAWS. The purchase of and payment for the Notes to be purchased by you on the date of closing on the terms and conditions herein provided (including the use of the proceeds of such Notes by the Company) shall not violate any applicable law or governmental regulation (including, without limitation, Section 5 of the Securities Act or Regulation T, U or X of the Board of Governors of the Federal Reserve System) and shall not subject you to any tax, penalty, liability or other onerous condition under or pursuant to any applicable law or governmental regulation, and you shall have received such certificates or other evidence as you may request to establish compliance with this condition.

3C. PROCEEDINGS. All corporate and other proceedings taken or to be taken in connection with the transactions contemplated hereby and all documents incident thereto shall be satisfactory in substance and form to you, and you shall have received all such counterpart originals or certified or other copies of such documents as you may reasonably request.

3D. RATING. The Company shall have obtained a rating of the Notes, as of a date not more than 30 days prior to the closing hereof, of A or better from S&P and the equivalent rating from Fitch and shall provide written evidence of the same.

3E. PHASE ONE TRANSACTIONS. Phase One of the transactions shall have been completed or shall be consummated concurrently with the consummation of the transactions described herein.

3F. EQUITY REDEMPTION AND PRUDENTIAL GUARANTIED LOANS. You shall have obtained the Prudential Guarantied Loan and Equity Redemption Loan or the closing of such loans shall occur concurrently with the closing of the transactions contemplated herein; and the lenders of the Prudential Guarantied Loan and Equity Redemption Loan shall have made available to you in full the proceeds of the Prudential Guarantied Loan and Equity Redemption Loan.

4. PREPAYMENTS. The Notes are not prepayable during the first year of the term thereof. The Notes shall be subject to prepayment, in whole or in part at any time after the first anniversary date of this Agreement, at the option of the Company, at 100% of the principal amount so prepaid plus accrued interest thereon to the prepayment date and the Yield-Maintenance Amount, if any, under the applicable Note with respect to the principal amount so prepaid; provided, however, that any prepayment, whether in whole or in part, made on a Rate Reset Date shall be payable without any Yield-Maintenance Amount. If the Company elects to prepay any of the Notes at any time while any BP Party holds any Notes, the Company shall first offer to prepay all Notes then held by such BP Party(ies) before offering to prepay any Notes held by any other Person. Within three (3) business days after delivery to it of any such offer of prepayment, each such BP Party shall provide the Company written notice of its election to either have such BP Party's Notes prepaid first or to have the Notes held by other Persons prepaid prior to the Notes held by such BP Party; provided that, -------- ---- notwithstanding the election of any such BP Party to have Notes held by other Persons paid first, the Company may prepay any portion of such BP Party's Notes once the Company has prepaid in full all Notes held by such other Persons. The failure of any BP Party to provide such notice to the Company within such three (3) business day period shall be deemed an election to prepay such BP Party's Notes first.

5. AFFIRMATIVE COVENANTS.

5A. FINANCIAL STATEMENTS. The Company covenants that it will deliver to each Significant Holder in duplicate:

(i) as soon as practicable and in any event within 60 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, statements of income, cash flows and shareholders' equity of the Company for the period from the beginning of the current year to the end of such quarterly period, and a balance sheet of the Company as at the end of such quarterly period, setting forth in comparative form statements of income and cash flows for the corresponding period in the preceding year, all in reasonable detail and certified by an authorized financial officer of the Company, subject to changes resulting from year-end adjustments;

(ii) as soon as practicable and in any event within 120 days after the end of each fiscal year, statements of income, cash flows and shareholders' equity of the Company for such year, and a balance sheet of the Company as at the end of such year, all prepared in accordance with GAAP, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit, all in reasonable detail and satisfactory in form to the Required Holder(s)' and reported on by a Big Five Accounting Firm selected by the Company whose report shall be without limitation as to the scope of the audit and reasonably satisfactory in substance to the Required Holder(s) and shall be certified by such Big Five Accounting Firm to its knowledge with its unqualified opinion;

(iii) promptly upon transmission thereof, copies of all such financial statements, proxy statements, notices and reports as it shall send to its stockholders;

(iv) promptly upon receipt thereof, a copy of each other report or management letter submitted to the Company by its independent public accountants in connection with any annual, interim or special audit made by them of the books of the Company;

(v) such other financial data and other information as the Company regularly provides to its other lenders, other holders of Debt or other creditors; and

(vi) with reasonable promptness, such other information and documents as such Significant Holder may reasonably request.

Together with each delivery of financial statements required by clauses (i) and (ii) above, the Company will deliver to each Significant Holder an Officer's Certificate demonstrating (with computations in reasonable detail) compliance by the Company and its Subsidiaries with the provisions of paragraph 6A and stating that there exists no Event of Default or Default, or, if any Event of Default or Default exists, specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto. Together with each delivery of financial statements required by clause (ii) above, the Company will deliver to each Significant Holder a certificate of such accountants stating that, in making the audit necessary for their report on such financial statements, they have obtained no knowledge of any Event of Default or Default, or, if they have obtained knowledge of any Event of Default or Default, specifying the nature and period of existence thereof. Such accountants, however, shall not be liable to anyone by reason of their failure to obtain knowledge of any Event of Default or Default which would not be disclosed in the course of an audit conducted in accordance with generally accepted auditing standards.

The Company also covenants that promptly after any Responsible Officer obtains knowledge of an Event of Default or Default, it will deliver to each Significant Holder an Officer's Certificate specifying the nature and period of existence thereof and what action the Company has taken, is taking or proposes to take with respect thereto.

5B. INSPECTION OF BOOKS AND RECORDS. The Company covenants that it will permit any Person designated by any Significant Holder in writing, at such Significant Holder's expense, to visit the Company's place of business to examine the corporate books and financial records of the Company and make copies thereof or extracts therefrom and to discuss the affairs, finances and accounts of the Company with the principal officers thereof and its independent public accountants, all at such reasonable times and as often as such Significant Holder may reasonably request; provided, however that disclosure of any
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confidential or material non-public information of the Company requested by such Person may be reasonably conditioned on such Person's execution and delivery of a confidentiality agreement in form and substance acceptable to Company.

5C. COVENANT TO SECURE NOTE EQUALLY. The Company covenants that if it shall create or assume any Lien upon any of its property or assets, whether now owned or hereafter acquired, other than Liens permitted by the provisions of paragraph 6C(1) (unless prior written consent to the creation or assumption
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thereof shall have been obtained pursuant to paragraph 11C), it will make or
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cause to be made effective provision whereby the Notes will be secured by such Lien equally and ratably with any and all other Debt thereby secured so long as any such other Debt shall be so secured; provided that the creation and
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maintenance of such equal and ratable Lien shall not in any way limit or modify the right of the holders of the Notes to enforce the provisions of paragraph
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6C(1).
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5D. COMPLIANCE WITH LAWS. The Company covenants that it and all of its properties and facilities will comply at all times in all material respects with all federal, state, local and regional statutes, laws, ordinances and judicial or administrative orders, judgments, rulings and regulations, including those relating to protection of the environment except, in any such case, where failure to comply would not result in a Material Adverse Effect on the business, condition (financial or otherwise) or operations of the Company.

5E. PAYMENT OF TAXES. The Company covenants that it will file or cause to be filed all federal, state and other income tax returns which, to the knowledge of the officers of the Company, are required to be filed, and will pay all taxes as shown on such returns and on all assessments received by it to the extent that such taxes become due, except such taxes as are subject to a Good Faith Contest.

5F. ENFORCEMENT OF MORTGAGE PROVISIONS. The Company covenants that it shall require any Commercial Mortgage Loans originated or acquired by it to contain covenants to the effect that (1) the mortgagor shall obtain and maintain at all times appropriate insurance coverage with respect to the mortgaged property and (2) the mortgagor shall promptly pay and discharge any indebtedness or lawful claims against the mortgaged property which if unpaid would constitute a Lien on such property. The Company further covenants and agrees that it will use commercially reasonable efforts to enforce such covenants.

6. NEGATIVE COVENANTS. So long as any Note or amount owing under this Agreement shall remain unpaid, the Company covenants that:

6A(1). DEBT SERVICE COVERAGE RATIO. The Company will not, at any time, permit the Debt Service Coverage Ratio to be less than 1.4 to 1.

6A(2). DEBT TO TOTAL ASSETS RATIO. The Company will not permit the ratio of (i) Debt to (ii) the sum of Total Assets plus the cumulative depreciation of any real property assets of the Company to exceed .70 to 1.

6B. RESTRICTED PAYMENTS. The Company covenants that it will not make, pay or declare, or commit to make, pay or declare, any Restricted Payment unless, after giving effect thereto, (i) the aggregate amount of all Restricted Payments made during the twelve month period commencing on the date hereof and expiring on the one (1) year anniversary of the date hereof, and including all previously made Restricted Payments, does not exceed 100% of the lesser of (A) Net Income and (B) Net Income (determined without giving effect to any current income taxes or any change in deferred taxes), in each case, for all such fiscal quarters during such time period on a cumulative basis, and (ii) the aggregate amount of all Restricted Payments made during any fiscal quarter after the expiration of such twelve (12) month period, and including all previously made Restricted Payments, does not exceed 105% of the lesser of (C) Net Income and (D) Net Income (determined without giving effect to any current income taxes or any change in deferred taxes), in each case, for all such fiscal quarters on a cumulative basis, and (iii) no Default or Event of Default exists or would exist after giving effect to such Restricted Payment.

6C. LIENS, DEBT, AND OTHER RESTRICTIONS. The Company will not:

6C(1). LIENS. Create, assume or suffer to exist any Lien upon any of its properties or assets, whether now owned or hereafter acquired, or any income, participation, royalty or profits therefrom (whether or not provision is made for the equal and ratable securing of the Notes in accordance with the provisions of paragraph 5C), except for the Liens specified in clauses (i) through (xi) below (collectively, "PERMITTED LIENS");

(i) Liens for taxes, assessments or other governmental levies or charges not yet due or which are subject to a Good Faith Contest;

(ii) statutory Liens of landlords and Liens of carriers, contractors, warehousemen, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or which are subject to a Good Faith Contest;

(iii) Liens (other than any Lien imposed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) incurred, or deposits made, in the ordinary course of business (A) in connection with workers' compensation, unemployment insurance, old age benefit and other types of social security, (B) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, performance bonds, purchase, construction, government or sales contracts and other similar obligations or (C) otherwise to satisfy statutory or legal obligations; provided, that in each such case

such Liens (1) were not incurred or made in connection with the incurrence or maintenance of Indebtedness, the borrowing of money, the obtaining of advances or credit, and (2) do not in the aggregate materially detract from the value of the property or assets so encumbered or materially impair the use thereof in the operation of its business;

(iv) Liens existing (A) prior to the time of acquisition upon any property acquired by the Company through purchase, merger or consolidation or otherwise, whether or not expressly assumed by the Company, or (B) placed on property at the time of acquisition by the Company or to secure all or a portion of (or to secure Debt incurred to pay all or a portion of) the purchase price thereof; provided that such Lien shall not have been
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created, incurred or assumed in contemplation of such purchase, merger, consolidation or other event;

(v) Liens now or hereafter required by this Agreement;

(vi) Liens in existence on the date hereof as set forth on Schedule
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6C(1) hereto;

(vii) leases, subleases, licenses and sublicenses granted to third parties not interfering in any material respect with the business of the Company;

(viii) minor survey exceptions or minor encumbrances, easements or reservations, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to use of real property, that are necessary for the conduct of the operations of the Company or that customarily exist on properties of corporations engaged in similar businesses and are similarly situated and that do not in any event materially impair their use in the operations of the Company;

(ix) any attachment or judgment Lien, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay; provided the
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aggregate amount of such attachment or judgment Liens shall not secure obligations in excess of $10,000,000 at any time;

(x) Liens other than those described in clauses (i) through (ix)
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above that secure Debt permitted by clauses (i) and (ii) of paragraph
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6C(2); provided that no Default or Event of Default shall exist and be
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continuing or shall result therefrom; or

(xi) any Lien renewing, extending or refunding any Lien permitted by clause (x) above.

6C(2). DEBT. Create, incur, assume or in any other way become liable in respect of any Debt, except
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(i) the Notes;

(ii) Funded Debt of the Company described in Schedule 6C(2) and outstanding as of the date hereof; and

(iii) additional Funded Debt of the Company in an amount, which when added to all other Funded Debt of the Company then outstanding (but excluding the Funded Debt evidenced by the Notes and the Other EC Notes), does not exceed $1,000,000,000 at any one time outstanding.

6C(3). LOANS, ADVANCES, INVESTMENTS AND CONTINGENT LIABILITIES. Make or permit to remain outstanding any loan or advance to, or extend credit other than credit extended in the normal course of business to any Person who is not an Affiliate of the Company to, or Guarantee, directly or indirectly, in connection with the obligations, stock or dividends of, or own, purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any Person, or commit to do any of the foregoing, (all of the foregoing collectively being "INVESTMENTS"), except for the Investments set forth in clauses (i) through (ix) below (collectively, "PERMITTED INVESTMENTS"):

(i) obligations backed by the full faith and credit of the United States Government (whether issued by the United States Government or an agency thereof), and obligations guaranteed by the United States Government, in each case which mature within one year from the date acquired;

(ii) demand and time deposits with, Eurodollar deposits with or certificates of deposit issued by any commercial bank or trust company (1) organized under the laws of the United States or any of its states or having branch offices therein, (2) having equity capital in excess of $100,000,000 and (3) which issues either (x) senior debt securities rated A or better by S&P, A or better by Moody's or (y) commercial paper rated A-2 or better by S&P or Prime-2 or better by Moody's (or, in either case, an equivalent rating from another nationally recognized credit rating agency) ("RATED BANKS"), in each case payable in the United States in United States dollars and in each case which mature within one year from the date acquired;

(iii) marketable commercial paper and loan participations rated A-1 or better by S&P or P-1 or better by Moody's (or, in either case, an equivalent rating from another nationally recognized credit rating agency) and maturing not more than 270 days from the date acquired;

(iv) bonds, debentures, notes or similar debt instruments issued by a state or municipality given a "AA" rating or better by S&P or an equivalent rating by another nationally recognized credit rating agency and maturing not more than one year from the date acquired;

(v) the loans, investments and advances existing as of the date hereof and listed on Schedule 6C(3) hereto;

(vi) repurchase agreements and similar commercial undertakings for terms of less than one year with any Rated Bank, provided that such repurchase agreements or undertakings are secured and collateralized by obligations backed by the full faith and credit of the United States Government in aggregate face amount equal to or greater than the obligations so secured;

(vii) money market mutual funds that (A) are denominated in U.S. Dollars, (B) have average asset maturities not in excess of 365 days, (C) have total invested assets in excess of $1,000,000,000 and (D) invest exclusively in Permitted Investments other than those described in Clause (ix) below, or are rated at least BBB- by S&P;

(viii) bonds, debentures, notes or similar debt instruments issued by a corporation organized and existing under the laws of any state of the United States of America or the District of Columbia and having a long term credit rating of BBB-or better from S&P or Baa3 or better from Moody's; and

(ix) Commercial Mortgage Loans and ABS originated, purchased or acquired by the Company in the ordinary course of its business, provided that any such Commercial Mortgage Loan or ABS shall comply with the investment guidelines set forth on Exhibit C hereto at the time of origination, purchase, or acquisition by the Company; and further provided, that at all times the Company's portfolio of Investments, taken as a whole, shall be in compliance with such investment guidelines.

6C(4). MERGER AND CONSOLIDATION. Merge or consolidate with any other Person, except that the Company may consolidate or merge with any other corporation if (A) the Company shall be the continuing or surviving corporation and (B) no Default or Event of Default exists or would exist after giving effect to such merger or consolidation.

6C(5). TRANSFER OF ASSETS. Transfer, or agree or otherwise commit to Transfer, a substantial portion of its assets.

6C(6) ISSUANCE OF ADDITIONAL UNSECURED NOTES. Issue any unsecured notes of the Company which are rated lower than the rating of the Notes on the date hereof.

7. EVENTS OF DEFAULT.

7A. ACCELERATION. If any of the following events shall occur and be continuing for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise):

(i) the Company defaults in the payment of any principal of or Yield-Maintenance Amount payable with respect to any Note when the same shall become due, either by the terms thereof or otherwise as herein provided; or

(ii) the Company defaults in the payment of any interest on any Note for more than 10 days after the date due; or

(iii) the Company defaults (whether as primary obligor or as guarantor or other surety) in any payment of principal of or interest on any other Debt (other than secured Debt which is non-recourse to the Company) beyond any period of grace provided with respect thereto, or the Company fails to perform or observe any other agreement, term or condition contained in any agreement under which any such Debt is created (or if any other event thereunder or under any such agreement shall occur and be continuing) and the effect of such failure or other event is to cause, or to permit the holder or holders of such (or a trustee on behalf of such holder or holders) to cause, such Debt to become due (or to be repurchased by the Company) prior to any stated maturity, provided that the aggregate amount of all Debt as to which such a payment default shall occur and be continuing or such a failure or other event causing or permitting acceleration (or resale to the Company) shall occur and be continuing exceeds an amount equal to the lesser of (x) $10,000,000 and (y) 5% of the net assets of the Company as reflected on its most recent balance sheet at the time of determination; or

(iv) any representation or warranty made by or on behalf of the Company or any of its officers herein or in any other writing furnished in connection with or pursuant to this Agreement or the transactions contemplated hereby shall be false in any material respect on the date as of which made; or

(v) the Company fails to perform or observe any agreement contained in paragraph 6; or
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(vi) the Company fails to perform or observe any other agreement, term or condition contained herein and such failure shall not be remedied within 30 days after the Company receives written notice of such default from any holder of a Note; or

(vii) the Company makes an assignment for the benefit of creditors or is generally not paying its debts as such debts become due; or

(viii) any decree or order for relief in respect of the Company is entered under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law, whether now or hereafter in effect (herein called the "BANKRUPTCY LAW"), of any jurisdiction; or

(ix) the Company petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Company, or of any substantial part of the assets of the Company, or commences a voluntary case under the Bankruptcy Law of the United States or any proceedings relating to the Company under the Bankruptcy Law of any other jurisdiction; or

(x) any such petition or application is filed, or any such proceedings are commenced, against the Company and the Company by any act indicates its approval thereof, consent thereto or acquiescence therein, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings, and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xi) any order, judgment or decree is entered in any proceedings decreeing the dissolution of the Company and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xii) one or more final judgments in an aggregate amount in excess of $10,000,000 is rendered against the Company and, within 60 days after entry thereof, a solvent insurance carrier or carriers have not confirmed in writing that each such judgment is fully insured or any such judgment is not discharged or execution thereof stayed pending appeal, or within 60 days after the expiration of any such stay, any such judgment is not discharged;

then (a) if such event is an Event of Default specified in clauses (i) or (ii) of this paragraph 7A, the holder of any Note (other than the Company or any of its Affiliates) may at its option during the continuance of such Event of Default, by notice in writing to the Company, declare such Note to be, and such Note shall thereupon be and become, immediately due and payable at par, together with interest accrued thereon, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company, (b) if such event is an Event of Default specified in clause (viii), (ix) or (x) of this paragraph 7A, all of the Notes at the time outstanding shall automatically become immediately due and payable, together with interest accrued thereon and the Yield-Maintenance Amount, if any and to the extent permitted by law, with respect to each Note, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company, and (c) with respect to any other event constituting an Event of Default, the Required Holder(s) may, at its or their option, by notice in writing to the Company, declare all of the Notes to be, and all of the Notes shall thereupon be and become, immediately due and payable together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, with respect to each Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company (provided that, so long as any BP Party holds any Note(s), such BP Party may declare its Note(s) to be immediately due and payable with

respect to any such other event constituting an Event of Default without the consent or approval of the other Holders).

The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of the Yield-Maintenance Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

7B. RESCISSION OF ACCELERATION. At any time after any or all of the Notes shall have been declared immediately due and payable pursuant to paragraph 7A, the Required Holder(s) may, by notice in writing to the Company, rescind and annul such declaration and its consequences if (i) the Company shall have paid all overdue interest on the Notes, the principal of and Yield-Maintenance Amount, if any, payable with respect to any Notes which have become due otherwise than by reason of such declaration, and interest on such overdue interest and overdue principal and Yield-Maintenance Amount at the applicable rate specified in the Notes, (ii) the Company shall not have paid any amounts which have become due solely by reason of such declaration, (iii) all Events of Default and Defaults, other than non-payment of amounts which have become due solely by reason of such declaration, shall have been cured or waived pursuant to paragraph 11C, and (iv) no judgment or decree shall have been entered for the payment of any amounts due pursuant to the Notes or this Agreement. Notwithstanding the foregoing, so long as any BP Holder holds any Note(s), only such BP Holder shall be permitted to rescind and annul any such declaration with respect to the Note(s) that it holds. No such rescission or annulment shall extend to or affect any subsequent Event of Default or Default or impair any right arising therefrom.

7C. NOTICE OF ACCELERATION OR RESCISSION. Whenever any Note shall be declared immediately due and payable pursuant to paragraph 7A or any such declaration shall be rescinded and annulled pursuant to paragraph 7B, the Company shall forthwith give written notice thereof to the holder of each Note at the time outstanding.

7D. OTHER REMEDIES. If any Event of Default shall occur and be continuing, the holder of any Note may proceed to protect and enforce its rights under this Agreement and such Note by exercising such remedies as are available to such holder in respect thereof under applicable law, either by suit in equity or by action at law, or both, whether for specific performance of any covenant or other agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement. No remedy conferred in this Agreement upon the holder of any Note is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or now or hereafter existing at law or in equity or by statute or otherwise.

8. REPRESENTATIONS, COVENANTS AND WARRANTIES. The Company represents, covenants and warrants as follows:

8A. ORGANIZATION. The Company is a corporation duly organized and existing in good standing under the laws of the State of Delaware, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof. The Company has no Subsidiaries.

8B. FINANCIAL STATEMENTS. The Company has furnished you with the unaudited financial statements, certified by a principal financial officer of the Company: a balance sheet of the Company as of June 30, 1998 and statements of income, stockholders' equity and cash flows for the six-month period ended on such date, prepared by the Company. To the Company's knowledge, such financial statements are true and correct in all material respects (subject, as to interim statements, to changes resulting from audits and year-end adjustments), have been prepared in accordance with GAAP consistently followed throughout the periods involved and show all liabilities, direct and contingent, of the Company required to be shown in accordance with such principles. To the Company's knowledge, the balance sheets fairly present the condition of the Company as at the dates thereof, and the statements of income, stockholders' equity and cash flows fairly present the results of the operations of the Company and its cash flows for the periods indicated. To the knowledge of the Company, there has been no material adverse change in the business, condition (financial or otherwise) or operations of the Company since June 30, 1998.

8C. ACTIONS PENDING. There is no action, suit, investigation or pro ceeding pending or, to the knowledge of the Company, threatened against the Company, or any properties or rights of the Company, by or before any court, arbitrator or administrative or governmental body which (i) might result in a Material Adverse Effect or (ii) purports to affect the validity or enforceability of this Agreement, any Note issued hereunder or the transactions contemplated hereby.

8D. TAXES. The Company has filed all federal, state and other income tax returns which, to the knowledge of the officers of the Company, are required to be filed, and has paid all taxes as shown on such returns and on all assessments received by it to the extent that such taxes have become due, except such taxes as are subject to a Good Faith Contest.

8E. CONFLICTING AGREEMENTS AND OTHER MATTERS. The Company is not a party to any contract or agreement or subject to any charter or other corporate restriction which materially and adversely affects its business, property or assets, or financial condition. Neither the execution nor delivery of this Agreement or the Notes, nor the offering, issuance and sale of the Notes, nor fulfillment of nor compliance with the terms and provisions hereof and of the Notes will materially conflict with, or result in a material breach of the terms, conditions or provisions of, or constitute a default under, or result in any material violation of, or result in the creation of any Lien upon any of the properties or assets of the Company pursuant to, the charter or by-laws of the Company, any award of any arbitrator or any agree ment (including any agreement with stockholders), instrument, order, judgment, decree, statute, law, rule or regulation to which the Company is subject. Except as set forth in Schedule 8E attached hereto, the Company is not a party to, or otherwise
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subject to any provision contained in, any instrument evidencing Indebtedness of the Company, any agreement relating thereto or any other contract or agreement (including its charter) which limits the amount of, or otherwise imposes restrictions on the incurring of, Debt of the Company of the type to be evidenced by the Notes.

8F. OFFERING OF NOTES. Neither the Company nor any agent acting on its behalf has, directly or indirectly, offered the Notes or any similar security of the Company for sale to, or solicited any offers to buy the Notes or any similar security of the Company from, or otherwise approached or negotiated with respect thereto with, any Person other than Institutional Investors, and neither the Company nor any agent acting on its behalf has taken or will take any action which would subject the issuance or sale of the Notes to the provisions of section 5 of the Securities Act or to the provisions of any securities or Blue Sky law of any applicable jurisdiction.

8G. USE OF PROCEEDS. The Company does not own or have any present intention of acquiring any "margin stock" as defined in Regulation U (12 CFR Part 207) of the Board of Governors of the Federal Reserve System (herein called "MARGIN STOCK"). The proceeds of sale of the Notes will be used to purchase Commercial Mortgage Loans and/or marketable debt securities, including, but not limited to, ABS. None of such proceeds will be used, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any margin stock or for the purpose of maintaining, reducing or retiring any Indebtedness which was originally incurred to purchase or carry any stock that is currently a margin stock or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of such Regulation U. Neither the Company nor any agent acting on its behalf has taken or will take any action which might cause this Agreement or the Notes to violate Regulation U, Regulation T or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Exchange Act, in each case as in effect now or as the same may hereafter be in effect.

8H. ERISA. The Company has no retirement or employee benefit plans subject to ERISA.

8I. GOVERNMENTAL CONSENT. No circumstance in connection with the offering, issuance, sale or delivery of the Notes is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body in connection with the execution and delivery of this Agreement, the offering, issuance, sale or delivery of the Notes or fulfillment of or compliance with the terms and provisions hereof or of the Notes, if the failure to obtain any such consent would have a Material Adverse Effect.

8J. COMPLIANCE WITH LAWS. The Company and all of its properties and facilities have complied at all times in all material respects with all federal, state, local and regional statutes, laws, ordinances and judicial or administrative orders, judgments, rulings and regulations, except, in any such case, where failure to comply would not result in a Material Adverse Effect on the business, condition (financial or otherwise) or operations of the Company.

8K. INVESTMENT COMPANY STATUS. Neither the Company nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended.

8L. DUE AUTHORIZATION, ETC. This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

8M. DISCLOSURE. Neither this Agreement nor any other document, certificate or statement furnished to you by or on behalf of the Company in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact peculiar to the Company which materially adversely affects or in the future may (so far as the Company can now foresee) materially adversely affect the business, property or assets, or financial condition of the Company and which has not been set forth in this Agreement or in the other docu ments, certificates and written statements furnished to you and Boston Properties Limited Partnership, a Delaware limited partnership by or on behalf of the Company prior to the date hereof in connection with the transactions contemplated hereby.

8N. INVESTMENTS. All mortgage loans owned by the Company as of the date of this Agreement are Commercial Mortgage Loans which are not in default beyond any applicable cure periods pursuant to the terms thereof, and the Company has not extended any of the cure periods provided in the loan documents governing, evidencing and securing such Commercial Mortgage Loans and originally executed in connection therewith beyond the applicable cure periods provided in such loan documents.

8O. ENVIRONMENTAL MATTERS. Except as disclosed on Schedule 8O hereto, the Company (i) has complied in all material respects with all applicable Environmental Laws, and the Company has not received (A) notice of any material failure so to comply, (B) any letter or request for information under Section 104 of CERCLA or comparable state laws or (C) any information that would lead it to believe that it is the subject of any federal, state or local investigation concerning Environmental Laws; (ii) does not manage, generate, transport, discharge or store any Hazardous Material in material violation of any material Environmental Laws; (iii) does not own, operate or maintain any underground storage tanks; and (iv) is not aware of any conditions or circumstances associated with its currently or previously owned or leased properties or operations (or those of any tenants of such properties) which may give rise to any liabilities under Environmental Laws which could have a Material Adverse Effect.

9. REPRESENTATIONS OF THE PURCHASER. You represent that you are not acquiring the Notes to be purchased by you hereunder with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act, provided that the disposition of your property shall at all times be and remain within your control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

10. DEFINITIONS; ACCOUNTING MATTERS. For the purpose of this Agreement, the terms defined in paragraphs 10A and 10B (or within the text of any other paragraph) shall have the respective meanings specified therein and all accounting matters shall be subject to determination as provided in paragraph 10C.

10A. YIELD-MAINTENANCE TERMS.

"BUSINESS DAY" shall mean any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed.

"CALLED PRINCIPAL" shall mean, with respect to any Note, the princi pal of such Note that is to be prepaid pursuant to paragraph 4 or is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

"DISCOUNTED VALUE" shall mean, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (as converted to reflect the periodic basis on which interest on the Notes is payable, if interest is payable other than on a semi-annual basis) equal to the Reinvestment Yield with respect to such Called Principal.

"REINVESTMENT YIELD" shall mean, with respect to the Called Princi pal of any Note, the offered-side yield to maturity, as of 10:00 a.m. (New York City time) on the Business Day next preceding the Settlement Date with respect to such Called Principal, of the U.S. Treasury security that was used to determine the then Treasury of such Investment Note.

"REMAINING AVERAGE LIFE" shall mean, with respect to the Called Principal of any Note, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) each Remaining Scheduled Payment of such Called Principal (but not of interest thereon) by (b) the number of years (calculated to the nearest one-twelfth year) which will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"REMAINING SCHEDULED PAYMENTS" shall mean, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due on or after the Settlement Date through and including the Rate Reset Date (assuming that the entire principal balance and all accrued interest as of such Rate Reset Date will be repaid on such Rate Reset Date), if the Settlement Date precedes such Rate Reset Date, or alternatively, the Maturity Date if the Settlement Date occurs after the Rate Reset Date.

"SETTLEMENT DATE" shall mean, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to paragraph 4 or is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

"YIELD-MAINTENANCE AMOUNT" shall mean, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Called Principal of such Note over the sum of (i) such Called Principal plus (ii) to the extent paid on the Settlement Date with the Called Principal, interest accrued thereon as of

(including interest due on) the Settlement Date with respect to such Called Principal. The Yield-Maintenance Amount shall in no event be less than zero.

10B. OTHER TERMS.

"ABS" shall mean mortgage, or other asset backed securities.

"AFFILIATE" shall mean any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Company. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

"BANKRUPTCY LAW" shall have the meaning specified in clause (viii) of paragraph 7A.

"BIG FIVE ACCOUNTING FIRM" shall mean any of Arthur Andersen, Deloitte & Touche, KPMG Peat Marwick, PricewaterhouseCoopers and Ernst & Young.

"BP PARTY" shall mean Boston Properties Limited Partnership, a Delaware limited partnership, and any Affiliate thereof, and shall also include, in all events, One Embarcadero Center Venture, a California general partnership.

"CASH FLOW" shall mean, in respect of any period, the sum of (a) Net Income for such period and (b) the amount of all depreciation and amortization allowances and other non-cash expenses of the Company but only to the extent deducted in the determination of Net Income for such period.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

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

"COMMERCIAL MORTGAGE LOANS" shall mean commercial mortgage loans made in substantial conformance with (x) standards prevailing in the commercial loan mortgage marketplace and (y) the guidelines contained in Exhibit C hereto.

"CURRENT DEBT" shall mean, with respect to the Company, all Indebtedness for borrowed money which by its terms or by the terms of any instrument or agreement relating thereto matures on demand or within one year from the date of the creation thereof and is not directly or indirectly renewable or extendible at the option of the debtor to a date more than one year from the date of

the creation thereof, provided that Indebtedness for borrowed money outstanding under a revolving credit or similar agreement which obligates the lender or lenders to extend credit over a period of more than one year shall constitute Funded Debt and not Current Debt, even though such Indebtedness by its terms matures on demand or within one year from the date of the creation thereof.

"DEBT" shall mean Current Debt and Funded Debt.

"DEBT SERVICE" shall mean, with respect to any period, the sum of the following: (a) Interest Charges for such period, and (b) all payments of principal in respect of Debt of the Company paid or payable during such period.

"DEBT SERVICE COVERAGE RATIO" shall mean, at any time of determination, the ratio of (a) Cash Flow for the most recent fiscal quarter to (b) Debt Service for such fiscal quarter.

"DEFAULT" shall mean any of the events specified in paragraph 7A, whether or not any requirement for such event to become an Event of Default has been satisfied.

"DUFF & PHELPS" shall mean Duff & Phelps Corporation.

"ENVIRONMENTAL LAWS" shall mean all laws relating to pollution, the release or other discharge, handling, disposition or treatment of Hazardous Materials and other substances or the protection of the environment or of employee health and safety, including, without limitation, CERCLA, the Hazardous Material Transportation Act (49 U.S.C. Section 1801 et. seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 7401 et. seq.), the Clean Air Act (42 U.S.C. Section 401 et. seq.), the Toxic Substances Control Act (15 U.S.C. Section 651 et. seq.) and the Emergency Planning and Community Right-To-Know Act (42 U.S.C. Section 11001 et. seq.), each as the same may be amended and supplemented.

"EVENT OF DEFAULT" shall mean any of the events specified in para
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graph 7A, provided that there has been satisfied any requirement in
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connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act.

"EQUITY REDEMPTION LOAN" shall mean that certain loan in the aggregate principal amount of $328,143,000 by Bankboston, N.A., The Chase Manhattan Bank, Fleet National Bank, PNC Bank, National Association, Dresdner Bank AG New York Branch and Grand Cayman Branch, The Bank of New York, Key Bank National Association and Citizens Bank (and other banks which may become parties to the Term Loan Agreement described immediately below) to you, One Embarcadero Center Venture, Three Embarcadero Center Venture and

Embarcadero Center Associates pursuant to that certain Term Loan Agreement dated as of November 12, 1998.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

"FITCH" shall mean Fitch IVCA, Inc.

"FUNDED DEBT" shall mean, with respect to any Person, all Indebtedness of such Person which by its terms or by the terms of any instrument or agreement relating thereto matures, or which is otherwise payable or unpaid, more than one year from, or is directly or indirectly renewable or extendible at the option of the debtor to a date more than one year (including an option of the debtor under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of more than one year) from, the date of the creation thereof, including current maturities of long-term debt that appear as current liabilities in accordance with GAAP.

"GAAP" shall have the meaning set forth in paragraph 10C.

"GOOD FAITH CONTEST" shall mean, with respect to any tax, assessment, Lien, obligation, claim, liability, judgment, injunction, award, decree, order, law, regulation, statute or similar item, any challenge or contest thereof by appropriate proceedings timely initiated in good faith by the Company for which adequate reserves therefor have been taken in accordance with GAAP.

"GUARANTEE" shall mean, with respect to any Person, any direct or indirect liability, contingent or otherwise, of such Person with respect to any indebtedness, lease, dividend or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted or sold with recourse by such Person, or in respect of which such Person is otherwise directly or indirectly liable, including, without limitation, any such obligation in effect guaranteed by such Person through any agreement (contingent or otherwise) to

(i) purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise);

(ii) maintain the solvency or any balance sheet or other financial condition of the obligor of such obligation; or

(iii) pay the purchase price for goods or services regardless of the non-delivery or non-furnishing thereof, in any such case if the purpose, intent or effect of such agreement is to provide assurance that such obligation will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such obligation will be protected against loss in respect thereof.

The amount of any Guarantee shall be equal to the outstanding principal amount of the obligation guaranteed or such lesser amount to which the maximum exposure of the guarantor shall have been specifically limited.

"HAZARDOUS MATERIALS" shall mean (i) any material or substance defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous material", "toxic substances" or any other formulations intended to define, list or classify substances by reason of their deleterious properties, (ii) any oil, petroleum or petroleum derived substance, (iii) any flammable substances or explosives, (iv) any radioactive materials, (v) asbestos in any form, (vi) electrical equipment that contains any oil or dielectric fluid containing levels or polychlorinated biphenyls in excess of 50 parts per million, (vii) pesticides or (viii) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental agency or authority or which may or could pose a hazard to the health and safety of persons in the vicinity thereof.

"INCLUDING" shall mean, unless the context clearly requires otherwise, "including without limitation".

"INDEBTEDNESS" shall mean, with respect to any Person and without duplication (i) all items (excluding items of contingency reserves or of reserves for deferred income taxes) which in accordance with GAAP would be included in determining total liabilities as shown on the liability side of a balance sheet of such Person as of the date on which Indebtedness is to be determined, other than Preferred Stock of such Person except as set forth in clause (iv) below; (ii) all indebtedness secured by any Lien on, or payable out of the proceeds or production from, any property or asset owned or held by such Person, whether or not the indebtedness secured thereby shall have been assumed, (iii) all indebtedness of third parties, including joint ventures and partnerships of which such Person is a venturer or general partner, recourse to which may be had against such Person, (iv) redemption obligations in respect of mandatorily redeemable Preferred Stock; and (v) all indebtedness and other obligations of others with respect to which such Person has become liable by way of a Guarantee.

"INITIAL TREASURY" shall mean, for any Note, the yield to maturity implied by (i) the bid-side yields reported, as of 10:00am (New York City time) (or, at your election, at such other time as we may mutually agree) on the Business Day next preceding the date upon which such Note is funded, on the display designated

as "Page 678" on the Telerate Access Service, for actively traded U.S. Treasury securities having a maturity equal to the Rate Reset Date of such Note, or if such bid-side yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the Treasury Constant Maturity Series bid-side yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the date upon which such Note is funded in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Rate Reset Date of such Note. Such implied yields shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities. Notwithstanding the foregoing, subject to the Company's written approval (which approval shall not be unreasonably withheld or delayed), you shall be entitled to select a different actively traded U.S. Treasury security (which shall have am maturity date approximately equal and reasonably comparable to the first Rate Reset Date of such Note) the bid-side yield to maturity of which shall be the Initial Treasury for purposes of such Note; provided, however, that if you select a different U.S.
Treasury security which is approved by the Company pursuant to the foregoing or if a time other than 10:00 a.m. is used to determine the Initial Treasury, then the Margin for such Note shall be adjusted so that the interest rate on such Investment Note is no different than if you had not exercised your rights pursuant to this sentence to select a different U.S. Treasury or to agree to a different time for determining the Initial Treasury. Schedule 1 sets forth the definitive Initial Treasury for each Note.

"INSTITUTIONAL INVESTOR" shall mean any insurance company, commercial, investment or merchant bank, finance company, mutual fund, registered money or asset manager, savings and loan association, credit union, registered investment advisor, pension fund, investment company, licensed broker-dealer, "qualified institutional buyer" (as such term is defined under Rule 144A promulgated under the Securities Act, or any successor law, rule or regulation) or "accredited investor" (as such term is defined under Regulation D promulgated under the Securities Act, or any successor law, rule or regulation).

"INTANGIBLES" shall mean, without duplication, all Intellectual Property and operating agreements, treasury stock, deferred or capitalized research and development costs, goodwill (including any amounts, however designated, representing the cost of acquisition of business and investments in excess of the book value thereof), unamortized debt discount and expense, any write-up of asset value after June 30, 1997 and any other amounts reflected in contra-equity accounts, and any other assets treated as intangible assets under GAAP.

"INTELLECTUAL PROPERTY" shall mean all patents, trademarks, service marks, trade names, copyrights, brand names, mechanical or technical processes and

paradigms, know-how, and similar intellectual property and applications, licenses and similar rights in respect of the same.

"INTEREST CHARGES" shall mean, with respect to any period, the sum (without duplication) of the following: (a) all interest in respect of Debt of the Company deducted in determining Net Income for such period, and (b) all debt discount and expense amortized or required to be amortized in the determination of Net Income for such period.

"INVESTMENTS" shall have the meaning provided in paragraph 6C(3).

"LIEN" shall mean any mortgage, pledge, security interest, encumbrance, minimum or compensating deposit arrangement, lien (statutory or otherwise) or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction) or any other type of preferential arrangement for the purpose, or having the effect, of protecting a creditor against loss or securing the payment or performance of an obligation.

"MARGIN" shall mean, for any Note, 165 basis points; provided that, if you select, for purposes of determining the Initial Treasury, a different U.S. Treasury security from the U.S Treasury selected by the Company or if a time other than 10:00 a.m. is used to determine the Initial Treasury, in either case pursuant to your rights as described in the definition of Initial Treasury, then the Margin during the period of time commencing on the funding of the Investment Note until the first Rate Reset Date thereunder shall be adjusted as described in the last sentence of the definition of Initial Treasury and, from and after the first Rate Reset Date, the Margin shall again adjust to equal 165 basis points. Schedule 1 sets forth the definitive initial Margin for each Note through the first Rate Reset Date of each Note.

"MATERIAL ADVERSE EFFECT" shall mean (i) a material adverse effect on the business, assets, liabilities, operations, prospects or condition, financial or otherwise, of the Company, (ii) material impairment of the Company to perform any of its obligations under the Agreement and the Notes or (iii) material impairment of the validity or enforceability or the rights of, or the benefits available to, the holders of the Notes under this Agreement or the Notes.

"MATURITY DATE" shall have the meaning set forth in paragraph 1 hereof.

"MOODY'S" shall mean Moody's Investors Services, Inc., including the NCO/Moody's Commercial Division, or any successor Person.

"NET INCOME" shall mean, as to any period, consolidated gross revenues of the Company less all operating and non-operating expenses of the Company for such period, including all charges of a proper character (including current and deferred taxes on income, provision for taxes on unremitted foreign earnings which are included in gross revenues, and current additions to reserves), but not including in gross revenues the following:

(i) any gains (net of expenses and taxes applicable thereto) in excess of losses resulting from the Transfer of capital assets (i.e., assets other than current assets);

(ii) any gains resulting from the write-up of assets;

(iii) any equity of the Company in the undistributed earnings (but not losses) of any corporation which is not a Subsidiary;

(iv) any earnings or losses of any Person acquired by the Company through purchase, merger, consolidation or otherwise for any fiscal period prior to the fiscal period in which the acquisition occurs;

(v) gains or losses from the acquisition of securities or the retirement or extinguishment of Debt;

(vi) gains on collections from insurance policies or settlements;

(vii) any income or gain during such period from any change in accounting principles, from any discontinued operations or the disposition thereof, from any extraordinary items or from any prior period adjustment;

(viii) in the case of a successor to the Company by consolidation or merger or as a transferee of its assets, any earnings of the successor corporation prior to such consolidation, merger or transfer of assets.

If the preceding calculation results in a number less than zero, such amount shall be considered a net loss.

"OFFICER'S CERTIFICATE" shall mean a certificate signed in the name of the Company by its President, one of its Vice Presidents or its Treasurer.

"OTHER EC NOTES" shall mean those certain senior promissory notes of the Company issued by the Company on the date hereof to (a) One Embarcadero Center Venture in the aggregate principal amount of $88,200,000 (b) Three Embarcadero Center Venture in the aggregate principal amount of $76,897,000 and (c) Embarcadero Center Associates in the aggregate principal amount of $111,927,000.

"PERMITTED INVESTMENTS" shall have the meaning set forth in paragraph 6C(3).

"PERMITTED LIENS" shall have the meaning set forth in paragraph 6C(1).

"PERSON" shall mean and include an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organ ization and a government or any department or agency thereof.

"PHASE ONE" shall mean the closing and consummation of the transactions described in that certain Master Transaction Agreement dated as of September 28, 1998, by and among Prudential, PIC Realty Corporation, Fedmark Corporation, Embarcadero Center Investors Partnership, Pacific Property Services, L.P., the Persons listed on Exhibit A-1 attached thereto, Boston Properties Limited Partnership and Boston Properties, Inc., which are to be consummated on the "Closing Date" (as defined in such Master Transaction Agreement).

"PRUDENTIAL" shall mean The Prudential Insurance Company of America, a New Jersey mutual insurance company.

"PRUDENTIAL GUARANTIED LOAN" shall mean that certain loan in the aggregate principal amount of $92,000,000 by The Chase Manhattan Bank and/or any of its subsidiaries or affiliates (the "BANK") to you, One Embarcadero Center Venture, Three Embarcadero Center Venture and Embarcadero Center Associates pursuant to that certain Term Loan Agreement dated as of November 12, 1998.

"RATE RESET DATE", with respect to any Note, shall have the meaning set forth in such Note.

"RATED BANK" shall have the meaning set forth in paragraph 6C(3)(ii).

"RELEASE" shall mean any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, leaching or migration into the indoor or outdoor environment, including, without limitation, the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or subsurface strata, in violation of applicable law or prudent business practice.

"REQUIRED HOLDER(S)" shall mean the holder or holders of at least 51% of the aggregate principal amount of the Notes from time to time outstanding, but shall include, in any event, the BP Parties so long as any BP Party holds a direct or indirect interest in any Note.

"RESET TREASURY" shall mean the yield to maturity implied by (i) the yields reported, as of 10:00am (New York City time) on the Business Day next preceding the Rate Reset Date for any Note, on the display designated as "Page 678" on the Telerate Access Service, for actively traded U.S. Treasury securities having a maturity equal to the earlier to occur of the next Rate Reset Date provided for in such Note (if any) and the Maturity Date of such Note, or if such yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the Treasury Constant Maturity Series yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the Rate Reset Date in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the earlier to occur of the next Rate Reset Date provided for in such Note (if any) or the Maturity Date of such Note. Such implied yields shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities.

"RESPONSIBLE OFFICER" shall mean the chief executive officer, chief operating officer, chief financial officer or chief accounting officer of the Company or any other officer of the Company involved principally in its financial administration or its controllership function.

"RESTRICTED INVESTMENT" shall mean any Investment other than a Permitted Investment.

"RESTRICTED PAYMENTS" shall mean any of the following (provided that, notwithstanding anything to the contrary stated below, the term "Restricted Payments" does not include any distribution of capital gains by the Company to its shareholders):

(i) any dividend on any class of the Company's capital stock at any time after the date hereof;

(ii) any other distribution on account of any class of the Company's capital stock;

(iii) any redemption, purchase or other acquisition, direct or indirect, of any shares of the Company's capital stock;

(iv) any unscheduled payment of principal of, or retirement, redemption, purchase or other acquisition of, any subordinated debt, including subordinated debt that is convertible into equity of the Company;

(v) any Restricted Investment;

"S&P" shall mean Standard and Poor's Corporation, or any successor Person.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SHAREHOLDER" shall mean and include any Person who owns, beneficially or of record, directly or indirectly, at any time during any year with respect to which a computation is being made 5% or more of the outstanding voting stock of the Company.

"SIGNIFICANT HOLDER" shall mean (i) any BP Party, so long as any BP Party shall hold (or be committed under this Agreement to purchase) any Note, or (ii) any other holder of at least 5% of the aggregate principal amount of the Notes from time to time outstanding.

"SUBSIDIARY" shall mean any corporation or other entity at least 51% of the total combined voting power of all classes of Voting Stock or similar securities of which shall, at the time as of which any determination is being made, be owned by the Company either directly or through Subsidiaries.

"TOTAL ASSETS" shall mean, as at any time of determination, the total assets of a Person recorded on a balance sheet of such Person prepared in accordance with GAAP.

"TRANSFER" shall mean, with respect to any item, the sale, exchange, conveyance, lease, transfer or other disposition of such item.

"TRANSFEREE" shall mean any direct or indirect transferee of all or any part of any Note purchased by you under this Agreement.

"TREASURY" shall mean, for any Note, the Initial Treasury or the then Reset Treasury, as the case may be, upon which the Margin under such Note is added to obtain the interest rate of such Note.

"VOTING STOCK" shall mean, with respect to any corporation, any shares of stock of such corporation whose holders are entitled under ordinary circumstances to vote for the election of directors of such corporation (irrespective of whether at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency), and, with respect to any other entity, any similar security of such entity.

10C. ACCOUNTING AND LEGAL PRINCIPLES, TERMS AND DETERMINATIONS. All references in this Agreement to "GAAP" shall mean generally accepted accounting principles, as in effect in the United States from time to time. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all

determinations with respect to accounting matters hereunder shall be made, and all unaudited financial statements and certificates and reports as to financial matters required to be furnished hereunder shall be prepared, in accordance with GAAP (except as set forth in the next succeeding sentence of this paragraph 10C), applied on a basis consistent with the most recent audited financial statements of the Company delivered pursuant to paragraph 5A(i) or (ii) or, if no such statements have been so delivered, the most recent audited financial statements referred to in clause (i) of paragraph 8B. Notwithstanding the foregoing, however, quarterly financial statements shall not include notes to financial statements and to that extent such statements will not have been prepared in accordance with GAAP. Any reference herein to any specific citation, section or form of law, statute, rule or regulation shall refer to such new, replacement or analogous citation, section or form should citation, section or form be modified, amended or replaced.

11. MISCELLANEOUS.

11A. NOTE PAYMENTS. The Company agrees that, so long as you shall hold any Note, it will make payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to such Note, which comply with the terms of this Agreement, by wire transfer of immediately available funds for credit (not later than 12:00 noon, New York City time, on the date due) to your account or accounts as specified in the Purchaser Schedule attached hereto, or such other account or accounts in the United States as you may designate in writing, notwithstanding any contrary provision herein or in any Note with respect to the place of payment. You agree that, before disposing of any Note, you will make a notation thereon (or on a schedule attached thereto) of all principal payments previously made thereon and of the date to which interest thereon has been paid. Upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office. The Company agrees to afford the benefits of this paragraph 11A to any Transferee which shall have made the same agreement as you have made in this paragraph 11A.

11B. EXPENSES. The Company agrees, whether or not the transactions contemplated hereby shall be consummated, to pay, and save you and any Transferee harmless against liability for the payment of, all reasonable out-of-pocket costs and expenses arising in connection with such transactions, including:

(i) (A) all stamp and documentary taxes and similar charges and (B) costs of obtaining a private placement number for the Notes in each case as a result of the execution and delivery of this Agreement or the issuance of the Notes;

(ii) document production and duplication charges and the reasonable fees and expenses of any special counsel engaged by you or such Transferee in connection with this Agreement and the transactions contemplated hereby;

(iii) the costs and expenses, including reasonable attorneys' fees, incurred by you or such Transferee in enforcing any rights under this Agreement or the Notes; and

(iv) any judgment, liability, claim, order, decree, cost, fee, expense, action or obligation resulting directly from the consummation of the transactions contemplated hereby, including the use of the proceeds of the Notes by the Company;

provided that the Company shall not be responsible for (1) any of your expenses or those of a Transferee incurred solely in connection with any transfer of any Note or (2) the fees and expenses of more than one counsel for the holders of the Notes, except to the extent the Required Holders determine that (a) either legal advice is needed in a jurisdiction other than that specified in paragraph 11L or (b) there exists a conflict of interest amongst the holders of the Notes. The obligations of the Company under this paragraph 11B shall survive the transfer of any Note or portion thereof or interest therein by you or any Transferee and the payment of any Note.

11C. CONSENT TO AMENDMENTS. This Agreement may be amended, and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Company shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s); except that, (i) without the written consent of the holder or holders of all Notes at the time outstanding, no amendment to this Agreement shall change the maturity of any Note, or change the principal of, or the rate, method of computation or time of payment of interest on or any Yield-Maintenance Amount payable with respect to any Note, or affect the time, amount or allocation of any prepayments, or change the proportion of the principal amount of the Notes required with respect to any consent, amendment, waiver or declaration, and (ii) so long as any BP Holder holds any Note(s), no amendment, action or omission to act shall amend, modify or otherwise affect such BP Party's rights under the Note(s) that it holds (or its rights under this Agreement to the extent relating to such BP Party's Note(s)) without such BP Party's written consent. Each holder of any Note at the time or thereafter outstanding shall be bound by any consent authorized by this paragraph 11C, whether or not such Note shall have been marked to indicate such consent, but any Notes issued thereafter may bear a notation referring to any such consent. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein and in the Notes, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

11D. FORM, REGISTRATION, TRANSFER AND EXCHANGE OF NOTES; LOST NOTES. The Notes are issuable as registered notes without coupons in denominations of at least $1,000,000, except as may be necessary to (i) reflect any principal amount not evenly divisible by $1,000,000 or (ii) enable the registration of transfer by a holder of its entire holding of Notes. The Company shall keep at its principal office a register in which the Company shall provide for the registration of Notes and of transfers of Notes. Upon surrender for registration of transfer of any Note at the principal office of the Company, the Company shall, at its expense, execute and deliver one or more new Notes of like tenor and of a like aggregate principal amount, registered in the name of such transferee or transferees. At the option of the holder of any Note, such Note may be exchanged for other Notes of like tenor and of any authorized denominations, of a like aggregate principal amount, upon surrender of the Note to be exchanged at the principal office of the Company. Whenever any Notes are so surrendered for exchange, the Company shall, at its expense, execute and deliver the Notes which the holder making the exchange is entitled to receive. Every Note surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the holder of such Note or such holder's attorney duly authorized in writing. Any Note or Notes issued in exchange for any Note or upon transfer thereof shall carry the rights to unpaid interest and interest to accrue which were carried by the Note so exchanged or transferred, so that neither gain nor loss of interest shall result from any such transfer or exchange. Upon receipt of written notice from the holder of any Note of the loss, theft, destruction or mutilation of such Note and, in the case of any such loss, theft or destruction, upon receipt of such holder's indemnity agreement (which shall be unsecured if such holder is an Institutional Investor whose senior debt securities are rated BBB- or Baa3 or better by S&P or Moody's, respectively, and, otherwise, which shall be unsecured unless the Company requests in writing that such indemnity agreement be secured), or in the case of any such mutilation upon surrender and cancellation of such Note, the Company will make and deliver a new Note, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Note. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes.

11E. TRANSFER OF NOTES; PERSONS DEEMED OWNERS. Subject to the next succeeding sentence, you may transfer any Note or portion thereof in your sole discretion; provided, however, that any Transferee shall be an Institutional Investor. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name any Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of, interest on and any Yield-Maintenance Amount payable with respect to such Note and for all other

purposes whatsoever, whether or not such Note shall be overdue, and the Company shall not be affected by notice to the contrary.

11F. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT. All representations and warranties contained herein or made in writing by or on behalf of the Company in connection herewith shall survive the execution and delivery of this Agreement and the Notes, the transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any Transferee, regardless of any investigation made at any time by or on behalf of you or any Transferee. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings between you and the Company relating to the subject matter hereof, and the Company shall not be affected by notice to the contrary. No provision of this Agreement shall be interpreted for or against any party because that party or its legal representative drafted the provision.

11G. SUCCESSORS AND ASSIGNS. All covenants and other agreements in this Agreement contained by or on behalf of either of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto (including, without limitation, any Transferee) whether so expressed or not.

11H. NOTICES. All written communications provided for hereunder shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (i) if to you, addressed to you at the address specified for such communications in the Purchaser Schedule attached hereto, or at such other address as you shall have specified to the Company in writing, (ii) if to any other holder of any Note, addressed to such other holder at such address as such other holder shall have specified to the Company in writing or, if any such other holder shall not have so specified an address to the Company, then addressed to such other holder in care of the last holder of such Note which shall have so specified an address to the Company, and (iii) if to the Company, addressed to it at Prudential Realty Group, 8 Campus Drive, 4th Floor, Arbor Circle South, Parsippany, New Jersey 07054, Attention: John Triece, or at such other address as the Company shall have specified to the holder of each Note in writing; provided, however, that any such communication to the Company may also, at the option of the holder of any Note, be delivered by any other means either to the Company at its address specified above or to any officer of the Company.

11I. PAYMENTS DUE ON NON-BUSINESS DAYS. Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day. If the date for any payment is extended to the next succeeding Business Day by reason of the preceding sentence, the period of such

extension shall be included in the computation of the interest payable on such Business Day.

11J. SATISFACTION REQUIREMENT. If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement required to be satisfactory to you or to the Required Holder(s), the determination of such satisfaction shall be made by you or the Required Holder(s), as the case may be, in the reasonable judgment of the Person or Persons making such determination.

11K. INDEMNIFICATION. The Company hereby agrees to indemnify you and your directors, officers, employees and agents from, and hold each of them harmless against, any and all losses, liabilities, claims, damages and expenses arising out of or by reason of any investigation or litigation or other proceeding relating to this Agreement, the Notes or the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation or litigation or other proceedings (but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified).

11L. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York.

11M. SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11N. DESCRIPTIVE HEADINGS. The descriptive headings of the several paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

11O. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument.

If you are in agreement with the foregoing, please sign the form of acceptance on the enclosed counterpart of this letter and return the same to the Company, whereupon this letter shall become a binding agreement between the Company and you.

Very truly yours,

PRUDENTIAL REALTY
SECURITIES, INC.

By: /s/ Paul D. Egan

Name: Paul D. Egan
Title: Vice President

By:_____
Name:_____
Title:_____

The forgoing Agreement is
hereby accepted as of the
date first above written

FOUR EMBARCADERO CENTER VENTURE,
a California General Partnership

By: BOSTON PROPERTIES LLC,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, as Manager

By: BOSTON PROPERTIES, INC.,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

EXHIBIT A

[FORM OF NOTES]

PRUDENTIAL REALTY SECURITIES, INC.

SENIOR NOTE DUE _____, 200_

No. _____ [Date]
$_____

FOR VALUE RECEIVED, the undersigned, PRUDENTIAL REALTY SECURITIES, INC. (the "COMPANY"), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to FOUR EMBARCADERO CENTER VENTURE, a California general partnership, or registered assigns, the principal sum of _____ DOLLARS ($_____) on _____, ____ (the "Maturity Date"), with interest (computed on the basis of a 360-day year comprised of 12 30-day months) on the unpaid balance thereof at the rate of ____% per annum from the date hereof through and including _____, ___ (the "RATE RESET DATE") and thereafter through and including the Maturity Date, at a rate of interest per annum equal to the sum of (i) _____ basis points, and (ii) the Reset Treasury, as defined in the Note Agreement. All such interest shall be payable semiannually on the 15/th/ day of June and December in each year, commencing with the first such date next succeeding the date hereof, until the principal hereof shall have become due and payable, and shall be payable on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Yield-Maintenance Amount (as defined in the Note Agreement), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the lesser of (a) the maximum rate permitted by applicable law and (b) 2.0% over the interest rate then in effect under this Note in accordance with the foregoing terms and provisions.

Payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to this Note are to be made in immediately available funds, in lawful money of the United States of America, by wire transfer to [_____] at [NAME OF BANK] in [New York City], ABA #_____, Account # _____, or to such other account or place as the registered holder hereof shall designate to the Company in writing.

This Note is one of a series of Senior Notes (the "NOTES") issued pursuant to a Note Agreement, dated as of November 12, 1998 (the "NOTE AGREEMENT"), between the Company and One Embarcadero Center Venture and is entitled to the benefits thereof.

This Note is a registered Note and, as provided in the Note Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written

instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Note Agreement.

If an Event of Default, as defined in the Note Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Note Agreement.

The Company and any and all endorsers, guarantors and sureties severally waive grace, demand, presentment for payment, notice of dishonor or default, notice of intent to accelerate, notice of acceleration (to the extent set forth in the Note Agreement), protest and diligence in collecting.

THIS NOTE IS INTENDED TO BE PERFORMED IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAW OF SUCH STATE.

PRUDENTIAL REALTY SECURITIES, INC.

By_____
[Vice] President

By_____
Treasurer

EXHIBIT C

INVESTMENT GUIDELINES

1. Invest only in investment grade fixed income assets that:

a) are current in payment and not in default (subject to cure periods):

b) minimally provide for interest payments which are (i) monthly in the case of "non securities" investments (i.e., whole mortgage loans) or (ii) semi-annually in the case of "securities" investments (i.e., ABS):

c) have a maturity date which is at least thirty months beyond the asset purchase date:

d) include prepayment premiums providing for yield maintenance or the substantial equivalent: and

e) on an individual basis, do not exceed 7% of the total portfolio.

2. Make more than 80% of all investment in assets directly secured by first mortgages. In addition: (a) no such assets may have a "loan to value" ratio which exceeds 80%, and at least 90% of such assets shall have a "loan to value" ratio which is 75% or less and (b) the overall portfolio of such assets shall be geographically diverse.

EXHIBIT 99.15

REDEMPTION AGREEMENT

THIS REDEMPTION AGREEMENT (this "AGREEMENT") dated as of November 12, 1998, is made and entered into by and among ONE EMBARCADERO CENTER VENTURE, a California general partnership ("PARTNERSHIP"), BOSTON PROPERTIES LLC, a Delaware limited liability company ("BPLLC"), BP EC1 HOLDINGS LLC, a Delaware limited liability company ("HOLDINGS LLC"), and PIC REALTY CORPORATION, a Delaware corporation ("PIC").

R E C I T A L S

A. Pursuant to that certain Master Transaction Agreement dated as of September 28, 1998, by and among Boston Properties Limited Partnership, Boston Properties, Inc., The Prudential Insurance Company of America, PIC, Fedmark Corporation, Embarcadero Center Investors Partnership, Pacific Property Services, L.P. and certain other persons listed on Exhibit A thereto (the "MASTER TRANSACTION AGREEMENT"), BPLLC, Holdings LLC and PIC have become the sole partners of the Partnership, which Partnership is currently governed by that certain Third Amended and Restated Partnership Agreement of One Embarcadero Center Venture of even date herewith (the "PARTNERSHIP AGREEMENT"). All capitalized terms used herein without definition shall have the respective meanings given such terms in the Partnership Agreement.

B. PIC desires to acquire the right to have its entire interest in and to the Partnership (the "PIC INTEREST") redeemed by the Partnership at any time from and after the date hereof in accordance with the terms and provisions of this Agreement below, and BPLLC and Holdings LLC desire to acquire the right to cause the PIC Interest to be redeemed by the Partnership at any time after the date which is ninety (90) days after the date hereof in accordance with the terms and provisions of this Agreement below, all as hereinafter provided.

C. In connection with the redemption transactions described in Recital B above, the parties hereto desire to make certain additional covenants and agreements as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereby agree as follows:

1. REDEMPTION EVENT.

(A) The PIC Interest shall be fully redeemed by the Partnership in the manner provided in Section 2 below in the event that a PIC Redemption Notice is duly given to BPLLC or any other Person who is then the managing partner of the Partnership (the "MANAGING

PARTNER") in accordance with subsection (b) below or a Partnership Redemption Notice is duly given to PIC by BPLLC or Holdings LLC (on behalf of the Partnership) in accordance with subsection (c) below.

(B) At any time after the date hereof, PIC may elect to have the PIC Interest fully redeemed by the Partnership in accordance with Section 2 below by giving written notice (a "PIC REDEMPTION NOTICE") to the Managing Partner stating that PIC is electing to have the PIC Interest fully redeemed pursuant to this Agreement; provided that, notwithstanding the foregoing, PIC's right to give a PIC Redemption Notice and to be redeemed at its election shall be suspended during any period of time while there exists an Investment Loan Borrower Credit Event (as defined in Exhibit A attached hereto). A PIC Redemption Notice shall only be effective if simultaneously with the giving of such notice (x) PIC delivers a similar notice with respect to the Redemption Agreement of even date herewith to which PIC and Embarcadero Center Associates are parties, (y) The Prudential Insurance Company of America delivers a similar notice with respect to the Redemption Agreements of even date herewith to which it is a party with Three Embarcadero Center Venture and Four Embarcadero Center Venture, respectively (such similar notices of PIC and Prudential, the "CORRESPONDING NOTICES"), and (z) each Corresponding Notice specifies the same Redemption Date as is specified in the PIC Redemption Notice.

(C) At any time on or after the date which is five (5) business days prior to the date which is ninety (90) days after the date hereof (i.e., such that the Redemption Date selected by BPLLC or Holdings LLC shall not occur prior to the date which is ninety (90) days after the date hereof), either BPLLC or Holdings LLC may elect to have the Partnership fully redeem the PIC Interest in accordance with Section 2 below by giving written notice (the "PARTNERSHIP REDEMPTION NOTICE") to PIC stating that the Partnership is electing to have the PIC Interest fully redeemed pursuant to this Agreement; provided that, notwithstanding the foregoing, BPLLC's and Holding LLC's right to give a Partnership Redemption Notice and to cause the Partnership to redeem the PIC Interest at either of their elections shall be suspended during any period of time while any of the Investment Notes have been accelerated and such acceleration has not been rescinded by the holder(s) of such Investment Notes.

(D) As used herein, the following terms shall have the following meanings:

"AMORTIZED LEASING COSTS" shall mean, for any period, the sum of the amortized portion of all Investor Leasing Costs (as defined in the Master Transaction Agreement) and New Leasing Costs for such period, it being acknowledged and agreed that all such Investor Leasing Costs and New Leasing Costs shall be amortized on a straight-line basis monthly over the base term of the applicable lease commencing on the rent commencement date for such lease, plus interest on the unamortized portion of all Investor Leasing Costs and New Leasing Costs outstanding from time to time during such period at the rate of ten percent (10%) per annum.

"BROKEN LIBOR COST" shall mean the extra payment which the Partnership must make on account of repaying the Equity Redemption Loan on a date other than the end of an

"interest period" because the Redemption Date falls on a date other than the end of an "interest period" (it being acknowledged and agreed by the parties hereto that, if the Redemption Date falls on a date which is the end of an "interest period", there shall be no Broken LIBOR Cost for purposes of this Agreement). The Managing Partner shall, at the request of PIC, provide PIC with a schedule showing the end of all "interest periods" for purposes of timing the Redemption Distribution and PIC may rely on such schedule for purposes of designating a Redemption Date.

"FAIR MARKET VALUE OF THE INVESTMENT NOTES" shall be determined pursuant to and in accordance with the terms and provisions of Exhibit A attached hereto.

"FAIR MARKET VALUE OF THE PIC INTEREST" shall equal, on the Redemption Date, the sum of $75,168,203 (which amount equals PIC's Percentage Interest immediately prior to the Redemption Distribution multiplied by the NMV (defined in the Master Transaction Agreement) of the Property as of the date hereof, adjusted to:

(i) add an amount equal to the product of PIC's Percentage Interest immediately prior to the Redemption Distribution, multiplied by any Unrealized Gain (defined below), if any, on the Investment Notes as of the Determination Date (described in Exhibit A attached hereto) or deduct an amount equal to the product of PIC's Percentage Interest immediately prior to the Redemption Distribution, multiplied by any Unrealized Loss (defined below), if any, on the Investment Notes as of the Determination Date;

(ii) deduct all distributions (other than the Redemption Distribution and any distribution of OP Units) actually made by the Partnership to (and received by) PIC from and after the date hereof through and including the Redemption Date;

(iii) add any Capital Contributions made by PIC from and after the date hereof through and including the Redemption Date;

(iv) add an amount equal to the product of PIC's Percentage Interest immediately prior to the Redemption Distribution, multiplied by the estimated Operating Profits, if any, for the period from and after the date hereof through and including the Redemption Date or deduct an amount equal to PIC's Percentage Interest immediately prior to the Redemption Distribution, multiplied by the estimated Operating Losses, if any, for the period from and after the date hereof through and including the Redemption Date;

(v) deduct an amount equal to the unamortized portion of all Interest Rate Approved Loan Costs with respect to the Prudential Guarantied Loan (which Prudential Guarantied Loan will be assumed by PIC in connection with the Redemption Distribution);

(vi) add an amount equal to the product of (x) $1,000, multiplied by (y) the number of days from and including the date hereof and through and including the Redemption Date;

(vii) add an amount equal to PIC's Percentage Interest in the Partnership immediately prior to the Redemption Distribution multiplied by all cash distributions or cash proceeds ("MTA PROCEEDS") actually received by the Partnership from Two Embarcadero Center West and Three Embarcadero Center West from and after the date hereof; and

(viii) subtract an amount equal to the Broken Libor Cost (if any); and

(ix) add an amount equal to the difference between the NEV (as defined in the Master Transaction Agreement) of the Property minus the NMV of the Property (if such difference is a positive number) or subtract an amount equal to the difference between the NMV of the Property minus the NEV of the Property (if the difference is a positive number); provided that, if, as of the Redemption Date, the Adjusted NEV (as defined in the Master Transaction Agreement) shall have been determined in accordance with Exhibit V of the Master Transaction Agreement, then in lieu of the adjustment provided for in this clause (ix) above, an adjustment shall be made to add an amount equal to the Revised NEV (defined immediately below) of the Property minus the NMV of the Property (if such difference is a positive number) or subtract an amount equal to the NMV of the Property minus the Revised NEV of the Property (if such difference is a positive number). As used herein, the "REVISED NEV OF THE PROPERTY" shall mean an amount equal to the sum of the NEV of the Property plus or minus, as the case may be, the adjustment made to the NEV pursuant to Section V-9-1 of Exhibit V to the Master Transaction Agreement.

For purposes of determining estimated Operating Profits or Operating Losses hereunder, the Managing Partner shall provide PIC with its calculation of estimated Operating Profits or Operating Losses prior to the Redemption Distribution, which calculation shall be subject to PIC's approval (not to be unreasonably withheld or delayed), and the Partnership and PIC shall thereafter make any necessary adjustments to said calculation as complete information becomes available within thirty (30) days after the Redemption Date in accordance with the terms and provisions of Section 2(e) below.

"LEASING COSTS" shall mean any and all (i) tenant improvement allowances, move-in allowances, brokerage commissions, expenses incurred or to be incurred for repairs, improvements, equipment, painting, decorating, partitioning and other items to satisfy the tenant's requirements for the commencement of the applicable lease, (ii) the cost of removal and/or abatement of asbestos or other hazards or toxic substances located in the demised space in violation of law and as required in order to satisfy the tenant's requirements for the commencement of the applicable lease, (iii) rent concessions as stated in the respective lease (and applicable lease documents) relating to the demised space provided the tenant has the right to take possession of such demised space during the period of such rent concessions, (iv) base building modifications required by the applicable lease, and (v) expenses incurred or to be incurred for the purpose of satisfying or terminating the obligations of a tenant to the landlord under another lease.

"OP UNITS" shall mean a number of Series Three Preferred Units in Boston Properties Limited Partnership equal to the product of (i) PIC's Percentage Interest in the Partnership immediately prior to the "Closing" under the Master Transaction Agreement, multiplied by (ii) the total number of Series Three Preferred Units in Boston Properties Limited Partnership actually received by the Partnership from Two Embarcadero Center West and Three Embarcadero Center West.

"NEW LEASING COSTS" shall mean all Leasing Costs incurred by the Partnership in connection with any new Leases executed after the date hereof and prior to the Redemption Date.

"OPERATING ASSETS" shall mean all real property, improvements, leases, licenses, fixtures and tangible and intangible personal property owned by the Partnership on the date hereof other than cash, deposit accounts and money.

For any period, "OPERATING PROFITS" shall mean the absolute value of the following amount (if positive) and "OPERATING LOSSES" shall mean the absolute value of the following amount (if negative): net income (loss) of the Partnership for such period determined in accordance with GAAP without giving effect to extraordinary gains (or losses) or any taxes on or measured by such net income or loss, plus the sum of (i) all amortization and depreciation expense and other non-cash expenses (it being acknowledged by the parties hereto that principal payments on account of debt and capital expenditures other than those amortized during any period for which net income (loss) is being determined are not taken into account or deducted when calculating net income (loss) under GAAP), (ii) all Leasing Costs that are not treated as capital expenditures under GAAP, (iii) all interest expense of the Partnership on loans made by any BP Partner under the Partnership Agreement (which loans are evidenced by a BP Note) and (iv) all fees, costs and expenses (other than interest expense) incurred by the Partnership or any Partner in connection with any Partnership loan which were deducted as an expense (rather than amortized) other than non-amortizable fees, costs and expenses for Approved Loan Costs and non-amortizable Excess Proceeds Borrowing Costs, minus the Amortized Leasing Costs for such period and the amortized portion of the Approved Loan Costs and the Excess Proceeds Borrowing Costs for such period. Operating Profits and Losses for any partial month shall be prorated on the basis of the actual number of days of such month and a 365-day year.

"REDEMPTION AMOUNT" shall equal (i) the Fair Market Value of the PIC Interest on the Redemption Date, plus (ii) the outstanding principal balance of the Prudential Guarantied Loan assumed by PIC on the Redemption Date in connection with the distribution of the Investment Notes to PIC, together with all accrued but unpaid interest on the Prudential Guarantied Loan as of such date.

"REDEMPTION DATE" shall mean the earlier of (x) the date specified in a PIC Redemption Notice given by PIC to the Managing Partner (provided that such date shall be at least five (5) business days after the giving of such PIC Redemption Notice), and (y) the date specified in a Partnership Redemption Notice given by BPLLC or Holdings LLC to PIC (provided that such

date shall be at least five (5) business days after the giving of such Partnership Redemption Notice).

"UNREALIZED GAIN" shall mean the excess (if any) of (x) the aggregate Fair Market Value of all Investment Notes (provided that, in calculating the Fair Market Value of the Investment Notes for purposes of determining Unrealized Gain, the accrued and unpaid interest thereunder as of the Redemption Date shall not be added to the Remaining Cash Flow), minus (y) the aggregate face amounts of all Investment Notes.

"UNREALIZED LOSS" shall mean the excess (if any) of (A) the aggregate face amounts of all Investment Notes minus (B) the aggregate Fair Market Value of all Investment Notes (provided that, in calculating the Fair Market Value of the Investment Notes for purposes of determining Unrealized Loss, the accrued and unpaid interest thereunder as of the Redemption Date shall not be added to the Remaining Cash Flow).

2. REDEMPTION DISTRIBUTION.

(A) On the Redemption Date the Partnership shall distribute to PIC, as a "REDEMPTION DISTRIBUTION" in full redemption of the PIC Interest, (i) the Partnership's entire right, title and interest in, to and under the Investment Notes (subject to the Prudential Guarantied Loan) and all rights in, to and under the other instruments and agreements relating to the Investment Loan (collectively, the "INVESTMENT LOAN DOCUMENTS") (provided that, the Partnership shall retain all claims, rights, obligations and liabilities under the Investment Loan Documents accruing prior to the Redemption Date (except the right to any accrued and unpaid interest under the Investment Notes distributed to PIC as of the Redemption Date, which shall be paid to PIC after the Redemption Date and which is included and accounted for in the calculation of the Fair Market Value of the Investment Notes pursuant to Exhibit A attached hereto), and if the Partnership retains any Remainder Notes pursuant to the provisions of this Section 2(a) below, the Partnership shall retain all rights, obligations and liabilities under the Investment Loan Documents relating to such Remainder Notes, if any, retained by the Partnership (both accruing prior to and after the Redemption Date), (ii) if the Redemption Amount exceeds the aggregate Fair Market Value of the Investment Notes, cash in an amount equal to the difference between the Redemption Amount and the aggregate Fair Market Value of the Investment Notes, and (iii) if and to the extent that the Partnership has not already distributed to PIC the OP Units, the OP Units. Notwithstanding the foregoing, if the aggregate Fair Market Value of all Investment Notes on the Redemption Date exceeds the Redemption Amount on such date, then (A) on the Redemption Date the Partnership shall assign to PIC its entire interest in only such Investment Notes (in the order provided in the next sentence) that collectively have an aggregate Fair Market Value at the time of such assignment equal to the Redemption Amount, and (B) the Partnership shall cause any individual Investment Note which is only partially assigned to PIC in accordance with the next sentence to be replaced by the issuer thereof with two notes in accordance with the terms and provisions of the next sentence. In connection with the distribution of Investment Notes pursuant to the immediately preceding sentence, the Partnership shall distribute to PIC those Investment

Notes with the latest maturity dates one by one beginning with the Investment Note with the latest maturity date and then the Investment Note with the next latest maturity date and so forth until the total Fair Market Value of all Investment Notes distributed to PIC equals the Redemption Amount; provided that, if necessary in order to distribute to PIC Investment Notes with a Fair Market Value exactly equal to the Redemption Amount, the last Investment Note to be distributed will be divided into two notes collectively having an aggregate principal amount equal to such original Investment Note and otherwise having identical terms, so that one of such notes (when taken together with the other Investment Notes distributed to PIC in accordance with the order of priority set forth hereinabove) will have a Fair Market Value equal to the Redemption Amount and such note shall be assigned to PIC by the Partnership. If less than all of the Investment Notes are assigned to PIC in connection with the Redemption Distribution as provided above, the Investment Note(s) retained by the Partnership shall be collectively referred to herein as the "REMAINDER NOTES".

(B) Concurrently with the Redemption Distribution, the Partnership shall execute and deliver to PIC an Investment Loan Certificate in the form of Exhibit B attached hereto without modification.

(C) Concurrently with the Redemption Distribution, the Partnership shall assign to PIC, and PIC shall accept and assume, the Prudential Guarantied Loan and all instruments and agreements relating thereto, and PIC shall thereafter be subject to all claims, rights, obligations and liabilities thereunder accruing from and after the Redemption Date (except that PIC shall also assume and be subject to the obligation to pay all accrued but unpaid interest under such Prudential Guarantied Loan as of and including the Redemption Date to the extent the same has not yet become due and payable under the Prudential Guarantied Loan Documents); and the lender under such documents shall release the Partnership, in a writing delivered to the Partnership, from all claims, rights, obligations and liabilities thereunder accruing from and after the Redemption Date and from the obligation to pay any accrued and unpaid interest under such Prudential Guarantied Loan as of and including the Redemption Date to the extent such interest payment has not yet become due and payable under the Prudential Guarantied Loan Documents.

(D) It shall be a condition precedent to the consummation of the transactions described in subsections (a), (b) and (c) above that all occur simultaneously.

(E) Within thirty (30) days after the end of the calendar month in which the Redemption Date occurs, the Partnership and PIC shall obtain all necessary and complete information regarding the Operating Profits or Operating Losses of the Partnership accruing from the date hereof through and including the Redemption Date and shall agree upon and make any necessary adjustments to the estimated Operating Profits or Operating Losses of the Partnership which were utilized in calculating the Fair Market Value of the PIC Interest on the Redemption Date. If, after making such adjustments, the actual Operating Profits of the Partnership are greater than the estimated Operating Profits utilized to determine the Fair Market Value of the PIC Interest on the Redemption Date, or the actual Operating Losses are less than the estimated Operating Losses, as the case may be, then the Partnership shall promptly make a cash payment

to PIC equal to the difference. If, after making such adjustments, the actual Operating Profits of the Partnership are less than the estimated Operating Profits utilized to determine the Fair Market Value of the PIC Interest on the Redemption Date, or the actual Operating Losses are greater than the estimated Operating Losses, as the case may be, then PIC shall promptly make a cash payment to the Partnership equal to the difference. In addition to the foregoing, if the Adjusted NEV of the Property has not been determined pursuant to Exhibit V of the Master Transaction Agreement as of the Redemption Date, then promptly following such determination of Adjusted NEV of the Property, if any, pursuant to said Exhibit V, if the Revised NEV of the Property exceeds the NEV of the Property, the Partnership shall pay to PIC, in cash, a sum equal to such difference, and if the NEV of the Property exceeds the Revised NEV of the Property, then PIC shall pay to the Partnership, in cash, a sum equal to such difference.

3. COVENANTS; INDEMNITIES.

(A) BPLLC, Holdings LLC, PIC and the Partnership (on behalf of themselves and their respective successors and assigns) each hereby covenants and agrees with each other that, during the period of time from the date hereof through and including the second (2nd) anniversary of the Redemption Date, (i) none of the Equity Redemption Loan obtained by the Partnership on the date hereof pursuant to the terms of the Partnership Agreement or any debt replacing any such Equity Redemption Loan in accordance with the terms and provisions of the Partnership Agreement, shall be repaid by any Capital Contributions made by any Partner of the Partnership, (ii) the Partnership shall at all times maintain and continue its existence as a general partnership under the laws of the State of California and shall not be dissolved, wound-up or terminated during such period of time, and (iii) except as otherwise expressly provided in this Agreement, the Partnership shall not distribute all or any portion of its Operating Assets to any Partner. Each of the afore-mentioned Persons (on behalf of themselves and their Affiliates) hereby covenants not to commit any act in violation of this covenant (or to permit any successor or assign of any such Person to commit any such act).

(B) In addition to, and not in limitation of, any other rights and remedies available to the parties hereto under this Agreement or at law or in equity, each party hereto (on behalf of itself) agrees that, in the event of a breach by any party or its Affiliate (such party, the "breaching party") of any of the covenants set forth in subsection (a) above, such breaching party shall indemnify, protect, defend and hold harmless the other party(ies) from and against any and all claims, causes of action, losses, liabilities, damages, costs and expenses of whatsoever kind or nature (including, without limitation, reasonable attorneys' fees and expenses and any adverse income tax consequences, including, but not limited to, any interest and penalties) arising out of or in any way resulting from or directly relating to such breach.

4. TAX MATTERS.

(A) If the PIC Interest is redeemed as contemplated by this Agreement and the Internal Revenue Service ("IRS") subsequently questions, or determines that it will examine,

investigate or audit any federal income tax returns filed by the Partnership in respect of any taxable year of the Partnership ending in the calendar year in which the Redemption Distribution occurred (the "SUBJECT RETURNS"), then (i) the then Partners of the Partnership shall cause the Partnership to promptly furnish PIC with copies of all written notices received from the IRS, and (ii) PIC shall have the right, at its expense, to represent the Partnership (with professionals of its choice) in dealing with the IRS in connection with any such questions, examination, investigation or audit and in connection with any judicial or administrative proceedings related thereto, in each case only to the extent that they involve any items ("PIC ITEMS") which could have a material impact on PIC, and to make decisions regarding or relating to all PIC Items, except that PIC shall not make any decisions which could materially adversely impact BPLLC and/or Holdings LLC without the prior written consent of BPLLC and Holdings LLC. Each of BPLLC and Holdings LLC agrees (on behalf of itself and its successors and assigns) that neither it nor the Partnership will settle with the IRS with respect to any PIC Item without the prior written consent of PIC, which consent will not be unreasonably withheld.

(B) BPLLC and Holdings LLC shall cause the Partnership to, and the Partnership shall, report the redemption of the PIC Interest pursuant to this Agreement in a manner consistent with the characterization of such transaction herein, that is, as a withdrawal of PIC from the Partnership and the redemption by the Partnership of the PIC Interest in exchange for the distribution of Partnership property in liquidation of the PIC Interest. BPLLC and Holdings LLC shall submit all Subject Returns to PIC for review and approval no later than thirty (30) days prior to the filing thereof, whether or not PIC is still then a Partner. BPLLC and Holdings LLC agree to modify the reporting of the redemption by the Partnership of the PIC Interest to the satisfaction of PIC to the extent reasonably requested by PIC in writing within thirty (30) days of the receipt of any such returns; provided that, such modification does not materially adversely
impact BPLLC and/or Holdings LLC or their Affiliates. Notwithstanding the redemption of the PIC Interest prior to the end of any particular calendar year, BPLLC and Holdings LLC shall each report their participation in the Partnership with respect to any years ending in the calendar year in which the Redemption Distribution occurs consistent with the tax returns approved pursuant hereto and consistent with this Agreement.

(C) In accordance with Treasury Regulation Section 1.706-1(c)(ii), for the taxable year of the Partnership in which the Redemption Distribution occurs, PIC's distributive share of the items described in Section 702(a) of the Internal Revenue Code of 1986, as amended, will be determined by reference to an interim closing of the books. In accordance with Treasury Regulation Section 1.751-1(c)(4)(iii), the Partnership, BPLLC, Holdings LLC, and PIC agree that, on the Redemption Date, the fair market value of the Partnership's Section 1245 property (as defined in Section 1245(a)(3) of the Internal Revenue Code of 1986, as amended) is equal to the adjusted tax basis of such property.

5. APPOINTMENT OF SUB-MANAGING PARTNER. Notwithstanding anything to the contrary stated in the Partnership Agreement, in the event that the Partnership fails to make the Redemption Distribution to PIC as required by Sections 1 and 2 above on the Redemption Date,

then PIC shall have the right, exercisable by written notice to the other Partners of the Partnership, to appoint itself as the sub-managing partner solely for the purpose of making the Redemption Distribution. In such event, PIC shall be solely authorized and empowered, and its sole responsibility shall be, to make the Redemption Distribution on, or as soon as practicable after, the Redemption Date. The Managing Partner shall continue to act as the managing partner under the Partnership Agreement during such time and shall fully and faithfully discharge all obligations and duties of the managing partner under the Partnership Agreement other than those pertaining to the Redemption Distribution (which will be performed and discharged by PIC on behalf of the Partnership). Immediately after the Redemption Distribution shall have been accomplished, PIC shall resign as sub managing partner of the Partnership. Each party hereto further appoints PIC as the attorney-in-fact of the Partnership to prepare, sign, file and record any instruments, agreements or other documents, and to take any other action deemed necessary, useful or desirable by PIC in order to make the Redemption Distribution pursuant to this Agreement in the event that the Managing Partner of the Partnership or the Partnership fails to timely discharge its obligations hereunder within the time periods set forth herein.

6. REMEDIES. Any party hereto shall have the right to initiate an action for specific performance with respect to any breach or default of this Agreement by, or to enforce any obligation under this Agreement of, any other party hereto (including, without limitation, the obligation of the Partnership and the Managing Partner to make the Redemption Distribution pursuant hereto), it being acknowledged and agreed by the parties hereto that monetary damages would be an inadequate remedy and would not adequately compensate any non-defaulting party. In addition to the remedy of specific performance, any non-breaching party may initiate an action seeking actual damages (including, without limitation, increased income tax liability which may result from such breach). Notwithstanding anything to the contrary stated herein, in the Master Transaction Agreement or in the "Transaction Documents" described in such Master Transaction Agreement, the limitations of liability set forth in Article 12 of the Master Transaction Agreement and/or in any other Transaction Document shall not apply to this Agreement, nor shall such limitations limit or restrict any right or remedy available to any party hereunder as a result of the breach or default of any other party under this Agreement.

7. NOTICES. All notices, elections, consents, approvals, demands, objections, requests or other communications which any party hereto may be required or desire to give to any other party hereto must be in writing and sent by (i) first class U.S. certified or registered mail, return receipt requested, with postage prepaid, (ii) telecopy or facsimile (with a copy sent by first class U.S. certified or registered mail, return receipt requested, with postage prepaid), or (iii) express mail or a nationally recognized courier (for next business day delivery). For purposes of this Agreement, the addresses of the parties hereto shall be as provided below:

BPLLC, Holdings LLC
or the Partnership: Boston Properties, Inc.
8 Arlington Street
Boston, Massachusetts 02116-3495

	Attn: General Counsel Fax: (617) 421-1555
with a copy to:	Goulston & Storrs, P.C. 400 Atlantic Avenue Boston, Massachusetts 02110-3333 Attn: Eli Rubenstein, Esq. Fax: (617) 574-4112
PIC or the Partnership:	Prudential Realty Group 8 Campus Drive 4th Floor - Arbor Circle South Parsippany, New Jersey 07054 Attn: John R. Triece Fax: (201) 683-1797
with a copy to:	Prudential Insurance Company of America Four Embarcadero Center Suite 2700 San Francisco, California 94111 Attn: Harry Mixon, Esq. Fax: (415) 956-2197
and a copy to:	O'Melveny & Myers LLP Embarcadero Center West 275 Battery Street San Francisco, California 94111 Attn: Stephen A. Cowan, Esq. Fax: (415) 984-8701

Notwithstanding the foregoing, any party may designate another addressee or change its address for notices and other communications hereunder by a notice given to the other parties in the manner provided hereinabove. A notice or other communication sent in compliance with the provisions of this Section 7 shall be deemed given and received on (a) the third (3rd) day following the date it is deposited in the U.S. mail, (b) the date of confirmed dispatch if sent by facsimile or telecopy (provided that a copy thereof is sent by mail in the manner provided in clause (i) above), or (c) the date it is delivered to the other party if sent by express mail or courier.

8. ATTORNEYS' FEES. If any action is brought by any party hereto against another party, relating to or arising out of this Agreement, any of the transactions contemplated hereby or the enforcement hereof, the prevailing party(ies) shall be entitled to recover from the other party(ies) reasonable attorneys' fees and costs incurred in connection with the prosecution

or defense of such action. For purposes of this Agreement, the term "ATTORNEYS' FEES" or "ATTORNEYS' FEES AND COSTS" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding. The provisions of this Section 8 shall survive the Redemption Distribution and the entry of any judgment, and shall not merge, or be deemed to have merged, into any judgment.

9. SURVIVAL. This Agreement and the obligations of the parties hereto shall survive the redemption of the PIC Interest.

10. SUCCESSORS. This Agreement and all the terms and provisions hereof shall be binding upon and shall inure to the benefit of all parties hereto, and their legal representatives, successors and permitted assigns, except as expressly herein otherwise provided.

11. EFFECT AND INTERPRETATION. This Agreement shall be governed by and construed in conformity with the laws of the State of California.

12. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Agreement attached thereto.

13. AMENDMENTS. Except as otherwise provided herein, this Agreement may not be changed, modified, supplemented or terminated, except by an instrument in writing executed by the party(ies) hereto which is/are or will be affected by the terms of such change, modification, supplement or termination, or executed by the party(ies) authorized to act on behalf of the party(ies) so affected.

14. TIME OF THE ESSENCE. Time is of the essence of every term and provision of this Agreement.

15. SEVERABILITY. If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those to which it is held invalid by such court, shall not be affected thereby.

16. EXHIBITS. Exhibits A through B attached hereto are incorporated herein by this reference.

17. ENTIRE AGREEMENT. This Agreement and the other Transaction Documents are the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements and negotiations.

18. AUTHORITY. Each individual and entity executing this Agreement hereby represents and warrants that he, she or it has the capacity set forth on the signature pages hereof with full power and authority to bind the party on whose behalf he, she or it is executing this Agreement to the terms hereof.

19. INCONSISTENCIES WITH PARTNERSHIP AGREEMENT. If and to the extent that any terms or provisions of this Agreement are inconsistent with any terms or provisions of the Partnership Agreement, the terms and provisions of this Agreement shall govern and control.

20. CONSENT TO JURISDICTION AND SERVICE OF PROCESS. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PARTY HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

21. WAIVER OF JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this Agreement, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that is has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY

SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the date and year first written above.

PARTNERSHIP: ONE EMBARCADERO CENTER VENTURE,
a California general partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

BPLLC: BOSTON PROPERTIES LLC,
a Delaware limited liability company

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

HOLDINGS LLC: BP EC1 HOLDINGS LLC,
a Delaware limited liability company

By: BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership, its Manager

By: BOSTON PROPERTIES, INC., a Delaware corporation, as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

PIC: PIC REALTY CORPORATION,
a Delaware corporation

By: /s/ Gary L. Frazier

Name: _____
Title: _____

EXHIBIT A

DETERMINATION OF
FAIR MARKET VALUE OF INVESTMENT NOTES

The Fair Market Value of each Investment Note shall equal the aggregate Remaining Cash Flow for such Investment Note discounted from each respective scheduled payment due date to the Redemption Date at a discount factor equal to the Discount Rate for such Investment Note. Notwithstanding the foregoing, if on the Determination Date an Investment Loan Borrower Credit Event exists, then the Managing Partner shall appoint an investment banking firm of national recognition (which will be satisfactory to PIC in its reasonable discretion) to determine the change in the Fair Market Value of the Investment Notes for purposes of this Agreement. In the event that an investment banking firm is appointed to determine the change in the Fair Market Value of any Investment Note as of the Determination Date pursuant to the preceding sentence, such investment banking firm shall be instructed to determine the change in the Fair Market Value of such Investment Note based on the following four factors: (i) changes in market interest rates since the date of funding of the Investment Note, (ii) the time period remaining from the Determination Date until the earlier of the next Rate Reset Date of such Investment Note and the maturity of the Investment Note, (iii) the Remaining Cash Flow (as defined below) of the Investment Note, and (iv) changes in the credit quality of the Investment Note since the date of funding thereof. The parties agree that an acceptable investment banking firm would be Goldman Sachs or Merrill Lynch & Company. As used herein, the term "INVESTMENT LOAN BORROWER CREDIT EVENT" shall mean any of the following events: (x) the credit rating of the Investment Notes has been downgraded from the credit rating of the Investment Notes on the date hereof by both of the Rating Agencies, or (y) in the reasonable discretion of the Managing Partner, there has been, as compared to the date hereof, a material diminution or degradation in the value of the assets of the Investment Loan Borrower, or the ability of the Investment Loan Borrower to pay its outstanding obligations, as they become due from the date hereof.

Defined Terms

As used herein, the following terms shall have the following meanings:

"DETERMINATION DATE" shall mean the date upon which the Fair Market Value of the Investment Notes is determined and shall occur at noon (New York City time) on the business day immediately prior to the Redemption Date (which Determination Date must be the calendar day immediately preceding the Redemption Date).

"DISCOUNT RATE" shall mean the Reinvestment Rate plus the Margin.

"MARGIN" shall mean, with respect to any Investment Note, the Margin then in effect (as defined in the Investment Loan Note Purchase Agreement) of such Investment Note.

"RATING AGENCIES" shall mean Fitch IBCA, Inc. and Standard and Poor's Corporation.

"REINVESTMENT RATE" shall mean, with respect to any Investment Note, the offered-side yield to maturity as of the Determination Date of the U.S. Treasury security that was used to determine the then Treasury of such Investment Note. Such offered-side yield to maturity shall be determined on or about noon on the Determination Date and PIC and the Partnership shall cooperate in the determination of such Reinvestment Rate.

"REMAINING CASH FLOW" shall mean, for any Investment Note, the aggregate amount of all accrued and unpaid interest, principal and other payments under such Investment Note on the Redemption Date and all principal, interest and other payments that will become due and owing under such Investment Note from time to time from and after the Redemption Date through (x) the next Rate Reset Date of such Investment Note (the "NEXT RESET DATE"), if the Fair Market Value is determined prior to such Rate Reset Date, or (y) the maturity of such Investment Note (including, without limitation, any balloon or other principal payments due and owing on said maturity date), if the Fair Market Value is determined after all Rate Reset Dates provided in such Investment Note, as each such payment would become due and payable pursuant to the terms of the applicable Investment Note and the Investment Loan Documents (but assuming, if clause (x) above applies, that any interest that is scheduled to be accrued but unpaid as of the Next Reset Date (i.e., because the interest payment date with respect thereto will not have occurred), and any outstanding principal and any other amounts scheduled to be owing under the Investment Note on such Next Reset Date, will be repaid in full on the Next Reset Date; and further assuming, for purposes of calculating all future interest payments due under such Investment Note, that the interest rate in effect with respect to the Investment Note on the Redemption Date will remain constant for purposes of determining the Fair Market Value of such Investment Note).

EXHIBIT B

CERTIFICATE
REGARDING INVESTMENT LOAN

THIS CERTIFICATE (this "CERTIFICATE") is made and dated as of _____, by ONE EMBARCADERO CENTER VENTURE, a California general partnership ("PARTNERSHIP"), for the benefit of PIC REALTY CORPORATION, a Delaware corporation ("PIC").

Pursuant to that certain Redemption Agreement dated as of November 12, 1998 (the "REDEMPTION AGREEMENT"), the Partnership (and its partners other than PIC) and PIC have been granted certain rights to cause PIC's interest in the Partnership to be fully redeemed in exchange for the distribution of all or a portion of the Investment Notes and, if applicable pursuant to the terms and provisions of the Redemption Agreement, cash to PIC. All capitalized terms used herein without definition shall have the respective meanings given such terms in the Redemption Agreement.

Concurrently herewith and on the date hereof, the Partnership is distributing the Investment Notes (or a portion thereof) to PIC in accordance with the applicable terms and provisions of the Redemption Agreement.

With respect to the distribution of such Investment Notes, the Partnership hereby represents and warrants to PIC as of the date hereof as follows:

(a) Subject to the rights of The Prudential Insurance Company of America or a permitted assignee or designee ("OPTIONEE") under that certain Option and Put Agreement dated as of November 12, 1998 (the "OPTION AGREEMENT"), the Partnership is the sole owner of the Investment Notes. Further, the Investment Notes delivered to PIC on the date hereof pursuant to the Redemption Agreement are free and clear of all liens and third party interests of any kind or nature other than the interests and rights of Optionee under the Option Agreement. The Partnership has not amended, modified, terminated or otherwise by written agreement altered the Investment Notes or the Investment Loan Documents except as specifically disclosed to PIC in writing prior to the date hereof and except for the division of any Investment Note pursuant to Section 2(a) of the Redemption Agreement.

(b) The Partnership has not assigned or transferred the Investment Notes or any of the Investment Loan Documents (except to secure the Equity Redemption Loan, which assignment has been or simultaneously herewith is being, released in full in writing), nor are there any agreements to assign or convey any portion of the Investment Notes or such Investment Loan Documents to any Person other than PIC and Optionee (in accordance with the Option Agreement).

(c) The Partnership has all requisite power and authority to execute and deliver all instruments and other documents to be executed and delivered by the Partnership in connection with the distribution of the Investment Notes to PIC on the date hereof and to execute this Certificate.

(d) The Partnership is a duly formed general partnership under the laws of the State of California, and is legally authorized to execute, deliver and perform the Redemption Distribution and this Certificate, and this Certificate is legal, valid and binding on the Partnership enforceable against it in accordance with its terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally.

(e) The execution of this Certificate and the performance of the Redemption Distribution by the Partnership will not conflict with or result in a breach of any statute, rule, regulation, judgment, decree or order of any court, board, committee or governmental agency to which the Partnership is subject, nor violate any agreement or contract to which the Partnership is a party or by which the Partnership is bound. No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Partnership of, or compliance by the Partnership with, the Certificate or the consummation of the Redemption Distribution, except for such consents, approvals, authorizations or orders, if any, that have been obtained.

Each of the foregoing representations and warranties are personal to PIC and no Person other than PIC shall be entitled to bring any action based thereon. Each of the foregoing representations and warranties shall survive the consummation of the Redemption Distribution.

The Partnership hereby acknowledges that the acceptance of the Redemption Distribution and the Investment Notes by PIC was made and will have been made in material reliance by PIC on the aforestated representations and warranties of the Partnership.

IN WITNESS WHEREOF, the Partnership has caused its duly authorized representative to execute this Certificate as of the date first above written.

PARTNERSHIP: ONE EMBARCADERO CENTER VENTURE,
a California general partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By:_____
Name:_____
Title:_____

EXHIBIT 99.16

REDEMPTION AGREEMENT

THIS REDEMPTION AGREEMENT (this "AGREEMENT") dated as of November 12, 1998, is made and entered into by and among EMBARCADERO CENTER ASSOCIATES, a California general partnership ("PARTNERSHIP"), BOSTON PROPERTIES LLC, a Delaware limited liability company ("BPLLC"), BP EC2 HOLDINGS LLC, a Delaware limited liability company ("HOLDINGS LLC"), and PIC REALTY CORPORATION, a Delaware corporation ("PIC").

R E C I T A L S

A. Pursuant to that certain Master Transaction Agreement dated as of September 28, 1998, by and among Boston Properties Limited Partnership, Boston Properties, Inc., The Prudential Insurance Company of America, PIC, Fedmark Corporation, Embarcadero Center Investors Partnership, Pacific Property Services, L.P. and certain other persons listed on Exhibit A thereto (the "MASTER TRANSACTION AGREEMENT"), BPLLC, Holdings LLC and PIC have become the sole partners of the Partnership, which Partnership is currently governed by that certain Third Amended and Restated Partnership Agreement of Embarcadero Center Associates of even date herewith (the "PARTNERSHIP AGREEMENT"). All capitalized terms used herein without definition shall have the respective meanings given such terms in the Partnership Agreement.

B. PIC desires to acquire the right to have its entire interest in and to the Partnership (the "PIC INTEREST") redeemed by the Partnership at any time from and after the date hereof in accordance with the terms and provisions of this Agreement below, and BPLLC and Holdings LLC desire to acquire the right to cause the PIC Interest to be redeemed by the Partnership at any time after the date which is ninety (90) days after the date hereof in accordance with the terms and provisions of this Agreement below, all as hereinafter provided.

C. In connection with the redemption transactions described in Recital B above, the parties hereto desire to make certain additional covenants and agreements as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereby agree as follows:

1. REDEMPTION EVENT.

(A) The PIC Interest shall be fully redeemed by the Partnership in the manner provided in Section 2 below in the event that a PIC Redemption Notice is duly given to BPLLC

or any other Person who is then the managing partner of the Partnership (the "MANAGING PARTNER") in accordance with subsection (b) below or a Partnership Redemption Notice is duly given to PIC by BPLLC or Holdings LLC (on behalf of the Partnership) in accordance with subsection (c) below.

(B) At any time after the date hereof, PIC may elect to have the PIC Interest fully redeemed by the Partnership in accordance with Section 2 below by giving written notice (a "PIC REDEMPTION NOTICE") to the Managing Partner stating that PIC is electing to have the PIC Interest fully redeemed pursuant to this Agreement; provided that, notwithstanding the foregoing, PIC's right to give a PIC Redemption Notice and to be redeemed at its election shall be suspended during any period of time while there exists an Investment Loan Borrower Credit Event (as defined in Exhibit A attached hereto). A PIC Redemption Notice shall only be effective if simultaneously with the giving of such notice (x) PIC delivers a similar notice with respect to the Redemption Agreement of even date herewith to which PIC and One Embarcadero Center Venture are parties, (y) The Prudential Insurance Company of America delivers a similar notice with respect to the Redemption Agreements of even date herewith to which it is a party with Three Embarcadero Center Venture and Four Embarcadero Center Venture, respectively (such similar notices of PIC and Prudential, the "CORRESPONDING NOTICES"), and (z) each Corresponding Notice specifies the same Redemption Date as is specified in the PIC Redemption Notice.

(C) At any time on or after the date which is five (5) business days prior to the date which is ninety (90) days after the date hereof (i.e., such that the Redemption Date selected by BPLLC or Holdings LLC shall not occur prior to the date which is ninety (90) days after the date hereof), either BPLLC or Holdings LLC may elect to have the Partnership fully redeem the PIC Interest in accordance with Section 2 below by giving written notice (the "PARTNERSHIP REDEMPTION NOTICE") to PIC stating that the Partnership is electing to have the PIC Interest fully redeemed pursuant to this Agreement; provided that, notwithstanding the foregoing, BPLLC's and Holding LLC's right to give a Partnership Redemption Notice and to cause the Partnership to redeem the PIC Interest at either of their elections shall be suspended during any period of time while any of the Investment Notes have been accelerated and such acceleration has not been rescinded by the holder(s) of such Investment Notes.

(D) As used herein, the following terms shall have the following meanings:

"AMORTIZED LEASING COSTS" shall mean, for any period, the sum of the amortized portion of all Investor Leasing Costs (as defined in the Master Transaction Agreement) and New Leasing Costs for such period, it being acknowledged and agreed that all such Investor Leasing Costs and New Leasing Costs shall be amortized on a straight-line basis monthly over the base term of the applicable lease commencing on the rent commencement date for such lease, plus interest on the unamortized portion of all Investor Leasing Costs and New Leasing Costs outstanding from time to time during such period at the rate of ten percent (10%) per annum.

"BROKEN LIBOR COST" shall mean the extra payment which the Partnership must make on account of repaying the Equity Redemption Loan on a date other than the end of an "interest period" because the Redemption Date falls on a date other than the end of an "interest period" (it being acknowledged and agreed by the parties hereto that, if the Redemption Date falls on a date which is the end of an "interest period", there shall be no Broken LIBOR Cost for purposes of this Agreement). The Managing Partner shall, at the request of PIC, provide PIC with a schedule showing the end of all "interest periods" for purposes of timing the Redemption Distribution and PIC may rely on such schedule for purposes of designating a Redemption Date.

"FAIR MARKET VALUE OF THE INVESTMENT NOTES" shall be determined pursuant to and in accordance with the terms and provisions of Exhibit A attached hereto.

"FAIR MARKET VALUE OF THE PIC INTEREST" shall equal, on the Redemption Date, the sum of $96,178,575 (which amount equals PIC's Percentage Interest immediately prior to the Redemption Distribution multiplied by the NMV (defined in the Master Transaction Agreement) of the Property as of the date hereof, adjusted to:

(i) add an amount equal to the product of PIC's Percentage Interest immediately prior to the Redemption Distribution, multiplied by any Unrealized Gain (defined below), if any, on the Investment Notes as of the Determination Date (described in Exhibit A attached hereto) or deduct an amount equal to the product of PIC's Percentage Interest immediately prior to the Redemption Distribution, multiplied by any Unrealized Loss (defined below), if any, on the Investment Notes as of the Determination Date;

(ii) deduct all distributions (other than the Redemption Distribution and any distribution of OP Units) actually made by the Partnership to (and received by) PIC from and after the date hereof through and including the Redemption Date;

(iii) add any Capital Contributions made by PIC from and after the date hereof through and including the Redemption Date;

(iv) add an amount equal to the product of PIC's Percentage Interest immediately prior to the Redemption Distribution, multiplied by the estimated Operating Profits, if any, for the period from and after the date hereof through and including the Redemption Date or deduct an amount equal to PIC's Percentage Interest immediately prior to the Redemption Distribution, multiplied by the estimated Operating Losses, if any, for the period from and after the date hereof through and including the Redemption Date;

(v) deduct an amount equal to the unamortized portion of all Interest Rate Approved Loan Costs with respect to the Prudential Guarantied Loan (which Prudential Guarantied Loan will be assumed by PIC in connection with the Redemption Distribution); and

(vi) subtract an amount equal to the Broken Libor Cost (if any); and

(vii) add an amount equal to the difference between the NEV (as defined in the Master Transaction Agreement) of the Property minus the NMV of the Property (if such difference is a positive number) or subtract an amount equal to the difference between the NMV of the Property minus the NEV of the Property (if the difference is a positive number); provided that, if, as of the Redemption Date, the Adjusted NEV (as defined in the Master Transaction Agreement) shall have been determined in accordance with Exhibit V of the Master Transaction Agreement, then in lieu of the adjustment provided for in this clause (vii) above, an adjustment shall be made to add an amount equal to the Revised NEV (defined immediately below) of the Property minus the NMV of the Property (if such difference is a positive number) or subtract an amount equal to the NMV of the Property minus the Revised NEV of the Property (is such difference is a positive number). As used herein, the "REVISED NEV OF THE PROPERTY" shall mean an amount equal to the sum of the NEV of the Property plus or minus, as the case may be, the adjustment made to the NEV pursuant to Section V-9-1 of Exhibit V of the Master Transaction Agreement.

For purposes of determining estimated Operating Profits or Operating Losses hereunder, the Managing Partner shall provide PIC with its calculation of estimated Operating Profits or Operating Losses prior to the Redemption Distribution, which calculation shall be subject to PIC's approval (not to be unreasonably withheld or delayed), and the Partnership and PIC shall thereafter make any necessary adjustments to said calculation as complete information becomes available within thirty (30) days after the Redemption Date in accordance with the terms and provisions of Section 2(e) below.

"LEASING COSTS" shall mean any and all (i) tenant improvement allowances, move-in allowances, brokerage commissions, expenses incurred or to be incurred for repairs, improvements, equipment, painting, decorating, partitioning and other items to satisfy the tenant's requirements for the commencement of the applicable lease, (ii) the cost of removal and/or abatement of asbestos or other hazards or toxic substances located in the demised space in violation of law and as required in order to satisfy the tenant's requirements for the commencement of the applicable lease, (iii) rent concessions as stated in the respective lease (and applicable lease documents) relating to the demised space provided the tenant has the right to take possession of such demised space during the period of such rent concessions, (iv) base building modifications required by the applicable lease, and (v) expenses incurred or to be incurred for the purpose of satisfying or terminating the obligations of a tenant to the landlord under another lease.

"OP UNITS" shall mean a number Series Three Preferred Units in Boston Properties Limited Partnership equal to the product of (i) PIC's Percentage Interest in the Partnership immediately prior to the "Closing" under the Master Transaction Agreement, multiplied by (ii) the total number of Series Three Preferred Units in Boston Properties Limited Partnership actually received by the Partnership from Two Embarcadero Center West and Three Embarcadero Center West.

"NEW LEASING COSTS" shall mean all Leasing Costs incurred by the Partnership in connection with any new Leases executed after the date hereof and prior to the Redemption Date.

"OPERATING ASSETS" shall mean all real property, improvements, leases, licenses, fixtures and tangible and intangible personal property owned by the Partnership on the date hereof other than cash, deposit accounts and money.

For any period, "OPERATING PROFITS" shall mean the absolute value of the following amount (if positive) and "OPERATING LOSSES" shall mean the absolute value of the following amount (if negative): net income (loss) of the Partnership for such period determined in accordance with GAAP without giving effect to extraordinary gains (or losses) or any taxes on or measured by such net income or loss, plus the sum of (i) all amortization and depreciation
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expense and other non-cash expenses (it being acknowledged by the parties hereto that principal payments on account of debt and capital expenditures other than those amortized during any period for which net income (loss) is being determined are not taken into account or deducted when calculating net income (loss) under GAAP), (ii) all Leasing Costs that are not treated as capital expenditures under GAAP, (iii) all interest expense of the Partnership on loans made by any BP Partner under the Partnership Agreement (which loans are evidenced by a BP Note) and (iv) all fees, costs and expenses (other than interest expense) incurred by the Partnership or any Partner in connection with any Partnership loan which were deducted as an expense (rather than amortized) other than non-amortizable fees, costs and expenses for Approved Loan Costs and non-amortizable Excess Proceeds Borrowing Costs, minus the Amortized Leasing
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Costs for such period and the amortized portion of the Approved Loan Costs and the Excess Proceeds Borrowing Costs for such period. Operating Profits and Losses for any partial month shall be prorated on the basis of the actual number of days of such month and a 365-day year.

"REDEMPTION AMOUNT" shall equal (i) the Fair Market Value of the PIC Interest on the Redemption Date, plus (ii) the outstanding principal balance of
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the Prudential Guarantied Loan assumed by PIC on the Redemption Date in connection with the distribution of the Investment Notes to PIC, together with all accrued but unpaid interest on the Prudential Guarantied Loan as of such date.

"REDEMPTION DATE" shall mean the earlier of (x) the date specified in a PIC Redemption Notice given by PIC to the Managing Partner (provided that such
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date shall be at least five (5) business days after the giving of such PIC Redemption Notice), and (y) the date specified in a Partnership Redemption Notice given by BPLLC or Holdings LLC to PIC (provided that such date shall be
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at least five (5) business days after the giving of such Partnership Redemption Notice).

"UNREALIZED GAIN" shall mean the excess (if any) of (x) the aggregate Fair Market Value of all Investment Notes (provided that, in calculating the Fair Market Value of the Investment Notes for purposes of determining Unrealized Gain, the accrued and unpaid interest

thereunder as of the Redemption Date shall not be added to the Remaining Cash Flow), minus (y) the aggregate face amounts of all Investment Notes.

"UNREALIZED LOSS" shall mean the excess (if any) of (A) the aggregate face amounts of all Investment Notes minus (B) the aggregate Fair Market Value
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of all Investment Notes (provided that, in calculating the Fair Market Value of the Investment Notes for purposes of determining Unrealized Loss, the accrued and unpaid interest thereunder as of the Redemption Date shall not be added to the Remaining Cash Flow).

2. REDEMPTION DISTRIBUTION.

(A) On the Redemption Date the Partnership shall distribute to PIC, as a "REDEMPTION DISTRIBUTION" in full redemption of the PIC Interest, (i) the Partnership's entire right, title and interest in, to and under the Investment Notes (subject to the Prudential Guarantied Loan) and all rights in, to and under the other instruments and agreements relating to the Investment Loan (collectively, the "INVESTMENT LOAN DOCUMENTS") (provided that, the Partnership
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shall retain all claims, rights, obligations and liabilities under the Investment Loan Documents accruing prior to the Redemption Date (except the right to any accrued and unpaid interest under the Investment Notes distributed to PIC as of the Redemption Date, which shall be paid to PIC after the Redemption Date and which is included and accounted for in the calculation of the Fair Market Value of the Investment Notes pursuant to Exhibit A attached
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hereto), and if the Partnership retains any Remainder Notes pursuant to the provisions of this Section 2(a) below, the Partnership shall retain all rights,
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obligations and liabilities under the Investment Loan Documents relating to such Remainder Notes, if any, retained by the Partnership (both accruing prior to and after the Redemption Date), (ii) if the Redemption Amount exceeds the aggregate Fair Market Value of the Investment Notes, cash in an amount equal to the difference between the Redemption Amount and the aggregate Fair Market Value of the Investment Notes, and (iii) if and to the extent that the Partnership has not already distributed to PIC the OP Units, the OP Units. Notwithstanding the foregoing, if the aggregate Fair Market Value of all Investment Notes on the Redemption Date exceeds the Redemption Amount on such date, then (A) on the Redemption Date the Partnership shall assign to PIC its entire interest in only such Investment Notes (in the order provided in the next sentence) that collectively have an aggregate Fair Market Value at the time of such assignment equal to the Redemption Amount, and (B) the Partnership shall cause any individual Investment Note which is only partially assigned to PIC in accordance with the next sentence to be replaced by the issuer thereof with two notes in accordance with the terms and provisions of the next sentence. In connection with the distribution of Investment Notes pursuant to the immediately preceding sentence, the Partnership shall distribute to PIC those Investment Notes with the latest maturity dates one by one beginning with the Investment Note with the latest maturity date and then the Investment Note with the next latest maturity date and so forth until the total Fair Market Value of all Investment Notes distributed to PIC equals the Redemption Amount; provided that, if necessary in
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order to distribute to PIC Investment Notes with a Fair Market Value exactly equal to the Redemption Amount, the last Investment Note to be distributed will be divided into two notes collectively having an aggregate principal amount equal to such original Investment

Note and otherwise having identical terms, so that one of such notes (when taken together with the other Investment Notes distributed to PIC in accordance with the order of priority set forth hereinabove) will have a Fair Market Value equal to the Redemption Amount and such note shall be assigned to PIC by the Partnership. If less than all of the Investment Notes are assigned to PIC in connection with the Redemption Distribution as provided above, the Investment Note(s) retained by the Partnership shall be collectively referred to herein as the "REMAINDER NOTES".

(B) Concurrently with the Redemption Distribution, the Partnership shall execute and deliver to PIC an Investment Loan Certificate in the form of Exhibit B attached hereto without modification.
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(C) Concurrently with the Redemption Distribution, the Partnership shall assign to PIC, and PIC shall accept and assume, the Prudential Guarantied Loan and all instruments and agreements relating thereto, and PIC shall thereafter be subject to all claims, rights, obligations and liabilities thereunder accruing from and after the Redemption Date (except that PIC shall also assume and be subject to the obligation to pay all accrued but unpaid interest under such Prudential Guarantied Loan as of and including the Redemption Date to the extent the same has not yet become due and payable under the Prudential Guarantied Loan Documents); and the lender under such documents shall release the Partnership, in a writing delivered to the Partnership, from all claims, rights, obligations and liabilities thereunder accruing from and after the Redemption Date and from the obligation to pay any accrued and unpaid interest under such Prudential Guarantied Loan as of and including the Redemption Date to the extent such interest payment has not yet become due and payable under the Prudential Guarantied Loan Documents.

(D) It shall be a condition precedent to the consummation of the transactions described in subsections (a), (b) and (c) above that all occur
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simultaneously.

(E) Within thirty (30) days after the end of the calendar month in which the Redemption Date occurs, the Partnership and PIC shall obtain all necessary and complete information regarding the Operating Profits or Operating Losses of the Partnership accruing from the date hereof through and including the Redemption Date and shall agree upon and make any necessary adjustments to the estimated Operating Profits or Operating Losses of the Partnership which were utilized in calculating the Fair Market Value of the PIC Interest on the Redemption Date. If, after making such adjustments, the actual Operating Profits of the Partnership are greater than the estimated Operating Profits utilized to determine the Fair Market Value of the PIC Interest on the Redemption Date, or the actual Operating Losses are less than the estimated Operating Losses, as the case may be, then the Partnership shall promptly make a cash payment to PIC equal to the difference. If, after making such adjustments, the actual Operating Profits of the Partnership are less than the estimated Operating Profits utilized to determine the Fair Market Value of the PIC Interest on the Redemption Date, or the actual Operating Losses are greater than the estimated Operating Losses, as the case may be, then PIC shall promptly make a cash payment to the Partnership equal to the difference. In addition to the foregoing, if the Adjusted NEV of the Property has not been determined pursuant to Exhibit V of the Master Transaction Agreement

as of the Redemption Date, then promptly following such determination of Adjusted NEV of the Property, if any, pursuant to said Exhibit V, if the Revised NEV of the Property exceeds the NEV of the Property, the Partnership shall pay to PIC, in cash, a sum equal to such difference, and if the NEV of the Property exceeds the Revised NEV of the Property, then PIC shall pay to the Partnership, in cash, a sum equal to such difference.

3. COVENANTS; INDEMNITIES.

(A) BPLLC, Holdings LLC, PIC and the Partnership (on behalf of themselves and their respective successors and assigns) each hereby covenants and agrees with each other that, during the period of time from the date hereof through and including the second (2nd) anniversary of the Redemption Date, (i) none of the Equity Redemption Loan obtained by the Partnership on the date hereof pursuant to the terms of the Partnership Agreement or any debt replacing any such Equity Redemption Loan in accordance with the terms and provisions of the Partnership Agreement, shall be repaid by any Capital Contributions made by any Partner of the Partnership, (ii) the Partnership shall at all times maintain and continue its existence as a general partnership under the laws of the State of California and shall not be dissolved, wound-up or terminated during such period of time, and (iii) except as otherwise expressly provided in this Agreement, the Partnership shall not distribute all or any portion of its Operating Assets to any Partner. Each of the afore-mentioned Persons (on behalf of themselves and their Affiliates) hereby covenants not to commit any act in violation of this covenant (or to permit any successor or assign of any such Person to commit any such act).

(B) In addition to, and not in limitation of, any other rights and remedies available to the parties hereto under this Agreement or at law or in equity, each party hereto (on behalf of itself) agrees that, in the event of a breach by any party or its Affiliate (such party, the "breaching party") of any of the covenants set forth in subsection (a) above, such breaching party shall indemnify, protect, defend and hold harmless the other party(ies) from and against any and all claims, causes of action, losses, liabilities, damages, costs and expenses of whatsoever kind or nature (including, without limitation, reasonable attorneys' fees and expenses and any adverse income tax consequences, including, but not limited to, any interest and penalties) arising out of or in any way resulting from or directly relating to such breach.

4. TAX MATTERS.

(A) If the PIC Interest is redeemed as contemplated by this Agreement and the Internal Revenue Service ("IRS") subsequently questions, or determines that it will examine, investigate or audit any federal income tax returns filed by the Partnership in respect of any taxable year of the Partnership ending in the calendar year in which the Redemption Distribution occurred (the "SUBJECT RETURNS"), then (i) the then Partners of the Partnership shall cause the Partnership to promptly furnish PIC with copies of all written notices received from the IRS, and (ii) PIC shall have the right, at its expense, to represent the Partnership (with professionals of its choice) in dealing with the IRS in connection with any such questions, examination, investigation

or audit and in connection with any judicial or administrative proceedings related thereto, in each case only to the extent that they involve any items ("PIC ITEMS") which could have a material impact on PIC, and to make decisions regarding or relating to all PIC Items, except that PIC shall not make any decisions which could materially adversely impact BPLLC and/or Holdings LLC without the prior written consent of BPLLC and Holdings LLC. Each of BPLLC and Holdings LLC agrees (on behalf of itself and its successors and assigns) that neither it nor the Partnership will settle with the IRS with respect to any PIC Item without the prior written consent of PIC, which consent will not be unreasonably withheld.

(B) BPLLC and Holdings LLC shall cause the Partnership to, and the Partnership shall, report the redemption of the PIC Interest pursuant to this Agreement in a manner consistent with the characterization of such transaction herein, that is, as a withdrawal of PIC from the Partnership and the redemption by the Partnership of the PIC Interest in exchange for the distribution of Partnership property in liquidation of the PIC Interest. BPLLC and Holdings LLC shall submit all Subject Returns to PIC for review and approval no later than thirty (30) days prior to the filing thereof, whether or not PIC is still then a Partner. BPLLC and Holdings LLC agree to modify the reporting of the redemption by the Partnership of the PIC Interest to the satisfaction of PIC to the extent reasonably requested by PIC in writing within thirty (30) days of the receipt of any such returns; provided that, such modification does not materially adversely
impact BPLLC and/or Holdings LLC or their Affiliates. Notwithstanding the redemption of the PIC Interest prior to the end of any particular calendar year, BPLLC and Holdings LLC shall each report their participation in the Partnership with respect to any years ending in the calendar year in which the Redemption Distribution occurs consistent with the tax returns approved pursuant hereto and consistent with this Agreement.

(C) In accordance with Treasury Regulation Section 1.706-1(c)(ii), for the taxable year of the Partnership in which the Redemption Distribution occurs, PIC's distributive share of the items described in Section 702(a) of the Internal Revenue Code of 1986, as amended, will be determined by reference to an interim closing of the books. In accordance with Treasury Regulation Section 1.751-1(c)(4)(iii), the Partnership, BPLLC, Holdings LLC, and PIC agree that, on the Redemption Date, the fair market value of the Partnership's Section 1245 property (as defined in Section 1245(a)(3) of the Internal Revenue Code of 1986, as amended) is equal to the adjusted tax basis of such property.

5. APPOINTMENT OF SUB-MANAGING PARTNER. Notwithstanding anything to the contrary stated in the Partnership Agreement, in the event that the Partnership fails to make the Redemption Distribution to PIC as required by Sections 1 and 2 above on the Redemption Date, then PIC shall have the right, exercisable by written notice to the other Partners of the Partnership, to appoint itself as the sub-managing partner solely for the purpose of making the Redemption Distribution. In such event, PIC shall be solely authorized and empowered, and its sole responsibility shall be, to make the Redemption Distribution on, or as soon as practicable after, the Redemption Date. The Managing Partner shall continue to act as the managing partner under the Partnership Agreement during such time and shall fully and faithfully discharge all obligations

and duties of the managing partner under the Partnership Agreement other than those pertaining to the Redemption Distribution (which will be performed and discharged by PIC on behalf of the Partnership). Immediately after the Redemption Distribution shall have been accomplished, PIC shall resign as sub managing partner of the Partnership. Each party hereto further appoints PIC as the attorney-in-fact of the Partnership to prepare, sign, file and record any instruments, agreements or other documents, and to take any other action deemed necessary, useful or desirable by PIC in order to make the Redemption Distribution pursuant to this Agreement in the event that the Managing Partner of the Partnership or the Partnership fails to timely discharge its obligations hereunder within the time periods set forth herein.

6. REMEDIES. Any party hereto shall have the right to initiate an action for specific performance with respect to any breach or default of this Agreement by, or to enforce any obligation under this Agreement of, any other party hereto (including, without limitation, the obligation of the Partnership and the Managing Partner to make the Redemption Distribution pursuant hereto), it being acknowledged and agreed by the parties hereto that monetary damages would be an inadequate remedy and would not adequately compensate any non-defaulting party. In addition to the remedy of specific performance, any non-breaching party may initiate an action seeking actual damages (including, without limitation, increased income tax liability which may result from such breach). Notwithstanding anything to the contrary stated herein, in the Master Transaction Agreement or in the "Transaction Documents" described in such Master Transaction Agreement, the limitations of liability set forth in Article 12 of the Master Transaction Agreement and/or in any other Transaction Document shall not apply to this Agreement, nor shall such limitations limit or restrict any right or remedy available to any party hereunder as a result of the breach or default of any other party under this Agreement.

7. NOTICES. All notices, elections, consents, approvals, demands, objections, requests or other communications which any party hereto may be required or desire to give to any other party hereto must be in writing and sent by (i) first class U.S. certified or registered mail, return receipt requested, with postage prepaid, (ii) telecopy or facsimile (with a copy sent by first class U.S. certified or registered mail, return receipt requested, with postage prepaid), or (iii) express mail or a nationally recognized courier (for next business day delivery). For purposes of this Agreement, the addresses of the parties hereto shall be as provided below:

BPLLC, Holdings LLC
or the Partnership:
Boston Properties, Inc.
8 Arlington Street
Boston, Massachusetts 02116-3495
Attn: General Counsel
Fax: (617) 421-1555

with a copy to:
Goulston & Storrs, P.C.
400 Atlantic Avenue
Boston, Massachusetts 02110-3333

Attn: Eli Rubenstein, Esq.
Fax: (617) 574-4112

PIC or the Partnership: Prudential Realty Group
8 Campus Drive
4th Floor - Arbor Circle South
Parsippany, New Jersey 07054
Attn: John R. Triece
Fax: (201) 683-1797

with a copy to: Prudential Insurance Company
of America
Four Embarcadero Center
Suite 2700
San Francisco, California 94111
Attn: Harry Mixon, Esq.
Fax: (415) 956-2197

and a copy to: O'Melveny & Myers LLP
Embarcadero Center West
275 Battery Street
San Francisco, California 94111
Attn: Stephen A. Cowan, Esq.
Fax: (415) 984-8701

Notwithstanding the foregoing, any party may designate another addressee or change its address for notices and other communications hereunder by a notice given to the other parties in the manner provided hereinabove. A notice or other communication sent in compliance with the provisions of this Section 7 shall be deemed given and received on (a) the third (3rd) day following the date it is deposited in the U.S. mail, (b) the date of confirmed dispatch if sent by facsimile or telecopy (provided that a copy thereof is sent by mail in the manner provided in clause (i) above), or (c) the date it is delivered to the other party if sent by express mail or courier.

8. ATTORNEYS' FEES. If any action is brought by any party hereto against another party, relating to or arising out of this Agreement, any of the transactions contemplated hereby or the enforcement hereof, the prevailing party(ies) shall be entitled to recover from the other party(ies) reasonable attorneys' fees and costs incurred in connection with the prosecution or defense of such action. For purposes of this Agreement, the term "ATTORNEYS' FEES" or "ATTORNEYS' FEES AND COSTS" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding. The provisions

of this Section 8 shall survive the Redemption Distribution and the entry of any judgment, and shall not merge, or be deemed to have merged, into any judgment.

9. SURVIVAL. This Agreement and the obligations of the parties hereto shall survive the redemption of the PIC Interest.

10. SUCCESSORS. This Agreement and all the terms and provisions hereof shall be binding upon and shall inure to the benefit of all parties hereto, and their legal representatives, successors and permitted assigns, except as expressly herein otherwise provided.

11. EFFECT AND INTERPRETATION. This Agreement shall be governed by and construed in conformity with the laws of the State of California.

12. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Agreement attached thereto.

13. AMENDMENTS. Except as otherwise provided herein, this Agreement may not be changed, modified, supplemented or terminated, except by an instrument in writing executed by the party(ies) hereto which is/are or will be affected by the terms of such change, modification, supplement or termination, or executed by the party(ies) authorized to act on behalf of the party(ies) so affected.

14. TIME OF THE ESSENCE. Time is of the essence of every term and provision of this Agreement.

15. SEVERABILITY. If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those to which it is held invalid by such court, shall not be affected thereby.

16. EXHIBITS. Exhibits A through B attached hereto are incorporated herein by this reference.

17. ENTIRE AGREEMENT. This Agreement and the other Transaction Documents are the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements and negotiations.

18. AUTHORITY. Each individual and entity executing this Agreement hereby represents and warrants that he, she or it has the capacity set forth on the signature pages hereof

with full power and authority to bind the party on whose behalf he, she or it is executing this Agreement to the terms hereof.

19. INCONSISTENCIES WITH PARTNERSHIP AGREEMENT. If and to the extent that any terms or provisions of this Agreement are inconsistent with any terms or provisions of the Partnership Agreement, the terms and provisions of this Agreement shall govern and control.

20. CONSENT TO JURISDICTION AND SERVICE OF PROCESS. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PARTY HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

21. WAIVER OF JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this Agreement, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that is has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the date and year first written above.

PARTNERSHIP: EMBARCADERO CENTER ASSOCIATES,
a California general partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

BPLLC: BOSTON PROPERTIES LLC,
a Delaware limited liability company

By: BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

HOLDINGS LLC: BP EC2 HOLDINGS LLC,
a Delaware limited liability company

By: BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership, as Manager

By: BOSTON PROPERTIES, INC., a Delaware corporation, as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

PIC: PIC REALTY CORPORATION,
a Delaware corporation

By: /s/ Gary L. Frazier

Name: _____
Title: _____

EXHIBIT A

DETERMINATION OF
FAIR MARKET VALUE OF INVESTMENT NOTES

The Fair Market Value of each Investment Note shall equal the aggregate Remaining Cash Flow for such Investment Note discounted from each respective scheduled payment due date to the Redemption Date at a discount factor equal to the Discount Rate for such Investment Note. Notwithstanding the foregoing, if on the Determination Date an Investment Loan Borrower Credit Event exists, then the Managing Partner shall appoint an investment banking firm of national recognition (which will be satisfactory to PIC in its reasonable discretion) to determine the change in the Fair Market Value of the Investment Notes for purposes of this Agreement. In the event that an investment banking firm is appointed to determine the change in the Fair Market Value of any Investment Note as of the Determination Date pursuant to the preceding sentence, such investment banking firm shall be instructed to determine the change in the Fair Market Value of such Investment Note based on the following four factors: (i) changes in market interest rates since the date of funding of the Investment Note, (ii) the time period remaining from the Determination Date until the earlier of the next Rate Reset Date of such Investment Note and the maturity of the Investment Note, (iii) the Remaining Cash Flow (as defined below) of the Investment Note, and (iv) changes in the credit quality of the Investment Note since the date of funding thereof. The parties agree that an acceptable investment banking firm would be Goldman Sachs or Merrill Lynch & Company. As used herein, the term "INVESTMENT LOAN BORROWER CREDIT EVENT" shall mean any of the following events: (x) the credit rating of the Investment Notes has been downgraded from the credit rating of the Investment Notes on the date hereof by both of the Rating Agencies, or (y) in the reasonable discretion of the Managing Partner, there has been, as compared to the date hereof, a material diminution or degradation in the value of the assets of the Investment Loan Borrower, or the ability of the Investment Loan Borrower to pay its outstanding obligations, as they become due from the date hereof.

Defined Terms

As used herein, the following terms shall have the following meanings:

"DETERMINATION DATE" shall mean the date upon which the Fair Market Value of the Investment Notes is determined and shall occur at noon (New York City time) on the third business day after the date that the PIC Redemption Notice or Partnership Redemption Notice, as the case may be, is received by the addressee thereof.

"DISCOUNT RATE" shall mean the Reinvestment Rate plus the Margin.

"MARGIN" shall mean, with respect to any Investment Note, the Margin then in effect (as defined in the Investment Loan Note Purchase Agreement) of such Investment Note.

"RATING AGENCIES" shall mean Fitch IBCA, Inc. and Standard and Poor's Corporation.

"REINVESTMENT RATE" shall mean, with respect to any Investment Note, the offered-side yield to maturity as of the Determination Date of the U.S. Treasury security that was used to determine the then Treasury of such Investment Note. Such offered-side yield to maturity shall be determined on or about noon on the Determination Date and PIC and the Partnership shall cooperate in the determination of such Reinvestment Rate.

"REMAINING CASH FLOW" shall mean, for any Investment Note, the aggregate amount of all accrued and unpaid interest, principal and other payments under such Investment Note on the Redemption Date and all principal, interest and other payments that will become due and owing under such Investment Note from time to time from and after the Redemption Date through (x) the next Rate Reset Date of such Investment Note (the "NEXT RESET DATE"), if the Fair Market Value is determined prior to such Rate Reset Date, or (y) the maturity of such Investment Note (including, without limitation, any balloon or other principal payments due and owing on said maturity date), if the Fair Market Value is determined after all Rate Reset Dates provided in such Investment Note, as each such payment would become due and payable pursuant to the terms of the applicable Investment Note and the Investment Loan Documents (but assuming, if

clause (x) above applies, that any interest that is scheduled to be accrued but unpaid as of the Next Reset Date (i.e., because the interest payment date with respect thereto will not have occurred), and any outstanding principal and any other amounts scheduled to be owing under the Investment Note on such Next Reset Date, will be repaid in full on the Next Reset Date; and further assuming, for purposes of calculating all future interest payments due under such Investment Note, that the interest rate in effect with respect to the Investment Note on the Redemption Date will remain constant for purposes of determining the Fair Market Value of such Investment Note).

EXHIBIT B

CERTIFICATE
REGARDING INVESTMENT LOAN

THIS CERTIFICATE (this "CERTIFICATE") is made and dated as of _____, 1998 by EMBARCADERO CENTER ASSOCIATES, a California general partnership ("PARTNERSHIP"), for the benefit of PIC REALTY CORPORATION, a Delaware corporation ("PIC").

Pursuant to that certain Redemption Agreement dated as of November 12, 1998 (the "REDEMPTION AGREEMENT"), the Partnership (and its partners other than PIC) and PIC have been granted certain rights to cause PIC's interest in the Partnership to be fully redeemed in exchange for the distribution of all or a portion of the Investment Notes and, if applicable pursuant to the terms and provisions of the Redemption Agreement, cash to PIC. All capitalized terms used herein without definition shall have the respective meanings given such terms in the Redemption Agreement.

Concurrently herewith and on the date hereof, the Partnership is distributing the Investment Notes (or a portion thereof) to PIC in accordance with the applicable terms and provisions of the Redemption Agreement.

With respect to the distribution of such Investment Notes, the Partnership hereby represents and warrants to PIC as of the date hereof as follows:

(a) Subject to the rights of The Prudential Insurance Company of America or a permitted assignee or designee ("OPTIONEE") under that certain Option and Put Agreement dated as of November 12, 1998 (the "OPTION AGREEMENT"), the Partnership is the sole owner of the Investment Notes. Further, the Investment Notes delivered to PIC on the date hereof pursuant to the Redemption Agreement are free and clear of all liens and third party interests of any kind or nature other than the interests and rights of Optionee under the Option Agreement. The Partnership has not amended, modified, terminated or otherwise by written agreement altered the Investment Notes or the Investment Loan Documents except as specifically disclosed to PIC in writing prior to the date hereof and except for the division of any Investment Note pursuant to Section 2(a) of the Redemption Agreement.

(b) The Partnership has not assigned or transferred the Investment Notes or any of the Investment Loan Documents (except to secure the Equity Redemption Loan, which assignment has been or simultaneously herewith is being, released in full in writing), nor are there any agreements to assign or convey any portion of the Investment Notes or such Investment Loan Documents to any Person other than PIC and Optionee (in accordance with the Option Agreement).

(c) The Partnership has all requisite power and authority to execute and deliver all instruments and other documents to be executed and delivered by the Partnership in connection with the distribution of the Investment Notes to PIC on the date hereof and to execute this Certificate.

(d) The Partnership is a duly formed general partnership under the laws of the State of California, and is legally authorized to execute, deliver and perform the Redemption Distribution and this Certificate, and this Certificate is legal, valid and binding on the Partnership enforceable against it in accordance with its terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally.

(e) The execution of this Certificate and the performance of the Redemption Distribution by the Partnership will not conflict with or result in a breach of any statute, rule, regulation, judgment, decree or order of any court, board, committee or governmental agency to which the Partnership is subject, nor violate any agreement or contract to which the Partnership is a party or by which the Partnership is bound. No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Partnership of, or compliance by the Partnership with, the Certificate or the consummation of the Redemption Distribution, except for such consents, approvals, authorizations or orders, if any, that have been obtained.

Each of the foregoing representations and warranties are personal to PIC and no Person other than PIC shall be entitled to bring any action based thereon. Each of the foregoing representations and warranties shall survive the consummation of the Redemption Distribution.

The Partnership hereby acknowledges that the acceptance of the Redemption Distribution and the Investment Notes by PIC was made and will have been made in material reliance by PIC on the aforestated representations and warranties of the Partnership.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Partnership has caused its duly authorized representative to execute this Certificate as of the date first above written.

PARTNERSHIP: EMBARCADERO CENTER ASSOCIATES,
a California general partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By:_____
Name:_____
Title:_____

EXHIBIT 99.17

REDEMPTION AGREEMENT

THIS REDEMPTION AGREEMENT (this "AGREEMENT") dated as of November 12, 1998, is made and entered into by and among THREE EMBARCADERO CENTER VENTURE, a California general partnership ("PARTNERSHIP"), BOSTON PROPERTIES LLC, a Delaware limited liability company ("BPLLC"), BP EC3 HOLDINGS LLC, a Delaware limited liability company ("HOLDINGS LLC"), and THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation ("PRUDENTIAL").

R E C I T A L S

A. Pursuant to that certain Master Transaction Agreement dated as of September 28, 1998, by and among Boston Properties Limited Partnership, Boston Properties, Inc., PIC Realty Corporation, a Delaware corporation, Prudential, Fedmark Corporation, Embarcadero Center Investors Partnership, Pacific Property Services, L.P. and certain other persons listed on Exhibit A thereto (the "MASTER TRANSACTION AGREEMENT"), BPLLC, Holdings LLC and Prudential have become the sole partners of the Partnership, which Partnership is currently governed by that certain Second Amended and Restated Partnership Agreement of Three Embarcadero Center Venture of even date herewith (the "PARTNERSHIP AGREEMENT"). All capitalized terms used herein without definition shall have the respective meanings given such terms in the Partnership Agreement.

B. Prudential desires to acquire the right to have its entire interest in and to the Partnership (the "PRUDENTIAL INTEREST") redeemed by the Partnership at any time from and after the date hereof in accordance with the terms and provisions of this Agreement below, and BPLLC and Holdings LLC desire to acquire the right to cause the Prudential Interest to be redeemed by the Partnership at any time after the date which is ninety (90) days after the date hereof in accordance with the terms and provisions of this Agreement below, all as hereinafter provided.

C. In connection with the redemption transactions described in Recital B above, the parties hereto desire to make certain additional covenants and agreements as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereby agree as follows:

1. REDEMPTION EVENT.

(A) The Prudential Interest shall be fully redeemed by the Partnership in the manner provided in Section 2 below in the event that a Prudential Redemption Notice is duly given

to BPLLC or any other Person who is then the managing partner of the Partnership (the "MANAGING PARTNER") in accordance with subsection (b) below or a Partnership Redemption Notice is duly given to Prudential by BPLLC or Holdings LLC (on behalf of the Partnership) in accordance with subsection (c) below.

(B) At any time after the date hereof, Prudential may elect to have the Prudential Interest fully redeemed by the Partnership in accordance with Section 2 below by giving written notice (a "PRUDENTIAL REDEMPTION NOTICE") to the Managing Partner stating that Prudential is electing to have the Prudential Interest fully redeemed pursuant to this Agreement; provided that, notwithstanding the foregoing, Prudential's right to give a Prudential Redemption Notice and to be redeemed at its election shall be suspended during any period of time while there exists an Investment Loan Borrower Credit Event (as defined in Exhibit A attached hereto). A Prudential Redemption Notice shall only be effective if simultaneously with the giving of such notice (x) PIC Realty Corporation delivers a similar notice with respect to the Redemption Agreements of even date herewith to which PIC and One Embarcadero Center Venture and Embarcadero Center Associates are parties, respectively, (y) Prudential delivers a similar notice with respect to the Redemption Agreement of even date herewith to which Prudential and Four Embarcadero Center Venture are parties (such similar notices of PIC and Prudential, the "CORRESPONDING NOTICES"), and (z) each Corresponding Notice specifies the same Redemption Date as is specified in the Prudential Redemption Notice.

(C) At any time on or after the date which is five (5) business days prior to the date which is ninety (90) days after the date hereof (i.e., such that the Redemption Date selected by BPLLC or Holdings LLC shall not occur prior to the date which is ninety (90) days after the date hereof), either BPLLC or Holdings LLC may elect to have the Partnership fully redeem the Prudential Interest in accordance with Section 2 below by giving written notice (the "PARTNERSHIP REDEMPTION NOTICE") to Prudential stating that the Partnership is electing to have the Prudential Interest fully redeemed pursuant to this Agreement; provided that, notwithstanding the foregoing, BPLLC's and Holding LLC's right to give a Partnership Redemption Notice and to cause the Partnership to redeem the Prudential Interest at either of their elections shall be suspended during any period of time while any of the Investment Notes have been accelerated and such acceleration has not been rescinded by the holder(s) of such Investment Notes.

(D) As used herein, the following terms shall have the following meanings:

"AMORTIZED LEASING COSTS" shall mean, for any period, the sum of the amortized portion of all Investor Leasing Costs (as defined in the Master Transaction Agreement) and New Leasing Costs for such period, it being acknowledged and agreed that all such Investor Leasing Costs and New Leasing Costs shall be amortized on a straight-line basis monthly over the base term of the applicable lease commencing on the rent commencement date for such lease, plus interest on the unamortized portion of all Investor Leasing Costs and New Leasing Costs outstanding from time to time during such period at the rate of ten percent (10%) per annum.

"BROKEN LIBOR COST" shall mean the extra payment which the Partnership must make on account of repaying the Equity Redemption Loan on a date other than the end of an "interest period" because the Redemption Date falls on a date other than the end of an "interest period" (it being acknowledged and agreed by the parties hereto that, if the Redemption Date falls on a date which is the end of an "interest period", there shall be no Broken LIBOR Cost for purposes of this Agreement). The Managing Partner shall, at the request of Prudential, provide Prudential with a schedule showing the end of all "interest periods" for purposes of timing the Redemption Distribution and Prudential may rely on such schedule for purposes of designating a Redemption Date.

"FAIR MARKET VALUE OF THE INVESTMENT NOTES" shall be determined pursuant to and in accordance with the terms and provisions of Exhibit A attached hereto.

"FAIR MARKET VALUE OF THE PRUDENTIAL INTEREST" shall equal, on the Redemption Date, the sum of $66,688,976 (which amount equals Prudential's Percentage Interest immediately prior to the Redemption Distribution multiplied by the NMV (defined in the Master Transaction Agreement) of the Property as of the date hereof, adjusted to:

(i) add an amount equal to the product of Prudential's Percentage Interest immediately prior to the Redemption Distribution, multiplied by any Unrealized Gain (defined below), if any, on the Investment Notes as of the Determination Date (described in Exhibit A attached hereto) or deduct an amount equal to the product of Prudential's Percentage Interest immediately prior to the Redemption Distribution, multiplied by any Unrealized Loss (defined below), if any, on the Investment Notes as of the Determination Date;

(ii) deduct all distributions (other than the Redemption Distribution and any distribution of OP Units) actually made by the Partnership to (and received by) Prudential from and after the date hereof through and including the Redemption Date;

(iii) add any Capital Contributions made by Prudential from and after the date hereof through and including the Redemption Date;

(iv) add an amount equal to the product of Prudential's Percentage Interest immediately prior to the Redemption Distribution, multiplied by the estimated Operating Profits, if any, for the period from and after the date hereof through and including the Redemption Date or deduct an amount equal to Prudential's Percentage Interest immediately prior to the Redemption Distribution, multiplied by the estimated Operating Losses, if any, for the period from and after the date hereof through and including the Redemption Date;

(v) deduct an amount equal to the unamortized portion of all Interest Rate Approved Loan Costs with respect to the Prudential Guarantied Loan (which Prudential

Guarantied Loan will be assumed by Prudential in connection with the Redemption Distribution);

(vi) add an amount equal to Prudential's Percentage Interest in the Partnership immediately prior to the Redemption Distribution multiplied by all cash distributions or cash proceeds ("MTA PROCEEDS") actually received by the Partnership from Two Embarcadero Center West and Three Embarcadero Center West from and after the date hereof; and

(vii) subtract an amount equal to the Broken Libor Cost (if any); and

(viii) add an amount equal to the difference between the NEV (as defined in the Master Transaction Agreement) of the Property minus the NMV of the Property (if such difference is a positive number) or subtract an amount equal to the difference between the NMV of the Property minus the NEV of the Property (if the difference is a positive number); provided that, if as of the Redemption Date, the Adjusted NEV (as defined in the Master Transaction Agreement) shall have been determined in accordance with Exhibit V of the Master Transaction Agreement, then in lieu of the adjustment provided for in this clause (viii) above, an adjustment shall be made to add an amount equal to the Revised NEV (defined immediately below) of the Property minus the NMV of the Property (if such difference is a positive number) or subtract an amount equal to the NMV of the Property minus the Revised NEV of the Property (if such difference is a positive number). As used herein, the "REVISED NEV OF THE PROPERTY" shall mean an amount equal to the sum of the NEV of the Property plus or minus, as the case may be, the adjustment made to the NEV pursuant to Section V-9-1 of Exhibit V to the Master Transaction Agreement.

For purposes of determining estimated Operating Profits or Operating Losses hereunder, the Managing Partner shall provide Prudential with its calculation of estimated Operating Profits or Operating Losses prior to the Redemption Distribution, which calculation shall be subject to Prudential's approval (not to be unreasonably withheld or delayed), and the Partnership and Prudential shall thereafter make any necessary adjustments to said calculation as complete information becomes available within thirty (30) days after the Redemption Date in accordance with the terms and provisions of Section 2(e) below.

"LEASING COSTS" shall mean any and all (i) tenant improvement allowances, move-in allowances, brokerage commissions, expenses incurred or to be incurred for repairs, improvements, equipment, painting, decorating, partitioning and other items to satisfy the tenant's requirements for the commencement of the applicable lease, (ii) the cost of removal and/or abatement of asbestos or other hazards or toxic substances located in the demised space in violation of law and as required in order to satisfy the tenant's requirements for the commencement of the applicable lease, (iii) rent concessions as stated in the respective lease (and applicable lease documents) relating to the demised space provided the tenant has the right to take possession of such demised space during the period of such rent concessions, (iv) base building

modifications required by the applicable lease, and (v) expenses incurred or to be incurred for the purpose of satisfying or terminating the obligations of a tenant to the landlord under another lease.

"OP UNITS" shall mean a number Series Three Preferred Units in Boston Properties Limited Partnership equal to the product of (i) Prudential's Percentage Interest in the Partnership immediately prior to the "Closing" under the Master Transaction Agreement, multiplied by (ii) the total number of Series Three Preferred Units in Boston Properties Limited Partnership actually received by the Partnership from Two Embarcadero Center West and Three Embarcadero Center West.

"NEW LEASING COSTS" shall mean all Leasing Costs incurred by the Partnership in connection with any new Leases executed after the date hereof and prior to the Redemption Date.

"OPERATING ASSETS" shall mean all real property, improvements, leases, licenses, fixtures and tangible and intangible personal property owned by the Partnership on the date hereof other than cash, deposit accounts and money.

For any period, "OPERATING PROFITS" shall mean the absolute value of the following amount (if positive) and "OPERATING LOSSES" shall mean the absolute value of the following amount (if negative): net income (loss) of the Partnership for such period determined in accordance with GAAP without giving effect to extraordinary gains (or losses) or any taxes on or measured by such net income or loss, plus the sum of (i) all amortization and depreciation expense and other non-cash expenses (it being acknowledged by the parties hereto that principal payments on account of debt and capital expenditures other than those amortized during any period for which net income (loss) is being determined are not taken into account or deducted when calculating net income (loss) under GAAP), (ii) all Leasing Costs that are not treated as capital expenditures under GAAP, (iii) all interest expense of the Partnership on loans made by any BP Partner under the Partnership Agreement (which loans are evidenced by a BP Note) and (iv) all fees, costs and expenses (other than interest expense) incurred by the Partnership or any Partner in connection with any Partnership loan which were deducted as an expense (rather than amortized) other than non-amortizable fees, costs and expenses for Approved Loan Costs and non-amortizable Excess Proceeds Borrowing Costs, minus the Amortized Leasing Costs for such period and the amortized portion of the Approved Loan Costs and the Excess Proceeds Borrowing Costs for such period. Operating Profits and Losses for any partial month shall be prorated on the basis of the actual number of days of such month and a 365-day year.

"REDEMPTION AMOUNT" shall equal (i) the Fair Market Value of the Prudential Interest on the Redemption Date, plus (ii) the outstanding principal balance of the Prudential Guarantied Loan assumed by Prudential on the Redemption Date in connection with the distribution of the Investment Notes to Prudential, together with all accrued but unpaid interest on the Prudential Guarantied Loan as of such date.

"REDEMPTION DATE" shall mean the earlier of (x) the date specified in a Prudential Redemption Notice given by Prudential to the Managing Partner (provided that such date shall be at least five (5) business days after the giving of such Prudential Redemption Notice), and (y) the date specified in a Partnership Redemption Notice given by BPLLC or Holdings LLC to Prudential (provided that such date shall be at least five (5) business days after the giving of such Partnership Redemption Notice).

"UNREALIZED GAIN" shall mean the excess (if any) of (x) the aggregate Fair Market Value of all Investment Notes (provided that, in calculating the Fair Market Value of the Investment Notes for purposes of determining Unrealized Gain, the accrued and unpaid interest thereunder as of the Redemption Date shall not be added to the Remaining Cash Flow), minus (y) the aggregate face amounts of all Investment Notes.

"UNREALIZED LOSS" shall mean the excess (if any) of (A) the aggregate face amounts of all Investment Notes minus (B) the aggregate Fair Market Value of all Investment Notes (provided that, in calculating the Fair Market Value of the Investment Notes for purposes of determining Unrealized Loss, the accrued and unpaid interest thereunder as of the Redemption Date shall not be added to the Remaining Cash Flow).

2. REDEMPTION DISTRIBUTION.

(A) On the Redemption Date the Partnership shall distribute to Prudential, as a "REDEMPTION DISTRIBUTION" in full redemption of the Prudential Interest, (i) the Partnership's entire right, title and interest in, to and under the Investment Notes (subject to the Prudential Guarantied Loan) and all rights in, to and under the other instruments and agreements relating to the Investment Loan (collectively, the "INVESTMENT LOAN DOCUMENTS") (provided that, the Partnership shall retain all claims, rights, obligations and liabilities under the Investment Loan Documents accruing prior to the Redemption Date (except the right to any accrued and unpaid interest under the Investment Notes distributed to Prudential as of the Redemption Date, which shall be paid to Prudential after the Redemption Date and which is included and accounted for in the calculation of the Fair Market Value of the Investment Notes pursuant to Exhibit A attached hereto), and if the Partnership retains any Remainder Notes pursuant to the provisions of this Section 2(a) below, the Partnership shall retain all rights, obligations and liabilities under the Investment Loan Documents relating to such Remainder Notes, if any, retained by the Partnership (both accruing prior to and after the Redemption Date), (ii) if the Redemption Amount exceeds the aggregate Fair Market Value of the Investment Notes, cash in an amount equal to the difference between the Redemption Amount and the aggregate Fair Market Value of the Investment Notes, and (iii) if and to the extent that the Partnership has not already distributed to Prudential the OP Units, the OP Units. Notwithstanding the foregoing, if the aggregate Fair Market Value of all Investment Notes on the Redemption Date exceeds the Redemption Amount on such date, then (A) on the Redemption Date the Partnership shall assign to Prudential its entire interest in only such Investment Notes (in the order provided in the next sentence) that collectively have an aggregate Fair Market Value at the time of such assignment equal to the Redemption

Amount, and (B) the Partnership shall cause any individual Investment Note which is only partially assigned to Prudential in accordance with the next sentence to be replaced by the issuer thereof with two notes in accordance with the terms and provisions of the next sentence. In connection with the distribution of Investment Notes pursuant to the immediately preceding sentence, the Partnership shall distribute to Prudential those Investment Notes with the latest maturity dates one by one beginning with the Investment Note with the latest maturity date and then the Investment Note with the next latest maturity date and so forth until the total Fair Market Value of all Investment Notes distributed to Prudential equals the Redemption Amount; provided that, if necessary in order to
                                        -------- ----
distribute to Prudential Investment Notes with a Fair Market Value exactly equal to the Redemption Amount, the last Investment Note to be distributed will be divided into two notes collectively having an aggregate principal amount equal to such original Investment Note and otherwise having identical terms, so that one of such notes (when taken together with the other Investment Notes distributed to Prudential in accordance with the order of priority set forth hereinabove) will have a Fair Market Value equal to the Redemption Amount and such note shall be assigned to Prudential by the Partnership. If less than all of the Investment Notes are assigned to Prudential in connection with the Redemption Distribution as provided above, the Investment Note(s) retained by the Partnership shall be collectively referred to herein as the "REMAINDER NOTES".

(B) Concurrently with the Redemption Distribution, the Partnership shall execute and deliver to Prudential an Investment Loan Certificate in the form of Exhibit B attached hereto without modification.

(C) Concurrently with the Redemption Distribution, the Partnership shall assign to Prudential, and Prudential shall accept and assume, the Prudential Guarantied Loan and all instruments and agreements relating thereto, and Prudential shall thereafter be subject to all claims, rights, obligations and liabilities thereunder accruing from and after the Redemption Date (except that Prudential shall also assume and be subject to the obligation to pay all accrued but unpaid interest under such Prudential Guarantied Loan as of and including the Redemption Date to the extent the same has not yet become due and payable under the Prudential Guarantied Loan Documents); and the lender under such documents shall release the Partnership, in a writing delivered to the Partnership, from all claims, rights, obligations and liabilities thereunder accruing from and after the Redemption Date and from the obligation to pay any accrued and unpaid interest under such Prudential Guarantied Loan as of and including the Redemption Date to the extent such interest payment has not yet become due and payable under the Prudential Guarantied Loan Documents.

(D) It shall be a condition precedent to the consummation of the transactions described in subsections (a), (b) and (c) above that all occur
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simultaneously.

(E) Within thirty (30) days after the end of the calendar month in which the Redemption Date occurs, the Partnership and Prudential shall obtain all necessary and complete information regarding the Operating Profits or Operating Losses of the Partnership accruing from

the date hereof through and including the Redemption Date and shall agree upon and make any necessary adjustments to the estimated Operating Profits or Operating Losses of the Partnership which were utilized in calculating the Fair Market Value of the Prudential Interest on the Redemption Date. If, after making such adjustments, the actual Operating Profits of the Partnership are greater than the estimated Operating Profits utilized to determine the Fair Market Value of the Prudential Interest on the Redemption Date, or the actual Operating Losses are less than the estimated Operating Losses, as the case may be, then the Partnership shall promptly make a cash payment to Prudential equal to the difference. If, after making such adjustments, the actual Operating Profits of the Partnership are less than the estimated Operating Profits utilized to determine the Fair Market Value of the Prudential Interest on the Redemption Date, or the actual Operating Losses are greater than the estimated Operating Losses, as the case may be, then Prudential shall promptly make a cash payment to the Partnership equal to the difference. In addition to the foregoing, if the Adjusted NEV of the Property has not been determined pursuant to Exhibit V of the Master Transaction Agreement as of the Redemption Date, then promptly following such determination of Adjusted NEV of the Property, if any, pursuant to said Exhibit V, if the Revised NEV of the Property exceeds the NEV of the Property, the Partnership shall pay to Prudential, in cash, a sum equal to such difference, and if the NEV of the Property exceeds the Revised NEV of the Property, then Prudential shall pay to the Partnership, in cash, a sum equal to such difference.

3. COVENANTS; INDEMNITIES.

(A) BPLLC, Holdings LLC, Prudential and the Partnership (on behalf of themselves and their respective successors and assigns) each hereby covenants and agrees with each other that, during the period of time from the date hereof through and including the second (2nd) anniversary of the Redemption Date, (i) none of the Equity Redemption Loan obtained by the Partnership on the date hereof pursuant to the terms of the Partnership Agreement or any debt replacing any such Equity Redemption Loan in accordance with the terms and provisions of the Partnership Agreement, shall be repaid by any Capital Contributions made by any Partner of the Partnership, (ii) the Partnership shall at all times maintain and continue its existence as a general partnership under the laws of the State of California and shall not be dissolved, wound-up or terminated during such period of time, and (iii) except as otherwise expressly provided in this Agreement, the Partnership shall not distribute all or any portion of its Operating Assets to any Partner. Each of the afore-mentioned Persons (on behalf of themselves and their Affiliates) hereby covenants not to commit any act in violation of this covenant (or to permit any successor or assign of any such Person to commit any such act).

(B) In addition to, and not in limitation of, any other rights and remedies available to the parties hereto under this Agreement or at law or in equity, each party hereto (on behalf of itself) agrees that, in the event of a breach by any party or its Affiliate (such party, the "breaching party") of any of the covenants set forth in subsection (a) above, such breaching party shall indemnify, protect, defend and hold harmless the other party(ies) from and against any and all claims, causes of action, losses, liabilities, damages, costs and expenses of whatsoever kind

or nature (including, without limitation, reasonable attorneys' fees and expenses and any adverse income tax consequences, including, but not limited to, any interest and penalties) arising out of or in any way resulting from or directly relating to such breach.

4. TAX MATTERS.

(A) If the Prudential Interest is redeemed as contemplated by this Agreement and the Internal Revenue Service ("IRS") subsequently questions, or determines that it will examine, investigate or audit any federal income tax returns filed by the Partnership in respect of any taxable year of the Partnership ending in the calendar year in which the Redemption Distribution occurred (the "SUBJECT RETURNS"), then (i) the then Partners of the Partnership shall cause the Partnership to promptly furnish Prudential with copies of all written notices received from the IRS, and (ii) Prudential shall have the right, at its expense, to represent the Partnership (with professionals of its choice) in dealing with the IRS in connection with any such questions, examination, investigation or audit and in connection with any judicial or administrative proceedings related thereto, in each case only to the extent that they involve any items ("PRUDENTIAL ITEMS") which could have a material impact on Prudential, and to make decisions regarding or relating to all Prudential Items, except that Prudential shall not make any decisions which could materially adversely impact BPLLC and/or Holdings LLC without the prior written consent of BPLLC and Holdings LLC. Each of BPLLC and Holdings LLC agrees (on behalf of itself and its successors and assigns) that neither it nor the Partnership will settle with the IRS with respect to any Prudential Item without the prior written consent of Prudential, which consent will not be unreasonably withheld.

(B) BPLLC and Holdings LLC shall cause the Partnership to, and the Partnership shall, report the redemption of the Prudential Interest pursuant to this Agreement in a manner consistent with the characterization of such transaction herein, that is, as a withdrawal of Prudential from the Partnership and the redemption by the Partnership of the Prudential Interest in exchange for the distribution of Partnership property in liquidation of the Prudential Interest. BPLLC and Holdings LLC shall submit all Subject Returns to Prudential for review and approval no later than thirty (30) days prior to the filing thereof, whether or not Prudential is still then a Partner. BPLLC and Holdings LLC agree to modify the reporting of the redemption by the Partnership of the Prudential Interest to the satisfaction of Prudential to the extent reasonably requested by Prudential in writing within thirty (30) days of the receipt of any such returns; provided that, such modification does not materially adversely impact BPLLC and/or Holdings LLC or their Affiliates. Notwithstanding the redemption of the Prudential Interest prior to the end of any particular calendar year, BPLLC and Holdings LLC shall each report their participation in the Partnership with respect to any years ending in the calendar year in which the Redemption Distribution occurs consistent with the tax returns approved pursuant hereto and consistent with this Agreement.

(C) In accordance with Treasury Regulation Section 1.706-1(c)(ii), for the taxable year of the Partnership in which the Redemption Distribution occurs, Prudential's

distributive share of the items described in Section 702(a) of the Internal Revenue Code of 1986, as amended, will be determined by reference to an interim closing of the books. In accordance with Treasury Regulation Section 1.751-1(c)(4)(iii), the Partnership, BPLLC, Holdings LLC, and Prudential agree that, on the Redemption Date, the fair market value of the Partnership's Section 1245 property (as defined in Section 1245(a)(3) of the Internal Revenue Code of 1986, as amended) is equal to the adjusted tax basis of such property.

5. APPOINTMENT OF SUB-MANAGING PARTNER. Notwithstanding anything to the contrary stated in the Partnership Agreement, in the event that the Partnership fails to make the Redemption Distribution to Prudential as required by Sections 1 and 2 above on the Redemption Date, then Prudential shall have the right, exercisable by written notice to the other Partners of the Partnership, to appoint itself as the sub-managing partner solely for the purpose of making the Redemption Distribution. In such event, Prudential shall be solely authorized and empowered, and its sole responsibility shall be, to make the Redemption Distribution on, or as soon as practicable after, the Redemption Date. The Managing Partner shall continue to act as the managing partner under the Partnership Agreement during such time and shall fully and faithfully discharge all obligations and duties of the managing partner under the Partnership Agreement other than those pertaining to the Redemption Distribution (which will be performed and discharged by Prudential on behalf of the Partnership). Immediately after the Redemption Distribution shall have been accomplished, Prudential shall resign as sub managing partner of the Partnership. Each party hereto further appoints Prudential as the attorney-in-fact of the Partnership to prepare, sign, file and record any instruments, agreements or other documents, and to take any other action deemed necessary, useful or desirable by Prudential in order to make the Redemption Distribution pursuant to this Agreement in the event that the Managing Partner of the Partnership or the Partnership fails to timely discharge its obligations hereunder within the time periods set forth herein.

6. REMEDIES. Any party hereto shall have the right to initiate an action for specific performance with respect to any breach or default of this Agreement by, or to enforce any obligation under this Agreement of, any other party hereto (including, without limitation, the obligation of the Partnership and the Managing Partner to make the Redemption Distribution pursuant hereto), it being acknowledged and agreed by the parties hereto that monetary damages would be an inadequate remedy and would not adequately compensate any non-defaulting party. In addition to the remedy of specific performance, any non-breaching party may initiate an action seeking actual damages (including, without limitation, increased income tax liability which may result from such breach). Notwithstanding anything to the contrary stated herein, in the Master Transaction Agreement or in the "Transaction Documents" described in such Master Transaction Agreement, the limitations of liability set forth in Article 12 of the Master Transaction Agreement and/or in any other Transaction Document shall not apply to this Agreement, nor shall such limitations limit or restrict any right or remedy available to any party hereunder as a result of the breach or default of any other party under this Agreement.

7. NOTICES. All notices, elections, consents, approvals, demands, objections, requests or other communications which any party hereto may be required or desire to give to any

other party hereto must be in writing and sent by (i) first class U.S. certified or registered mail, return receipt requested, with postage prepaid, (ii) telecopy or facsimile (with a copy sent by first class U.S. certified or registered mail, return receipt requested, with postage prepaid), or (iii) express mail or a nationally recognized courier (for next business day delivery). For purposes of this Agreement, the addresses of the parties hereto shall be as provided below:

BPLLC, Holdings LLC or the Partnership:	Boston Properties, Inc. 8 Arlington Street Boston, Massachusetts 02116-3495 Attn: General Counsel Fax: (617) 421-1555
with a copy to:	Goulston & Storrs, P.C. 400 Atlantic Avenue Boston, Massachusetts 02110-3333 Attn: Eli Rubenstein, Esq. Fax: (617) 574-4112
Prudential or the Partnership:	Prudential Insurance Company of America Four Embarcadero Center Suite 2700 San Francisco, California 94111 Attn: Harry Mixon, Esq. Fax: (415) 956-2197
with a copy to:	Prudential Realty Group 8 Campus Drive 4th Floor - Arbor Circle South Parsippany, New Jersey 07054 Attn: John R. Triece Fax: (201) 683-1797
and a copy to:	O'Melveny & Myers LLP Embarcadero Center West 275 Battery Street San Francisco, California 94111 Attn: Stephen A. Cowan, Esq. Fax: (415) 984-8701

Notwithstanding the foregoing, any party may designate another addressee or change its address for notices and other communications hereunder by a notice given to the other parties in the

manner provided hereinabove. A notice or other communication sent in compliance with the provisions of this Section 7 shall be deemed given and received on (a) the third (3rd) day following the date it is deposited in the U.S. mail, (b) the date of confirmed dispatch if sent by facsimile or telecopy (provided that a copy thereof is sent by mail in the manner provided in clause (i) above), or (c) the date it is delivered to the other party if sent by express mail or courier.

8. ATTORNEYS' FEES. If any action is brought by any party hereto against another party, relating to or arising out of this Agreement, any of the transactions contemplated hereby or the enforcement hereof, the prevailing party(ies) shall be entitled to recover from the other party(ies) reasonable attorneys' fees and costs incurred in connection with the prosecution or defense of such action. For purposes of this Agreement, the term "ATTORNEYS' FEES" or "ATTORNEYS' FEES AND COSTS" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding. The provisions of this Section 8 shall survive the Redemption Distribution and the entry of any judgment, and shall not merge, or be deemed to have merged, into any judgment.

9. SURVIVAL. This Agreement and the obligations of the parties hereto shall survive the redemption of the Prudential Interest.

10. SUCCESSORS. This Agreement and all the terms and provisions hereof shall be binding upon and shall inure to the benefit of all parties hereto, and their legal representatives, successors and permitted assigns, except as expressly herein otherwise provided.

11. EFFECT AND INTERPRETATION. This Agreement shall be governed by and construed in conformity with the laws of the State of California.

12. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Agreement attached thereto.

13. AMENDMENTS. Except as otherwise provided herein, this Agreement may not be changed, modified, supplemented or terminated, except by an instrument in writing executed by the party(ies) hereto which is/are or will be affected by the terms of such change, modification, supplement or termination, or executed by the party(ies) authorized to act on behalf of the party(ies) so affected.

14. TIME OF THE ESSENCE. Time is of the essence of every term and provision of this Agreement.

15. SEVERABILITY. If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those to which it is held invalid by such court, shall not be affected thereby.

16. EXHIBITS. Exhibits A through B attached hereto are incorporated herein by this reference.

17. ENTIRE AGREEMENT. This Agreement and the other Transaction Documents are the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements and negotiations.

18. AUTHORITY. Each individual and entity executing this Agreement hereby represents and warrants that he, she or it has the capacity set forth on the signature pages hereof with full power and authority to bind the party on whose behalf he, she or it is executing this Agreement to the terms hereof.

19. INCONSISTENCIES WITH PARTNERSHIP AGREEMENT. If and to the extent that any terms or provisions of this Agreement are inconsistent with any terms or provisions of the Partnership Agreement, the terms and provisions of this Agreement shall govern and control.

20. CONSENT TO JURISDICTION AND SERVICE OF PROCESS. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PARTY HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

21. WAIVER OF JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF

THIS AGREEMENT OR THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this Agreement, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that is has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the date and year first written above.

PARTNERSHIP: THREE EMBARCADERO CENTER VENTURE,
a California general partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

BPLLC: BOSTON PROPERTIES LLC,
a Delaware limited liability company

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

HOLDINGS LLC: BP EC3 HOLDINGS LLC,
a Delaware limited liability company

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

PRUDENTIAL: THE PRUDENTIAL INSURANCE COMPANY OF
AMERICA, a New Jersey corporation

By: /s/ Gary L. Frazier

Name:_____
Title:_____

EXHIBIT A

DETERMINATION OF
FAIR MARKET VALUE OF INVESTMENT NOTES

The Fair Market Value of each Investment Note shall equal the aggregate Remaining Cash Flow for such Investment Note discounted from each respective scheduled payment due date to the Redemption Date at a discount factor equal to the Discount Rate for such Investment Note. Notwithstanding the foregoing, if on the Determination Date an Investment Loan Borrower Credit Event exists, then the Managing Partner shall appoint an investment banking firm of national recognition (which will be satisfactory to Prudential in its reasonable discretion) to determine the change in the Fair Market Value of the Investment Notes for purposes of this Agreement. In the event that an investment banking firm is appointed to determine the change in the Fair Market Value of any Investment Note as of the Determination Date pursuant to the preceding sentence, such investment banking firm shall be instructed to determine the change in the Fair Market Value of such Investment Note based on the following four factors: (i) changes in market interest rates since the date of funding of the Investment Note, (ii) the time period remaining from the Determination Date until the earlier of the next Rate Reset Date of such Investment Note and the maturity of the Investment Note, (iii) the Remaining Cash Flow (as defined below) of the Investment Note, and (iv) changes in the credit quality of the Investment Note since the date of funding thereof. The parties agree that an acceptable investment banking firm would be Goldman Sachs or Merrill Lynch & Company. As used herein, the term "INVESTMENT LOAN BORROWER CREDIT EVENT" shall mean any of the following events: (x) the credit rating of the Investment Notes has been downgraded from the credit rating of the Investment Notes on the date hereof by both of the Rating Agencies, or (y) in the reasonable discretion of the Managing Partner, there has been, as compared to the date hereof, a material diminution or degradation in the value of the assets of the Investment Loan Borrower, or the ability of the Investment Loan Borrower to pay its outstanding obligations, as they become due from the date hereof.

Defined Terms

As used herein, the following terms shall have the following meanings:

"DETERMINATION DATE" shall mean the date upon which the Fair Market Value of the Investment Notes is determined and shall occur at noon (New York City time) on the third business day after the date that the Prudential Redemption Notice or Partnership Redemption Notice, as the case may be, is received by the addressee thereof.

"DISCOUNT RATE" shall mean the Reinvestment Rate plus the Margin.

"MARGIN" shall mean, with respect to any Investment Note, the Margin then in effect (as defined in the Investment Loan Note Purchase Agreement) of such Investment Note.

"RATING AGENCIES" shall mean Fitch IBCA, Inc. and Standard and Poor's Corporation.

"REINVESTMENT RATE" shall mean, with respect to any Investment Note, the offered-side yield to maturity as of the Determination Date of the U.S. Treasury security that was used to determine the then Treasury of such Investment Note. Such offered-side yield to maturity shall be determined on or about noon on the Determination Date and Prudential and the Partnership shall cooperate in the determination of such Reinvestment Rate.

"REMAINING CASH FLOW" shall mean, for any Investment Note, the aggregate amount of all accrued and unpaid interest, principal and other payments under such Investment Note on the Redemption Date and all principal, interest and other payments that will become due and owing under such Investment Note from time to time from and after the Redemption Date through (x) the next Rate Reset Date of such Investment Note (the "NEXT RESET DATE"), if the Fair Market Value is determined prior to such Rate Reset Date, or (y) the maturity of such Investment Note (including, without limitation, any balloon or other principal payments due and owing on said maturity date), if the Fair Market Value is determined after all Rate Reset Dates provided in such Investment Note, as each such payment would become due and payable pursuant to the terms of the applicable Investment Note and the Investment Loan Documents (but assuming, if

clause (x) above applies, that any interest that is scheduled to be accrued but unpaid as of the Next Reset Date (i.e., because the interest payment date with respect thereto will not have occurred), and any outstanding principal and any other amounts scheduled to be owing under the Investment Note on such Next Reset Date, will be repaid in full on the Next Reset Date; and further assuming, for purposes of calculating all future interest payments due under such Investment Note, that the interest rate in effect with respect to the Investment Note on the Redemption Date will remain constant for purposes of determining the Fair Market Value of such Investment Note).

EXHIBIT B

CERTIFICATE
REGARDING INVESTMENT LOAN

THIS CERTIFICATE (this "CERTIFICATE") is made and dated as of _____, by THREE EMBARCADERO CENTER VENTURE, a California general partnership ("PARTNERSHIP"), for the benefit of THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation ("").

Pursuant to that certain Redemption Agreement dated as of November 12, 1998 (the "REDEMPTION AGREEMENT"), the Partnership (and its partners other than) and Prudential have been granted certain rights to cause Prudential's interest in the Partnership to be fully redeemed in exchange for the distribution of all or a portion of the Investment Notes and, if applicable pursuant to the terms and provisions of the Redemption Agreement, cash to Prudential. All capitalized terms used herein without definition shall have the respective meanings given such terms in the Redemption Agreement.

Concurrently herewith and on the date hereof, the Partnership is distributing the Investment Notes (or a portion thereof) to Prudential in accordance with the applicable terms and provisions of the Redemption Agreement.

With respect to the distribution of such Investment Notes, the Partnership hereby represents and warrants to Prudential as of the date hereof as follows:

(a) Subject to the rights of The Prudential Insurance Company of America or a permitted assignee or designee ("OPTIONEE") under that certain Option and Put Agreement dated as of November 12, 1998 (the "OPTION AGREEMENT"), the Partnership is the sole owner of the Investment Notes. Further, the Investment Notes delivered to Prudential on the date hereof pursuant to the Redemption Agreement are free and clear of all liens and third party interests of any kind or nature other than the interests and rights of Optionee under the Option Agreement. The Partnership has not amended, modified, terminated or otherwise by written agreement altered the Investment Notes or the Investment Loan Documents except as specifically disclosed to Prudential in writing prior to the date hereof and except for the division of any Investment Note pursuant to Section 2(a) of the Redemption Agreement.

(b) The Partnership has not assigned or transferred the Investment Notes or any of the Investment Loan Documents (except to secure the Equity Redemption Loan, which assignment has been or simultaneously herewith is being, released in full in writing), nor are there any agreements to assign or convey any portion of the Investment Notes or such Investment Loan Documents to any Person other than Prudential and Optionee (in accordance with the Option Agreement).

(c) The Partnership has all requisite power and authority to execute and deliver all instruments and other documents to be executed and delivered by the Partnership in connection with the distribution of the Investment Notes to Prudential on the date hereof and to execute this Certificate.

(d) The Partnership is a duly formed general partnership under the laws of the State of California, and is legally authorized to execute, deliver and perform the Redemption Distribution and this Certificate, and this Certificate is legal, valid and binding on the Partnership enforceable against it in accordance with its terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally.

(e) The execution of this Certificate and the performance of the Redemption Distribution by the Partnership will not conflict with or result in a breach of any statute, rule, regulation, judgment, decree or order of any court, board, committee or governmental agency to which the Partnership is subject, nor violate any agreement or contract to which the Partnership is a party or by which the Partnership is bound. No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Partnership of, or compliance by the Partnership with, the Certificate or the consummation of the Redemption Distribution, except for such consents, approvals, authorizations or orders, if any, that have been obtained.

Each of the foregoing representations and warranties are personal to Prudential and no Person other than Prudential shall be entitled to bring any action based thereon. Each of the foregoing representations and warranties shall survive the consummation of the Redemption Distribution.

The Partnership hereby acknowledges that the acceptance of the Redemption Distribution and the Investment Notes by Prudential was made and will have been made in material reliance by Prudential on the aforestated representations and warranties of the Partnership.

IN WITNESS WHEREOF, the Partnership has caused its duly authorized representative to execute this Certificate as of the date first above written.

PARTNERSHIP: THREE EMBARCADERO CENTER VENTURE,
a California general partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By:_____
Name:_____
Title:_____

EXHIBIT 99.18

REDEMPTION AGREEMENT

THIS REDEMPTION AGREEMENT (this "AGREEMENT") dated as of November 12, 1998, is made and entered into by and among FOUR EMBARCADERO CENTER VENTURE, a California general partnership ("PARTNERSHIP"), BOSTON PROPERTIES LLC, a Delaware limited liability company ("BPLLC"), BP EC4 HOLDINGS LLC, a Delaware limited liability company ("HOLDINGS LLC"), and THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation ("PRUDENTIAL").

R E C I T A L S

A. Pursuant to that certain Master Transaction Agreement dated as of September 28, 1998, by and among Boston Properties Limited Partnership, Boston Properties, Inc., Prudential, PIC Realty Corporation, a Delaware corporation, Fedmark Corporation, Embarcadero Center Investors Partnership, Pacific Property Services, L.P. and certain other persons listed on Exhibit A thereto (the "MASTER TRANSACTION AGREEMENT"), BPLLC, Holdings LLC and Prudential have become the sole partners of the Partnership, which Partnership is currently governed by that certain Second Amended and Restated Partnership Agreement of Four Embarcadero Center Venture of even date herewith (the "PARTNERSHIP AGREEMENT"). All capitalized terms used herein without definition shall have the respective meanings given such terms in the Partnership Agreement.

B. Prudential desires to acquire the right to have its entire interest in and to the Partnership (the "PRUDENTIAL INTEREST") redeemed by the Partnership at any time from and after the date hereof in accordance with the terms and provisions of this Agreement below, and BPLLC and Holdings LLC desire to acquire the right to cause the Prudential Interest to be redeemed by the Partnership at any time after the date which is ninety (90) days after the date hereof in accordance with the terms and provisions of this Agreement below, all as hereinafter provided.

C. In connection with the redemption transactions described in Recital B above, the parties hereto desire to make certain additional covenants and agreements as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereby agree as follows:

1. REDEMPTION EVENT.

(A) The Prudential Interest shall be fully redeemed by the Partnership in the manner provided in Section 2 below in the event that a Prudential Redemption Notice is duly given

to BPLLC or any other Person who is then the managing partner of the Partnership (the "MANAGING PARTNER") in accordance with subsection (b) below or a Partnership Redemption Notice is duly given to Prudential by BPLLC or Holdings LLC (on behalf of the Partnership) in accordance with subsection (c) below.

(B) At any time after the date hereof, Prudential may elect to have the Prudential Interest fully redeemed by the Partnership in accordance with Section 2 below by giving written notice (a "PRUDENTIAL REDEMPTION NOTICE") to the Managing Partner stating that Prudential is electing to have the Prudential Interest fully redeemed pursuant to this Agreement; provided that, notwithstanding the foregoing, Prudential's right to give a Prudential Redemption Notice and to be redeemed at its election shall be suspended during any period of time while there exists an Investment Loan Borrower Credit Event (as defined in Exhibit A attached hereto). A Prudential Redemption Notice shall only be effective if simultaneously with the giving of such notice (x) PIC delivers a similar notice with respect to the Redemption Agreements of even date herewith to which it is a party with One Embarcadero Center Venture and Embarcadero Center Associates, respectively, (y) Prudential delivers a similar notice with respect to the Redemption Agreement of even date herewith to which Prudential and Three Embarcadero Center Venture are parties (such similar notices of PIC and Prudential, the "CORRESPONDING NOTICES"), and (z) each Corresponding Notice specifies the same Redemption Date as is specified in the Prudential Redemption Notice.

(C) At any time on or after the date which is five (5) business days prior to the date which is ninety (90) days after the date hereof (i.e., such that the Redemption Date selected by BPLLC or Holdings LLC shall not occur prior to the date which is ninety (90) days after the date hereof), either BPLLC or Holdings LLC may elect to have the Partnership fully redeem the Prudential Interest in accordance with Section 2 below by giving written notice (the "PARTNERSHIP REDEMPTION NOTICE") to Prudential stating that the Partnership is electing to have the Prudential Interest fully redeemed pursuant to this Agreement; provided that, notwithstanding the foregoing, BPLLC's and Holding LLC's right to give a Partnership Redemption Notice and to cause the Partnership to redeem the Prudential Interest at either of their elections shall be suspended during any period of time while any of the Investment Notes have been accelerated and such acceleration has not been rescinded by the holder(s) of such Investment Notes.

(D) As used herein, the following terms shall have the following meanings:

"AMORTIZED LEASING COSTS" shall mean, for any period, the sum of the amortized portion of all Investor Leasing Costs (as defined in the Master Transaction Agreement) and New Leasing Costs for such period, it being acknowledged and agreed that all such Investor Leasing Costs and New Leasing Costs shall be amortized on a straight-line basis monthly over the base term of the applicable lease commencing on the rent commencement date for such lease, plus interest on the unamortized portion of all Investor Leasing Costs and New Leasing Costs outstanding from time to time during such period at the rate of ten percent (10%) per annum.

"BROKEN LIBOR COST" shall mean the extra payment which the Partnership must make on account of repaying the Equity Redemption Loan on a date other than the end of an "interest period" because the Redemption Date falls on a date other than the end of an "interest period" (it being acknowledged and agreed by the parties hereto that, if the Redemption Date falls on a date which is the end of an "interest period", there shall be no Broken LIBOR Cost for purposes of this Agreement). The Managing Partner shall, at the request of Prudential, provide Prudential with a schedule showing the end of all "interest periods" for purposes of timing the Redemption Distribution and Prudential may rely on such schedule for purposes of designating a Redemption Date.

"FAIR MARKET VALUE OF THE INVESTMENT NOTES" shall be determined pursuant to and in accordance with the terms and provisions of Exhibit A attached hereto.

"FAIR MARKET VALUE OF THE PRUDENTIAL INTEREST" shall equal, on the Redemption Date, the sum of $93,840,807 (which amount equals Prudential's Percentage Interest immediately prior to the Redemption Distribution multiplied by the NMV (defined in the Master Transaction Agreement) of the Property as of the date hereof, adjusted to:

(i) add an amount equal to the product of Prudential's Percentage Interest immediately prior to the Redemption Distribution, multiplied by any Unrealized Gain (defined below), if any, on the Investment Notes as of the Determination Date (described in Exhibit A attached hereto) or deduct an amount equal to the product of Prudential's Percentage Interest immediately prior to the Redemption Distribution, multiplied by any Unrealized Loss (defined below), if any, on the Investment Notes as of the Determination Date;

(ii) deduct all distributions (other than the Redemption Distribution and any distribution of OP Units) actually made by the Partnership to (and received by) Prudential from and after the date hereof through and including the Redemption Date;

(iii) add any Capital Contributions made by Prudential from and after the date hereof through and including the Redemption Date;

(iv) add an amount equal to the product of Prudential's Percentage Interest immediately prior to the Redemption Distribution, multiplied by the estimated Operating Profits, if any, for the period from and after the date hereof through and including the Redemption Date or deduct an amount equal to Prudential's Percentage Interest immediately prior to the Redemption Distribution, multiplied by the estimated Operating Losses, if any, for the period from and after the date hereof through and including the Redemption Date;

(v) deduct an amount equal to the unamortized portion of all Interest Rate Approved Loan Costs with respect to the Prudential Guarantied Loan (which Prudential

Guarantied Loan will be assumed by Prudential in connection with the Redemption Distribution);

(vi) add an amount equal to Prudential's Percentage Interest in the Partnership immediately prior to the Redemption Distribution multiplied by all cash distributions or cash proceeds ("MTA PROCEEDS") actually received by the Partnership from Two Embarcadero Center West and Three Embarcadero Center West from and after the date hereof;

(vii) subtract an amount equal to the Broken Libor Cost (if any); and

(viii) add an amount equal to the difference between the NEV (as defined in the Master Transaction Agreement) of the Property minus the NMV of the Property (if such difference is a positive number) or subtract an amount equal to the difference between the NMV of the Property minus the NEV of the Property (if the difference is a positive number); provided that, if, as of the Redemption Date, the Adjusted NEV (as defined in the Master Transaction Agreement) shall have been determined in accordance with Exhibit V of the Master Transaction Agreement, then in lieu of the adjustment provided for in this clause (viii) above, an adjustment shall be made to add an amount equal to the Revised NEV (defined immediately below) of the Property minus the NMV of the Property (if such difference is a positive number) or subtract an amount equal to the NMV of the Property minus the Revised NEV of the Property (if such difference is a positive number). As used herein, the "REVISED NEV OF THE PROPERTY" shall mean an amount equal to the sum of the NEV of the Property plus or minus, as the case may be, the adjustment made to the NEV pursuant to Section V-9-1 of Exhibit V of the Master Transaction Agreement.

For purposes of determining estimated Operating Profits or Operating Losses hereunder, the Managing Partner shall provide Prudential with its calculation of estimated Operating Profits or Operating Losses prior to the Redemption Distribution, which calculation shall be subject to Prudential's approval (not to be unreasonably withheld or delayed), and the Partnership and Prudential shall thereafter make any necessary adjustments to said calculation as complete information becomes available within thirty (30) days after the Redemption Date in accordance with the terms and provisions of Section 2(e) below.

"LEASING COSTS" shall mean any and all (i) tenant improvement allowances, move-in allowances, brokerage commissions, expenses incurred or to be incurred for repairs, improvements, equipment, painting, decorating, partitioning and other items to satisfy the tenant's requirements for the commencement of the applicable lease, (ii) the cost of removal and/or abatement of asbestos or other hazards or toxic substances located in the demised space in violation of law and as required in order to satisfy the tenant's requirements for the commencement of the applicable lease, (iii) rent concessions as stated in the respective lease (and applicable lease documents) relating to the demised space provided the tenant has the right to take possession of such demised space during the period of such rent concessions, (iv) base building

modifications required by the applicable lease, and (v) expenses incurred or to be incurred for the purpose of satisfying or terminating the obligations of a tenant to the landlord under another lease.

"OP UNITS" shall mean a number of Series Three Preferred Units in Boston Properties Limited Partnership equal to the product of (i) Prudential's Percentage Interest in the Partnership immediately prior to the "Closing" under the Master Transaction Agreement, multiplied by (ii) the total number of Series Three Preferred Units in Boston Properties Limited Partnership actually received by the Partnership from Two Embarcadero Center West and Three Embarcadero Center West.

"NEW LEASING COSTS" shall mean all Leasing Costs incurred by the Partnership in connection with any new Leases executed after the date hereof and prior to the Redemption Date.

"OPERATING ASSETS" shall mean all real property, improvements, leases, licenses, fixtures and tangible and intangible personal property owned by the Partnership on the date hereof other than cash, deposit accounts and money.

For any period, "OPERATING PROFITS" shall mean the absolute value of the following amount (if positive) and "OPERATING LOSSES" shall mean the absolute value of the following amount (if negative): net income (loss) of the Partnership for such period determined in accordance with GAAP without giving effect to extraordinary gains (or losses) or any taxes on or measured by such net income or loss, plus the sum of (i) all amortization and depreciation expense and other non-cash expenses (it being acknowledged by the parties hereto that principal payments on account of debt and capital expenditures other than those amortized during any period for which net income (loss) is being determined are not taken into account or deducted when calculating net income (loss) under GAAP), (ii) all Leasing Costs that are not treated as capital expenditures under GAAP, (iii) all interest expense of the Partnership on loans made by any BP Partner under the Partnership Agreement (which loans are evidenced by a BP Note) and (iv) all fees, costs and expenses (other than interest expense) incurred by the Partnership or any Partner in connection with any Partnership loan which were deducted as an expense (rather than amortized) other than non-amortizable fees, costs and expenses for Approved Loan Costs and non-amortizable Excess Proceeds Borrowing Costs, minus the Amortized Leasing Costs for such period and the amortized portion of the Approved Loan Costs and the Excess Proceeds Borrowing Costs for such period. Operating Profits and Losses for any partial month shall be prorated on the basis of the actual number of days of such month and a 365-day year.

"REDEMPTION AMOUNT" shall equal (i) the Fair Market Value of the Prudential Interest on the Redemption Date, plus (ii) the outstanding principal balance of the Prudential Guarantied Loan assumed by Prudential on the Redemption Date in connection with the distribution of the Investment Notes to Prudential, together with all accrued but unpaid interest on the Prudential Guarantied Loan as of such date.

"REDEMPTION DATE" shall mean the earlier of (x) the date specified in a Prudential Redemption Notice given by Prudential to the Managing Partner (provided that such date shall be at least five (5) business days after the giving of such Prudential Redemption Notice), and (y) the date specified in a Partnership Redemption Notice given by BPLLC or Holdings LLC to Prudential (provided that such date shall be at least five (5) business days after the giving of such Partnership Redemption Notice).

"UNREALIZED GAIN" shall mean the excess (if any) of (x) the aggregate Fair Market Value of all Investment Notes (provided that, in calculating the Fair Market Value of the Investment Notes for purposes of determining Unrealized Gain, the accrued and unpaid interest thereunder as of the Redemption Date shall not be added to the Remaining Cash Flow), minus (y) the aggregate face amounts of all Investment Notes.

"UNREALIZED LOSS" shall mean the excess (if any) of (A) the aggregate face amounts of all Investment Notes minus (B) the aggregate Fair Market Value of all Investment Notes (provided that, in calculating the Fair Market Value of the Investment Notes for purposes of determining Unrealized Loss, the accrued and unpaid interest thereunder as of the Redemption Date shall not be added to the Remaining Cash Flow).

2. REDEMPTION DISTRIBUTION.

(A) On the Redemption Date the Partnership shall distribute to Prudential, as a "REDEMPTION DISTRIBUTION" in full redemption of the Prudential Interest, (i) the Partnership's entire right, title and interest in, to and under the Investment Notes (subject to the Prudential Guarantied Loan) and all rights in, to and under the other instruments and agreements relating to the Investment Loan (collectively, the "INVESTMENT LOAN DOCUMENTS") (provided that, the Partnership shall retain all claims, rights, obligations and liabilities under the Investment Loan Documents accruing prior to the Redemption Date (except the right to any accrued and unpaid interest under the Investment Notes distributed to Prudential as of the Redemption Date, which shall be paid to Prudential after the Redemption Date and which is included and accounted for in the calculation of the Fair Market Value of the Investment Notes pursuant to Exhibit A attached hereto), and if the Partnership retains any Remainder Notes pursuant to the provisions of this Section 2(a) below, the Partnership shall retain all rights, obligations and liabilities under the Investment Loan Documents relating to such Remainder Notes, if any, retained by the Partnership (both accruing prior to and after the Redemption Date), (ii) if the Redemption Amount exceeds the aggregate Fair Market Value of the Investment Notes, cash in an amount equal to the difference between the Redemption Amount and the aggregate Fair Market Value of the Investment Notes, and (iii) if and to the extent that the Partnership has not already distributed to Prudential the OP Units, the OP Units. Notwithstanding the foregoing, if the aggregate Fair Market Value of all Investment Notes on the Redemption Date exceeds the Redemption Amount on such date, then (A) on the Redemption Date the Partnership shall assign to Prudential its entire interest in only such Investment Notes (in the order provided in the next sentence) that collectively have an aggregate Fair Market Value at the time of such assignment equal to the Redemption

Amount, and (B) the Partnership shall cause any individual Investment Note which is only partially assigned to Prudential in accordance with the next sentence to be replaced by the issuer thereof with two notes in accordance with the terms and provisions of the next sentence. In connection with the distribution of Investment Notes pursuant to the immediately preceding sentence, the Partnership shall distribute to Prudential those Investment Notes with the latest maturity dates one by one beginning with the Investment Note with the latest maturity date and then the Investment Note with the next latest maturity date and so forth until the total Fair Market Value of all Investment Notes distributed to Prudential equals the Redemption Amount; provided that, if necessary in order to
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distribute to Prudential Investment Notes with a Fair Market Value exactly equal to the Redemption Amount, the last Investment Note to be distributed will be divided into two notes collectively having an aggregate principal amount equal to such original Investment Note and otherwise having identical terms, so that one of such notes (when taken together with the other Investment Notes distributed to Prudential in accordance with the order of priority set forth hereinabove) will have a Fair Market Value equal to the Redemption Amount and such note shall be assigned to Prudential by the Partnership. If less than all of the Investment Notes are assigned to Prudential in connection with the Redemption Distribution as provided above, the Investment Note(s) retained by the Partnership shall be collectively referred to herein as the "REMAINDER NOTES".

(B) Concurrently with the Redemption Distribution, the Partnership shall execute and deliver to Prudential an Investment Loan Certificate in the form of Exhibit B attached hereto without modification.

(C) Concurrently with the Redemption Distribution, the Partnership shall assign to Prudential, and Prudential shall accept and assume, the Prudential Guarantied Loan and all instruments and agreements relating thereto, and Prudential shall thereafter be subject to all claims, rights, obligations and liabilities thereunder accruing from and after the Redemption Date (except that Prudential shall also assume and be subject to the obligation to pay all accrued but unpaid interest under such Prudential Guarantied Loan as of and including the Redemption Date to the extent the same has not yet become due and payable under the Prudential Guarantied Loan Documents); and the lender under such documents shall release the Partnership, in a writing delivered to the Partnership, from all claims, rights, obligations and liabilities thereunder accruing from and after the Redemption Date and from the obligation to pay any accrued and unpaid interest under such Prudential Guarantied Loan as of and including the Redemption Date to the extent such interest payment has not yet become due and payable under the Prudential Guarantied Loan Documents.

(D) It shall be a condition precedent to the consummation of the transactions described in subsections (a), (b) and (c) above that all occur
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simultaneously.

(E) Within thirty (30) days after the end of the calendar month in which the Redemption Date occurs, the Partnership and Prudential shall obtain all necessary and complete information regarding the Operating Profits or Operating Losses of the Partnership accruing from

the date hereof through and including the Redemption Date and shall agree upon and make any necessary adjustments to the estimated Operating Profits or Operating Losses of the Partnership which were utilized in calculating the Fair Market Value of the Prudential Interest on the Redemption Date. If, after making such adjustments, the actual Operating Profits of the Partnership are greater than the estimated Operating Profits utilized to determine the Fair Market Value of the Prudential Interest on the Redemption Date, or the actual Operating Losses are less than the estimated Operating Losses, as the case may be, then the Partnership shall promptly make a cash payment to Prudential equal to the difference. If, after making such adjustments, the actual Operating Profits of the Partnership are less than the estimated Operating Profits utilized to determine the Fair Market Value of the Prudential Interest on the Redemption Date, or the actual Operating Losses are greater than the estimated Operating Losses, as the case may be, then Prudential shall promptly make a cash payment to the Partnership equal to the difference. In addition to the foregoing, if the Adjusted NEV of the Property has not been determined pursuant to Exhibit V of the Master Transaction Agreement as of the Redemption Date, then promptly following such determination of Adjusted NEV of the Property, if any, pursuant to said Exhibit V, if the Revised NEV of the Property exceeds the NEV of the Property, the Partnership shall pay to Prudential, in cash, a sum equal to such difference, and if the NEV of the Property exceeds the Revised NEV of the Property, then Prudential shall pay to the Partnership, in cash, a sum equal to such difference.

3. COVENANTS; INDEMNITIES.

(A) BPLLC, Holdings LLC, Prudential and the Partnership (on behalf of themselves and their respective successors and assigns) each hereby covenants and agrees with each other that, during the period of time from the date hereof through and including the second (2nd) anniversary of the Redemption Date, (i) none of the Equity Redemption Loan obtained by the Partnership on the date hereof pursuant to the terms of the Partnership Agreement or any debt replacing any such Equity Redemption Loan in accordance with the terms and provisions of the Partnership Agreement, shall be repaid by any Capital Contributions made by any Partner of the Partnership, (ii) the Partnership shall at all times maintain and continue its existence as a general partnership under the laws of the State of California and shall not be dissolved, wound-up or terminated during such period of time, and (iii) except as otherwise expressly provided in this Agreement, the Partnership shall not distribute all or any portion of its Operating Assets to any Partner. Each of the afore-mentioned Persons (on behalf of themselves and their Affiliates) hereby covenants not to commit any act in violation of this covenant (or to permit any successor or assign of any such Person to commit any such act).

(B) In addition to, and not in limitation of, any other rights and remedies available to the parties hereto under this Agreement or at law or in equity, each party hereto (on behalf of itself) agrees that, in the event of a breach by any party or its Affiliate (such party, the "breaching party") of any of the covenants set forth in subsection (a) above, such breaching party shall indemnify, protect, defend and hold harmless the other party(ies) from and against any and all claims, causes of action, losses, liabilities, damages, costs and expenses of whatsoever kind

or nature (including, without limitation, reasonable attorneys' fees and expenses and any adverse income tax consequences, including, but not limited to, any interest and penalties) arising out of or in any way resulting from or directly relating to such breach.

4. TAX MATTERS.

(A) If the Prudential Interest is redeemed as contemplated by this Agreement and the Internal Revenue Service ("IRS") subsequently questions, or determines that it will examine, investigate or audit any federal income tax returns filed by the Partnership in respect of any taxable year of the Partnership ending in the calendar year in which the Redemption Distribution occurred (the "SUBJECT RETURNS"), then (i) the then Partners of the Partnership shall cause the Partnership to promptly furnish Prudential with copies of all written notices received from the IRS, and (ii) Prudential shall have the right, at its expense, to represent the Partnership (with professionals of its choice) in dealing with the IRS in connection with any such questions, examination, investigation or audit and in connection with any judicial or administrative proceedings related thereto, in each case only to the extent that they involve any items ("PRUDENTIAL ITEMS") which could have a material impact on Prudential, and to make decisions regarding or relating to all Prudential Items, except that Prudential shall not make any decisions which could materially adversely impact BPLLC and/or Holdings LLC without the prior written consent of BPLLC and Holdings LLC. Each of BPLLC and Holdings LLC agrees (on behalf of itself and its successors and assigns) that neither it nor the Partnership will settle with the IRS with respect to any Prudential Item without the prior written consent of Prudential, which consent will not be unreasonably withheld.

(B) BPLLC and Holdings LLC shall cause the Partnership to, and the Partnership shall, report the redemption of the Prudential Interest pursuant to this Agreement in a manner consistent with the characterization of such transaction herein, that is, as a withdrawal of Prudential from the Partnership and the redemption by the Partnership of the Prudential Interest in exchange for the distribution of Partnership property in liquidation of the Prudential Interest. BPLLC and Holdings LLC shall submit all Subject Returns to Prudential for review and approval no later than thirty (30) days prior to the filing thereof, whether or not Prudential is still then a Partner. BPLLC and Holdings LLC agree to modify the reporting of the redemption by the Partnership of the Prudential Interest to the satisfaction of Prudential to the extent reasonably requested by Prudential in writing within thirty (30) days of the receipt of any such returns; provided that, such modification does not materially adversely impact BPLLC and/or Holdings LLC or their Affiliates. Notwithstanding the redemption of the Prudential Interest prior to the end of any particular calendar year, BPLLC and Holdings LLC shall each report their participation in the Partnership with respect to any years ending in the calendar year in which the Redemption Distribution occurs consistent with the tax returns approved pursuant hereto and consistent with this Agreement.

(C) In accordance with Treasury Regulation Section 1.706-1(c)(ii), for the taxable year of the Partnership in which the Redemption Distribution occurs, Prudential's

distributive share of the items described in Section 702(a) of the Internal Revenue Code of 1986, as amended, will be determined by reference to an interim closing of the books. In accordance with Treasury Regulation Section 1.751-1(c)(4)(iii), the Partnership, BPLLC, Holdings LLC, and Prudential agree that, on the Redemption Date, the fair market value of the Partnership's Section 1245 property (as defined in Section 1245(a)(3) of the Internal Revenue Code of 1986, as amended) is equal to the adjusted tax basis of such property.

5. APPOINTMENT OF SUB-MANAGING PARTNER. Notwithstanding anything to the contrary stated in the Partnership Agreement, in the event that the Partnership fails to make the Redemption Distribution to Prudential as required by Sections 1 and 2 above on the Redemption Date, then Prudential shall have the right, exercisable by written notice to the other Partners of the Partnership, to appoint itself as the sub-managing partner solely for the purpose of making the Redemption Distribution. In such event, Prudential shall be solely authorized and empowered, and its sole responsibility shall be, to make the Redemption Distribution on, or as soon as practicable after, the Redemption Date. The Managing Partner shall continue to act as the managing partner under the Partnership Agreement during such time and shall fully and faithfully discharge all obligations and duties of the managing partner under the Partnership Agreement other than those pertaining to the Redemption Distribution (which will be performed and discharged by Prudential on behalf of the Partnership). Immediately after the Redemption Distribution shall have been accomplished, Prudential shall resign as sub managing partner of the Partnership. Each party hereto further appoints Prudential as the attorney-in-fact of the Partnership to prepare, sign, file and record any instruments, agreements or other documents, and to take any other action deemed necessary, useful or desirable by Prudential in order to make the Redemption Distribution pursuant to this Agreement in the event that the Managing Partner of the Partnership or the Partnership fails to timely discharge its obligations hereunder within the time periods set forth herein.

6. REMEDIES. Any party hereto shall have the right to initiate an action for specific performance with respect to any breach or default of this Agreement by, or to enforce any obligation under this Agreement of, any other party hereto (including, without limitation, the obligation of the Partnership and the Managing Partner to make the Redemption Distribution pursuant hereto), it being acknowledged and agreed by the parties hereto that monetary damages would be an inadequate remedy and would not adequately compensate any non-defaulting party. In addition to the remedy of specific performance, any non-breaching party may initiate an action seeking actual damages (including, without limitation, increased income tax liability which may result from such breach). Notwithstanding anything to the contrary stated herein, in the Master Transaction Agreement or in the "Transaction Documents" described in such Master Transaction Agreement, the limitations of liability set forth in Article 12 of the Master Transaction Agreement and/or in any other Transaction Document shall not apply to this Agreement, nor shall such limitations limit or restrict any right or remedy available to any party hereunder as a result of the breach or default of any other party under this Agreement.

7. NOTICES. All notices, elections, consents, approvals, demands, objections, requests or other communications which any party hereto may be required or desire to give to any

other party hereto must be in writing and sent by (i) first class U.S. certified or registered mail, return receipt requested, with postage prepaid, (ii) telecopy or facsimile (with a copy sent by first class U.S. certified or registered mail, return receipt requested, with postage prepaid), or (iii) express mail or a nationally recognized courier (for next business day delivery). For purposes of this Agreement, the addresses of the parties hereto shall be as provided below:

BPLLC, Holdings LLC or the Partnership:	Boston Properties, Inc. 8 Arlington Street Boston, Massachusetts 02116-3495 Attn: General Counsel Fax: (617) 421-1555
with a copy to:	Goulston & Storrs, P.C. 400 Atlantic Avenue Boston, Massachusetts 02110-3333 Attn: Eli Rubenstein, Esq. Fax: (617) 574-4112
Prudential or the Partnership:	Prudential Insurance Company of America Four Embarcadero Center Suite 2700 San Francisco, California 94111 Attn: Harry Mixon, Esq. Fax: (415) 956-2197
with a copy to:	Prudential Realty Group 8 Campus Drive 4th Floor - Arbor Circle South Parsippany, New Jersey 07054 Attn: John R. Triece Fax: (201) 683-1797
and a copy to:	O'Melveny & Myers LLP Embarcadero Center West 275 Battery Street San Francisco, California 94111 Attn: Stephen A. Cowan, Esq. Fax: (415) 984-8701

Notwithstanding the foregoing, any party may designate another addressee or change its address for notices and other communications hereunder by a notice given to the other parties in the

manner provided hereinabove. A notice or other communication sent in compliance with the provisions of this Section 7 shall be deemed given and received on (a) the third (3rd) day following the date it is deposited in the U.S. mail, (b) the date of confirmed dispatch if sent by facsimile or telecopy (provided that a copy thereof is sent by mail in the manner provided in clause (i) above), or (c) the date it is delivered to the other party if sent by express mail or courier.

8. ATTORNEYS' FEES. If any action is brought by any party hereto against another party, relating to or arising out of this Agreement, any of the transactions contemplated hereby or the enforcement hereof, the prevailing party(ies) shall be entitled to recover from the other party(ies) reasonable attorneys' fees and costs incurred in connection with the prosecution or defense of such action. For purposes of this Agreement, the term "ATTORNEYS' FEES" or "ATTORNEYS' FEES AND COSTS" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding. The provisions of this Section 8 shall survive the Redemption Distribution and the entry of any judgment, and shall not merge, or be deemed to have merged, into any judgment.

9. SURVIVAL. This Agreement and the obligations of the parties hereto shall survive the redemption of the Prudential Interest.

10. SUCCESSORS. This Agreement and all the terms and provisions hereof shall be binding upon and shall inure to the benefit of all parties hereto, and their legal representatives, successors and permitted assigns, except as expressly herein otherwise provided.

11. EFFECT AND INTERPRETATION. This Agreement shall be governed by and construed in conformity with the laws of the State of California.

12. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Agreement attached thereto.

13. AMENDMENTS. Except as otherwise provided herein, this Agreement may not be changed, modified, supplemented or terminated, except by an instrument in writing executed by the party(ies) hereto which is/are or will be affected by the terms of such change, modification, supplement or termination, or executed by the party(ies) authorized to act on behalf of the party(ies) so affected.

14. TIME OF THE ESSENCE. Time is of the essence of every term and provision of this Agreement.

15. SEVERABILITY. If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those to which it is held invalid by such court, shall not be affected thereby.

16. EXHIBITS. Exhibits A through B attached hereto are incorporated herein by this reference.

17. ENTIRE AGREEMENT. This Agreement and the other Transaction Documents are the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements and negotiations.

18. AUTHORITY. Each individual and entity executing this Agreement hereby represents and warrants that he, she or it has the capacity set forth on the signature pages hereof with full power and authority to bind the party on whose behalf he, she or it is executing this Agreement to the terms hereof.

19. INCONSISTENCIES WITH PARTNERSHIP AGREEMENT. If and to the extent that any terms or provisions of this Agreement are inconsistent with any terms or provisions of the Partnership Agreement, the terms and provisions of this Agreement shall govern and control.

20. CONSENT TO JURISDICTION AND SERVICE OF PROCESS. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PARTY HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

21. WAIVER OF JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF

THIS AGREEMENT OR THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this Agreement, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that is has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the date and year first written above.

PARTNERSHIP: FOUR EMBARCADERO CENTER VENTURE,
a California general partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

BPLLC: BOSTON PROPERTIES LLC,
a Delaware limited liability company

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

HOLDINGS LLC: BP EC4 HOLDINGS LLC,
a Delaware limited liability company

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

PRUDENTIAL: THE PRUDENTIAL INSURANCE COMPANY OF
AMERICA, a New Jersey corporation

By: /s/ Gary L. Frazier

Name:_____
Title:_____

EXHIBIT A

DETERMINATION OF
FAIR MARKET VALUE OF INVESTMENT NOTES

The Fair Market Value of each Investment Note shall equal the aggregate Remaining Cash Flow for such Investment Note discounted from each respective scheduled payment due date to the Redemption Date at a discount factor equal to the Discount Rate for such Investment Note. Notwithstanding the foregoing, if on the Determination Date an Investment Loan Borrower Credit Event exists, then the Managing Partner shall appoint an investment banking firm of national recognition (which will be satisfactory to Prudential in its reasonable discretion) to determine the change in the Fair Market Value of the Investment Notes for purposes of this Agreement. In the event that an investment banking firm is appointed to determine the change in the Fair Market Value of any Investment Note as of the Determination Date pursuant to the preceding sentence, such investment banking firm shall be instructed to determine the change in the Fair Market Value of such Investment Note based on the following four factors: (i) changes in market interest rates since the date of funding of the Investment Note, (ii) the time period remaining from the Determination Date until the earlier of the next Rate Reset Date of such Investment Note and the maturity of the Investment Note, (iii) the Remaining Cash Flow (as defined below) of the Investment Note, and (iv) changes in the credit quality of the Investment Note since the date of funding thereof. The parties agree that an acceptable investment banking firm would be Goldman Sachs or Merrill Lynch & Company. As used herein, the term "INVESTMENT LOAN BORROWER CREDIT EVENT" shall mean any of the following events: (x) the credit rating of the Investment Notes has been downgraded from the credit rating of the Investment Notes on the date hereof by both of the Rating Agencies, or (y) in the reasonable discretion of the Managing Partner, there has been, as compared to the date hereof, a material diminution or degradation in the value of the assets of the Investment Loan Borrower, or the ability of the Investment Loan Borrower to pay its outstanding obligations, as they become due from the date hereof.

Defined Terms

As used herein, the following terms shall have the following meanings:

"DETERMINATION DATE" shall mean the date upon which the Fair Market Value of the Investment Notes is determined and shall occur at noon (New York City time) on the third business day after the date that the Prudential Redemption Notice or Partnership Redemption Notice, as the case may be, is received by the addressee thereof.

"DISCOUNT RATE" shall mean the Reinvestment Rate plus the Margin.

"MARGIN" shall mean, with respect to any Investment Note, the Margin then in effect (as defined in the Investment Loan Note Purchase Agreement) of such Investment Note.

"RATING AGENCIES" shall mean Fitch IBCA, Inc. and Standard and Poor's Corporation.

"REINVESTMENT RATE" shall mean, with respect to any Investment Note, the offered-side yield to maturity as of the Determination Date of the U.S. Treasury security that was used to determine the then Treasury of such Investment Note. Such offered-side yield to maturity shall be determined on or about noon on the Determination Date and Prudential and the Partnership shall cooperate in the determination of such Reinvestment Rate.

"REMAINING CASH FLOW" shall mean, for any Investment Note, the aggregate amount of all accrued and unpaid interest, principal and other payments under such Investment Note on the Redemption Date and all principal, interest and other payments that will become due and owing under such Investment Note from time to time from and after the Redemption Date through (x) the next Rate Reset Date of such Investment Note (the "NEXT RESET DATE"), if the Fair Market Value is determined prior to such Rate Reset Date, or (y) the maturity of such Investment Note (including, without limitation, any balloon or other principal payments due and owing on said maturity date), if the Fair Market Value is determined after all Rate Reset Dates provided in such Investment Note, as each such payment would become due and payable pursuant to the terms of the applicable Investment Note and the Investment Loan Documents (but assuming, if clause (x) above applies, that any interest that is scheduled to be accrued but
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unpaid as of the Next Reset Date (i.e., because the interest payment date with
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respect thereto will not have occurred), and any outstanding principal and any other amounts scheduled to be owing under the Investment Note on such Next Reset Date, will be repaid in full on the Next Reset Date; and further assuming, for purposes of calculating all future interest payments due under such Investment Note, that the interest rate in effect with respect to the Investment Note on the Redemption Date will remain constant for purposes of determining the Fair Market Value of such Investment Note).

EXHIBIT B

CERTIFICATE
REGARDING INVESTMENT LOAN

THIS CERTIFICATE (this "CERTIFICATE") is made and dated as of _____, 1998 by FOUR EMBARCADERO CENTER VENTURE, a California general partnership ("PARTNERSHIP"), for the benefit of THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation ("PRUDENTIAL").

Pursuant to that certain Redemption Agreement dated as of November 12, 1998 (the "REDEMPTION AGREEMENT"), the Partnership (and its partners other than Prudential) and Prudential have been granted certain rights to cause Prudential's interest in the Partnership to be fully redeemed in exchange for the distribution of all or a portion of the Investment Notes and, if applicable pursuant to the terms and provisions of the Redemption Agreement, cash to Prudential. All capitalized terms used herein without definition shall have the respective meanings given such terms in the Redemption Agreement.

Concurrently herewith and on the date hereof, the Partnership is distributing the Investment Notes (or a portion thereof) to Prudential in accordance with the applicable terms and provisions of the Redemption Agreement.

With respect to the distribution of such Investment Notes, the Partnership hereby represents and warrants to Prudential as of the date hereof as follows:

(a) Subject to the rights of The Prudential Insurance Company of America or a permitted assignee or designee ("OPTIONEE") under that certain Option and Put Agreement dated as of November 12, 1998 (the "OPTION AGREEMENT"), the Partnership is the sole owner of the Investment Notes. Further, the Investment Notes delivered to Prudential on the date hereof pursuant to the Redemption Agreement are free and clear of all liens and third party interests of any kind or nature other than the interests and rights of Optionee under the Option Agreement. The Partnership has not amended, modified, terminated or otherwise by written agreement altered the Investment Notes or the Investment Loan Documents except as specifically disclosed to Prudential in writing prior to the date hereof and except for the division of any Investment Note pursuant to Section 2(a) of the Redemption Agreement.

(b) The Partnership has not assigned or transferred the Investment Notes or any of the Investment Loan Documents (except to secure the Equity Redemption Loan, which assignment has been or simultaneously herewith is being, released in full in writing), nor are there any agreements to assign or convey any portion of the Investment Notes or such Investment Loan Documents to any Person other than Prudential and Optionee (in accordance with the Option Agreement).

(c) The Partnership has all requisite power and authority to execute and deliver all instruments and other documents to be executed and delivered by the Partnership in connection with the distribution of the Investment Notes to Prudential on the date hereof and to execute this Certificate.

(d) The Partnership is a duly formed general partnership under the laws of the State of California, and is legally authorized to execute, deliver and perform the Redemption Distribution and this Certificate, and this Certificate is legal, valid and binding on the Partnership enforceable against it in accordance with its terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally.

(e) The execution of this Certificate and the performance of the Redemption Distribution by the Partnership will not conflict with or result in a breach of any statute, rule, regulation, judgment, decree or order of any court, board, committee or governmental agency to which the Partnership is subject, nor violate any agreement or contract to which the Partnership is a party or by which the Partnership is bound. No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Partnership of, or compliance by the Partnership with, the Certificate or the consummation of the Redemption Distribution, except for such consents, approvals, authorizations or orders, if any, that have been obtained.

Each of the foregoing representations and warranties are personal to Prudential and no Person other than Prudential shall be entitled to bring any action based thereon. Each of the foregoing representations and warranties shall survive the consummation of the Redemption Distribution.

The Partnership hereby acknowledges that the acceptance of the Redemption Distribution and the Investment Notes by Prudential was made and will have been made in material reliance by Prudential on the aforestated representations and warranties of the Partnership.

IN WITNESS WHEREOF, the Partnership has caused its duly authorized representative to execute this Certificate as of the date first above written.

PARTNERSHIP: FOUR EMBARCADERO CENTER VENTURE,
a California general partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By:_____
Name:_____
Title:_____

EXHIBIT 99.19

OPTION AND PUT AGREEMENT

THIS OPTION AND PUT AGREEMENT (this "AGREEMENT") is entered into as of November 12, 1998, by and between ONE EMBARCADERO CENTER VENTURE, a California general partnership ("OPTIONOR"), and THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation ("PRUDENTIAL" and together with any permitted assignee or designee hereunder hereinafter sometimes referred to as "OPTIONEE").

RECITALS

A. Optionor is the "holder" and "payee" under those certain Senior Notes of even date herewith, executed and delivered by Prudential Realty Securities, Inc., a Delaware corporation ("INVESTMENT LOAN BORROWER"), in the aggregate principal amount of Eighty-Eight Million Two Hundred Thousand and No/100 Dollars ($88,200,000.00) (the "INVESTMENT LOAN"), copies of which notes are attached hereto as Exhibit A (the "INVESTMENT NOTES"). The Investment Notes were made pursuant to the Note Purchase Agreement of even date herewith, by and between Optionor and Investment Loan Borrower (the "INVESTMENT LOAN NOTE PURCHASE AGREEMENT").

B. Pursuant to that certain Redemption Agreement of even date herewith, by and among Optionor, PIC Realty Corporation ("PIC"), Boston Properties LLC and BP EC1 Holdings LLC (the "REDEMPTION AGREEMENT"), the Investment Notes (or certain of the Investment Notes or portions thereof as provided in accordance with the terms and provisions of the Redemption Agreement) may be distributed (together with cash, if necessary pursuant to the Redemption Agreement) to PIC in full redemption of its partnership interest in Optionor. The date on which such Investment Notes (or portions thereof) are distributed to PIC and PIC's partnership interest in the Optionor is fully redeemed (such that PIC is no longer a partner or constituent of Optionor) pursuant to the Redemption Agreement shall be referred to in this Agreement as the "REDEMPTION DATE".

C. Pursuant to certain terms, provisions and conditions of the Redemption Agreement, less than the entire principal face amount of all Investment Notes may be distributed to PIC on the Redemption Date. In such event, the Optionor may retain, as payee, a portion of the aggregate principal amount of all Investment Notes (the "REMAINDER") after the Redemption Date, which Remainder will be evidenced by one or more of the Investment Notes that are retained by Optionor pursuant to the Redemption Agreement and, if applicable pursuant to the terms and provisions of the Redemption Agreement and the Investment Loan Note Purchase Agreement, a new promissory note issued by the Investment Loan Borrower in accordance with Section 2 of the Redemption Agreement, all of which notes shall have an aggregate principal amount equal to the Remainder (collectively, the "REMAINDER NOTES"). All documents and instruments evidencing, securing or relating to the Investment Notes or Remainder Notes (including, without limitation,

the Investment Loan Note Purchase Agreement) shall be herein referred to as the "INVESTMENT LOAN DOCUMENTS".

D. Optionee desires to acquire an option to purchase and acquire Optionor's entire interest in, to and under any such Remainder Notes and Optionor is willing to grant such option, and Optionor desires to acquire a put right to cause Optionee to purchase and acquire Optionor's entire interest in, to and under any such Remainder Notes and Optionee is willing to grant such put right to Optionor, all upon the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the benefits accruing to the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Optionor and Optionee, Optionor and Optionee hereby agree as follows:

1. OPTION.

(A) Grant of Option. Optionor hereby unconditionally and irrevocably grants, conveys, transfers and assigns to Optionee (or its designee) the exclusive option and right to, subject to the terms and provisions of this Agreement, acquire Optionor's entire right, title and interest in, to and under all Remainder Notes in accordance with and subject to the terms and conditions of this Agreement; provided that, Optionee shall assume all of Optionor's duties, obligations and liabilities arising under the Remainder Notes and the Investment Loan Documents (but only to the extent the same relate to the Remainder Notes) accruing from and after the Closing Date (the "OPTION").

(B) Term and Exercise of Option. Optionee may exercise the Option at any time from and after the Redemption Date and on or before 6:00 p.m pacific coast time on the earlier of (x) the date which is one hundred and sixty-five (165) days after the Redemption Date and (y) August 31, 2002 (the "OPTION ELECTION PERIOD") by giving Optionor no less than ten (10) business days' written notice of exercise (the "OPTION ELECTION NOTICE"); provided that, notwithstanding the foregoing, Optionee's right to give an Option Election Notice and to purchase the Remainder Notes pursuant to its option shall be suspended during any period of time while there exists an "Investment Loan Borrower Credit Event" (as defined in Exhibit B attached hereto). The Option Election Notice shall include (i) the proposed closing date, which shall not be less than ten (10) business days after the delivery thereof nor more than twenty (20) business days after the delivery thereof, and (ii) the Optionee's calculation of the Fair Market Value (as defined in Section 3 below) of the Remainder Notes based on the proposed closing date. In the event that the Option is not exercised on or before the expiration of the Option Election Period, or the transaction has not closed within twenty (20) business days after the expiration of the Option Election Period for any reason other than the default of the Optionor, then the Option shall become null and void and of no further force or effect, and the parties hereto shall be released from all further liabilities and obligations hereunder with respect to the Option (except as otherwise expressly provided herein).

(C) Option Fee. No later than three (3) calendar days after the execution of this Agreement by Optionor and Optionee, Optionee shall pay to Optionor the sum of One Hundred Dollars ($100) (the "OPTION FEE"). The Option Fee is non-refundable (except as otherwise expressly provided in this Agreement); provided that, the Option Fee shall be credited against the Purchase Price (as defined in Section 3 below) payable at Closing (as defined in Section 4(a) below).

2. PUT.

(A) Grant of Put. Optionee hereby unconditionally and irrevocably grants, conveys, transfers and assigns to Optionor the exclusive right to, subject to the terms and provisions of this Agreement, put and sell to Optionee Optionor's entire right, title and interest in, to and under all Remainder Notes in accordance with and subject to the terms and conditions of this Agreement (the "PUT"). Optionee shall be obligated to acquire such Remainder Notes upon the exercise of Optionor's Put and to assume all of Optionor's duties, obligations and liabilities arising under the Remainder Notes and the Investment Loan Documents (but only to the extent the same relate to the Remainder Notes) accruing from and after the Closing Date. In the event that Optionor exercises its Put, the Option Fee shall be credited against the Purchase Price payable at Closing.

(B) Term and Exercise of Put. Optionor may exercise the Put at any time during the Put Period (defined immediately below) by giving Optionee no less than ten (10) business days' written notice of exercise (the "PUT ELECTION NOTICE") at any time prior to the expiration of the Put Period; provided that, notwithstanding the foregoing, Optionor's right to give a Put Election Notice and to put the Remainder Notes to Optionee pursuant to this Agreement shall be suspended during any period of time while the Remainder Notes have been accelerated and such acceleration has not been rescinded by the holders of the Remainder Notes. The Put Election Notice shall include (i) the proposed closing date, which shall not be less than ten (10) business days after the delivery thereof nor more than twenty (20) business days after the delivery thereof, and (ii) the Optionor's calculation of the Fair Market Value of the Remainder Notes based on the proposed closing date. In the event that the Put is not exercised prior to the expiration of the Put Period, and the transaction has not closed on or before the date which is twenty (20) business days after the expiration of the Put Period for any reason other than the default of the Optionee, then the Put shall become null and void and of no further force or effect, and the parties hereto shall be released from all further liabilities and obligations hereunder with respect to the Put (except as otherwise expressly provided herein). As used herein, the "PUT PERIOD" shall mean the period of time commencing on the thirty-first (31st) day after the expiration of the Option Election Period and expiring at 6:00 p.m. pacific coast time on the thirtieth (30th) day thereafter.

3. PURCHASE PRICE. The total purchase price ("PURCHASE PRICE") which Optionee shall pay to Optionor for the Remainder Notes upon the exercise of the Option or Put shall be the Fair Market Value of such Remainder Notes on the date of Closing. At Closing, Optionee shall pay to Optionor the entire balance of the Purchase Price, over and above the Option

Fee previously paid to Optionor and credited to the Purchase Price in accordance with the terms and provisions of Sections 1(c) and 2(a) above (provided that the parties acknowledge and agree that no interest or other income earned by Optionor on the Option Fee shall be credited against the Purchase Price), by wire transfer of immediately available funds. The "FAIR MARKET VALUE" of the Remainder Notes shall be calculated and determined as of the Closing Date as provided in Exhibit B attached hereto.

4. CLOSING.

(A) Closing. Upon exercise of the Option or Put as provided in (and in accordance with) any of Sections 1 or 2 above, the purchase and sale of the Remainder Notes shall close on the closing date specified in the Option Election Notice or Put Election Notice, as applicable, in accordance with the terms of Sections 1(b) and 2(b), respectively (the "CLOSING DATE"). As used herein, the term "CLOSING" means the date and time that the Purchase Price due under Section 3 above is paid to Optionor for the Remainder Notes, and the Remainder Notes are endorsed to the order of Optionee and all other documents and instruments of transfer and assumption are executed and delivered by the parties in accordance with the terms and provisions of subsection (b) below.

(B) Closing Procedure. The sale of the Remainder Notes shall be consummated on the Closing Date as follows:

(I) On or before the Closing Date, Optionor shall execute and deliver to Optionee (A) an Allonge to each Remainder Note in the form of Exhibit C attached hereto (the "ALLONGE"); (B) counterpart originals of an Assignment and Assumption of Loan in the form of Exhibit D attached hereto (the "ASSIGNMENT"), executed by Optionor; and (C) the original Remainder Notes and originals or copies of all other Investment Loan Documents in Optionor's possession or within its control.

(II) On or before the Closing Date, Optionee shall deliver to Optionor, (A) in immediately available funds the Purchase Price (less the Option Fee) and such additional amounts as may be required to satisfy Optionee's share of any Closing costs; and (B) counterpart originals of the Assignment, executed by Optionee.

(III) All reasonable Closing and escrow fees and costs incurred in connection with the transactions described in this Agreement shall be paid fifty percent (50%) by Optionor and fifty percent (50%) by Optionee; provided that, each party hereto shall bear the expense of its own counsel.

5. OPTIONOR'S REPRESENTATIONS AND WARRANTIES. Optionor hereby represents and warrants to Optionee as of the date hereof and as of the Closing Date as follows:

(A) Subject to the rights of PIC under the Redemption Agreement, Optionor is the sole owner of the Investment Notes on the date hereof, and on the Closing Date, Optionor shall be the sole owner of the Remainder Notes. Further, the Investment Notes are free and clear of all liens and third party interests on the date hereof (other than the interests and rights in favor of PIC under the Redemption Agreement and any pledge of the Investment Notes securing the Equity Redemption Loan (as defined in the Redemption Agreement)), and on the Closing Date, the Remainder Notes shall be free and clear of all liens and third party interests of any kind or nature, except as created by this Agreement. Optionor has not amended, modified, terminated or otherwise by written agreement altered the Investment Notes or other Investment Loan Documents except as specifically disclosed to Optionee in writing prior to the date hereof, and on the Closing Date, except as otherwise amended, modified or altered in connection with the transactions contemplated in the Redemption Agreement, Optionor shall not have amended, modified, terminated or otherwise altered the Investment Notes, Remainder Notes or other Investment Loan Documents without Optionee's written consent obtained in accordance with Section 7 hereof.

(B) As of the date hereof, Optionor has not assigned or transferred the Investment Notes or any of the other Investment Loan Documents (except for any pledge of the Investment Notes securing the Equity Redemption Loan), nor are there any agreements to assign or convey any portion of such Investment Loan Documents to any person other than Optionee and PIC in accordance with this Agreement and the Redemption Agreement, respectively. On the Closing Date, Optionor shall not have assigned or transferred the Remainder Notes or any of the other Investment Loan Documents (except for such portion of the Investment Notes transferred to PIC in accordance with the Redemption Agreement), nor shall there be any agreements to assign or convey the Remainder Notes or any portion of such Investment Loan Documents to any person other than Optionee (except with respect to PIC's rights under the Redemption Agreement).

(C) To Optionor's knowledge, Optionor has all requisite power and authority to execute and deliver, and to perform all of its obligations under, this Agreement and all instruments and other documents to be executed and delivered to Optionee in connection with the transactions described herein.

(D) To Optionor's knowledge, Optionor is a duly formed general partnership under the laws of the State of California, and this Agreement, and all the instruments and documents to be executed and delivered by Optionor in connection herewith, are legal, valid and binding obligations of Optionor enforceable against it in accordance with their respective terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally.

(E) To Optionor's knowledge, the execution of this Agreement and the performance of Optionor's obligations hereunder will not conflict with or result in a breach of any statute, rule, regulation, judgment, decree or order of any court, board, committee or governmental agency to which Optionor is subject, nor violate any agreement or contract to which Optionor is a party or by which Optionor is bound. To Optionor's knowledge, no consent, approval, authorization or

order of any court or governmental agency or body is required for the execution, delivery and performance by Optionor of, or compliance by Optionor with, this Agreement or the consummation of the transactions contemplated by it, except for such consents, approvals, authorizations or orders, if any, that have been obtained.

Each of the foregoing representations and warranties shall survive the Closing for a period of twelve (12) months immediately thereafter.

6. OPTIONEE'S REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGMENTS.

Optionee hereby represents, warrants and acknowledges to Optionor as of the date hereof and as of the Closing Date as follows:

(A) Optionee is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey. Optionee has all requisite power and authority to execute and deliver, and to perform all of its obligations under, this Agreement and all instruments and other documents executed and delivered by Optionee in connection with the transactions contemplated herein. This Agreement, and all the instruments and documents to be executed and delivered by Optionee in connection herewith, are legal, valid and binding obligations of Optionee enforceable against it in accordance with their respective terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally.

(B) The execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the part of Optionee and does not require any consent or approval of any party that has not been obtained.

(C) The execution of this Agreement and the performance of Optionee's obligations hereunder will not conflict with or result in a breach of any statute, rule, regulation, judgment, decree or order of any court, board, committee or governmental agency to which Optionee is subject, nor violate any agreement or contract to which Optionee is a party or by which Optionee is bound. No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by Optionee of, or compliance by Optionee with, this Agreement or the consummation of the transactions contemplated by it, except for such consents, approvals, authorizations or orders, if any, that have been obtained.

(D) Optionee has made, and will make, prior to the Closing, such examination, review and investigation of the facts and circumstances as necessary to evaluate the Remainder Notes. Optionee further acknowledges that in acquiring the Remainder Notes, Optionee is assuming the risk of full or partial loss which is inherent with the credit, collateral and collectibility risks associated with the quality and character of the loan evidenced by the Remainder Notes.

(E) Optionee is an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended. The Remainder Notes will be acquired by Optionee for its own account for investment only and not with a view to, or with any intention of, a distribution or resale thereof, in whole or in part.

(F) Optionee has not relied upon any representations, warranties or statements of any kind made by, or on behalf of, Optionor, except as specifically set forth in this Agreement. Optionee acknowledges that, except for the express representations and warranties by Optionor set forth in, or to be made in instruments delivered pursuant to, this Agreement, Optionor negates and disclaims all representations, warranties and statements of every kind or type (express or implied) and, except for the Optionor's representations and warranties set forth herein, the Remainder Notes are being acquired "as is" with no recourse to Optionor for any default thereunder or diminution in value with respect thereto.

Each of the foregoing representations and warranties shall survive the Closing for a period of twelve (12) months immediately thereafter.

7. COVENANTS. Optionor hereby covenants and agrees that, from and after the date hereof, except as otherwise contemplated in and permitted by the Redemption Agreement, Optionor will not, without Optionee's prior written consent, (a) amend, modify, cancel or terminate, any of the Investment Notes, Remainder Notes or Investment Loan Documents in any manner which will adversely affect or impact the interest of the "payee" under the Remainder Notes and Investment Loan Documents if and when such Remainder Notes are transferred to Optionee, (b) waive, relinquish or allow to lapse any right of Optionor as "lender/payee" under the Investment Notes, Remainder Notes or Investment Loan Documents which will in any manner adversely affect or impact the interest of the "payee" under the Remainder Notes and other Investment Loan Documents if and when such Remainder Notes are transferred to Optionee, or (c) agree or consent to any agreements or understandings that will impact the Remainder Notes if and when such Remainder Notes are transferred to Optionee. In furtherance of the foregoing, except for the transfer of Investment Notes to PIC pursuant to the Redemption Agreement and any pledge of the Investment Notes to secure the Equity Redemption Loan, Optionor shall not sell, assign or otherwise transfer any of the Investment Notes or Remainder Notes prior to the expiration of the Option Election Period; provided that, (i) Optionor shall be permitted to transfer any Remainder Notes after the "Redemption Distribution" under the Redemption Agreement subject to this Agreement, and (ii) all restrictions on the transferability of the Investment Notes and Remainder Notes shall cease upon the expiration of the Option Election Period and Optionor shall thereafter be permitted to freely transfer the Investment Notes and/or Remainder Notes without restriction. Upon written request by either party at or prior to the Closing, the other party shall give to the requesting party written notice of any newly discovered information that causes any of the representations or warranties of such responding party made in this Agreement to be materially untrue or incorrect, or of the occurrence of any event or circumstance that would materially modify or affect the substance of such representations and warranties.

8. CONFIDENTIALITY; PRESS RELEASES. Each party hereto hereby agrees that, except as required by law or the regulations of an exchange on which securities of such party are listed or unless compelled by an order of a court, and except for such disclosures to each party's lenders, consultants, attorneys, prospective investors, agents, assignees, partners, officers, directors, employees and advisors as may be necessary or advisable in connection with the consummation of the transactions contemplated herein (provided each such person is instructed to comply with the terms of this confidentiality provision), it shall keep the contents of this Agreement and the transactions contemplated hereby confidential and further agrees to refrain from generating or participating in any publicity statement, press release, or other public notice regarding this Agreement or the transactions contemplated hereby, without the prior written consent of the other party, which consent shall not be unreasonably withheld. The terms and provisions of this Section 8 shall survive the Closing or any termination of this Agreement and shall not be merged into any instrument or conveyance delivered at the Closing.

9. COMMISSIONS. Optionor and Optionee each agrees to indemnify, defend, protect and hold the other harmless from and against any and all commissions, finder's and/or similar fees or compensation claimed by any broker or finder in connection with Optionee's purchase of the Remainder Notes based on claimed contacts with, or other acts or omissions of, such indemnifying party. The terms and provisions of this Section 9 shall survive the Closing or termination of this Agreement.

10. REMEDIES. In the event of any material breach by either party to this Agreement, the remedy at law in favor of the other party may be inadequate and such other party, in addition to all other rights and remedies which may be available to it at law or in equity, shall have the right of specific performance in the event of any material breach, or injunction in the event of an anticipatory material breach, of this Agreement by the other party. Furthermore, upon the material breach of this Agreement by any party, the other party shall have the right to terminate this Agreement and to recover its damages, and, upon a material breach by Optionor, Optionee shall also have the right to receive a refund of the Option Fee. Such refund of the Option Fee shall be in addition to, and not in lieu of, any other remedies which Optionee may have against Optionor at law or in equity arising from Optionor's breach.

11. INDEMNIFICATION. Optionor hereby agrees to indemnify, protect, defend, save and hold harmless Optionee, and Optionee's trustees, officers, directors, shareholders, beneficiaries, members, partners, agents, employees, investment advisors and independent contractors from and against any and all duties, obligations, liabilities, suits, claims, demands, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and costs), arising out of a breach by the Optionor of any of its representations and warranties made in Section 5. Optionee hereby agrees to indemnify, protect, defend, save and hold harmless Optionor, and Optionor's trustees, officers, directors, shareholders, beneficiaries, members, partners, agents, employees, investment advisors and independent contractors from and against any and all duties, obligations, liabilities, suits, claims, demands, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and costs), arising out of a

breach by the Optionee of any of its representations and warranties made in Section 6. The terms and provisions of this Section 11 shall survive the Closing or the termination of this Agreement for a period of twelve (12) months immediately thereafter.

12. ESCROW INSTRUCTIONS. Upon the request of either Optionor or Optionee, the parties hereto shall execute and deliver any and all escrow documents reasonably approved by such party and perform any and all acts reasonably necessary or appropriate to open and enter into an escrow in order to consummate the transactions contemplated herein. Such agreements may include, without limitation, customary escrow instructions (including, without limitation, standard general terms and conditions to the extent the appointed escrow agent demands such provisions in order to serve as escrow agent), as may be reasonably necessary or desirable in order to enable the escrow agent to comply with the terms of this Agreement. The escrow agent shall be selected by the party making the request for an escrow (and shall not be affiliated with such party), but shall be subject to the written approval of the other party, which approval shall not be unreasonably withheld or delayed. The parties shall share equally the costs and expenses of the escrow and escrow agent.

13. MISCELLANEOUS.

(A) Authority. Each individual and entity executing this Agreement represents and warrants that he, she or it has the capacity set forth on the signature pages hereof with full power and authority to bind the party on whose behalf he, she or it is executing this Agreement to the terms hereof.

(B) Further Assurances. Optionor and Optionee shall each execute and deliver to the other such further documents and instruments as may be reasonably requested by either of them in order to effectuate the intent of this Agreement and to obtain the full benefit of this Agreement. Any request by either party under this Section 13(b) shall be accompanied by the document proposed for signature by the party requesting it, in form and substance satisfactory to the party of whom the request is made and its attorneys. The party making the request shall bear and discharge any fees or expenses incident to the preparation, filing or recording of the document requested pursuant to this Section 13(b).

(C) Time of the Essence. Time is of the essence in the performance of and compliance with each of the provisions of this Agreement.

(D) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California, without reference to California's conflicts or choice of law principles.

(E) Entire Agreement. THIS AGREEMENT, THE MASTER TRANSACTION AGREEMENT OF EVEN DATE HEREWITH, BY AND AMONG PRUDENTIAL, PIC, CERTAIN PERSONS LISTED ON EXHIBIT A THERETO, FEDMARK CORPORATION,

EMBARCADERO CENTER INVESTORS PARTNERSHIP, PACIFIC PROPERTY SERVICES, L.P., BOSTON PROPERTIES LIMITED PARTNERSHIP AND BOSTON PROPERTIES, INC. AND ALL TRANSACTION DOCUMENTS DESCRIBED THEREIN (COLLECTIVELY, THE "TRANSACTION DOCUMENTS") REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. The parties make no representations or warranties to each other, except as specifically contained in this Agreement or in the accompanying exhibits or the certificates or other closing documents delivered according to this Agreement or in the other Transaction Documents. All prior agreements and understanding between the parties hereto with respect to the transactions contemplated hereby, whether verbal or in writing, are superseded by, and are deemed to have been merged into, this Agreement and all other Transaction Documents. Any waiver, modification, consent or acquiescence with respect to any provision of this Agreement shall be set forth in writing and duly executed by or in behalf of the party to be bound thereby. No waiver by any party of any breach hereunder shall be deemed a waiver of any other or subsequent breach.

(F) Modifications. This Agreement may not be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

(G) Severability. If any provision of this Agreement shall be determined to be invalid, illegal or unenforceable, the balance of this Agreement shall remain in full force and effect and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances.

(H) Assignee; Designee. Optionee may assign this Agreement or designate a designee to acquire Optionor's entire right, title and interest in and to the Remainder Notes at any time prior to the Closing; provided that, in no event shall Prudential be released from any of the obligations or liabilities of the "Optionee" hereunder without the prior written consent of Optionor. This Agreement may not otherwise be assigned, nor may any interest herein be assigned, by Optionee without Optionor's prior written consent.

(I) Notices. All notices, elections, consents, approvals, demands, objections, requests or other communications which any party hereto may be required or desire to give to the other party hereto must be in writing and sent by (i) first class U.S. certified or registered mail, return receipt requested, with postage prepaid, (ii) telecopy or facsimile (with a copy sent by first class U.S. certified or registered mail, return receipt requested, with postage prepaid), or (iii) express mail or a nationally recognized courier (for next business day delivery). A notice or other communication sent in compliance with the provisions of this Section 13(i) shall be deemed given and received on (a) the third (3rd) day following the date it is deposited in the U.S. mail, (b) the date of confirmed dispatch if sent by facsimile or telecopy (provided that a copy thereof is sent by

mail in the manner provided in clause (i) above), or (c) the date it is
delivered to the other party if sent by express mail or courier. The addresses
for the parties are as follows:

All notices and other communications to Optionor shall be given to it at:

c/o Boston Properties, Inc.
8 Arlington Street
Boston, Massachusetts 02116-3495
Attention: General Counsel
Facsimile No.: (617) 421-1555

with a copy to:

Goulston & Storrs, P.C.
400 Atlantic Avenue
Boston, Massachusetts 02110-3333
Attention: Eli Rubenstein, Esq.
Facsimile No.: (617) 574-4112

All notices and other communications to Optionee shall be given to it at:

The Prudential Insurance Company of America
Prudential Realty Group
8 Campus Drive, 4th Floor
Arbor Circle South
Parsippany, New Jersey 07054
Attention: John R. Triece
Facsimile No.: (201) 734-1472

with a copy to:

The Prudential Insurance Company of America
Prudential Capital Group
Four Embarcadero Center
Suite 2700
San Francisco, California 94111
Attention: Harry N. Mixon, Esq.
Facsimile No.: (415) 956-2197

and a copy to:

O'Melveny & Myers LLP
Embarcadero Center West

275 Battery Street
Suite 2600
San Francisco, California 94111
Attention: Stephen A. Cowan, Esq.
Facsimile No.: (415) 984-8701

Any party may designate another addressee or change its address for notices and other communications hereunder by a notice given to the other parties in the manner provided in this Section 13(i).

(J) Attorneys' Fees. If any action is brought by either party against the other party relating to or arising out of this Agreement, the transactions described herein or the enforcement hereof, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs incurred in connection with the prosecution or defense of such action. For purposes of this Agreement, the term "ATTORNEYS' FEES" or "ATTORNEYS' FEES AND COSTS" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding.

(K) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute only one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Agreement attached thereto.

(L) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and to their respective permitted transferees, successors and assigns.

(M) Exhibits. All Exhibits attached hereto are hereby incorporated herein.

(N) No Third Party Beneficiaries. Persons who are not parties to this Agreement shall have no rights or privileges (whether as a third party beneficiary or otherwise) under or by virtue of this Agreement.

(O) Business Days. In the event that any of the dates specified in this Agreement shall fall on a Saturday, Sunday, or a holiday recognized by the State of California or the Commonwealth of Massachusetts, then the date of such action shall be deemed to be extended to the next business day.

(P) Consent to Jurisdiction and Service of Process. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PERSON ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any other party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(Q) Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims and all common law and statutory rights. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS OF THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

[SIGNATURES ON NEXT PAGE]

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

"OPTIONOR"

ONE EMBARCADERO CENTER VENTURE, a
California General Partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, as Manager

By: BOSTON PROPERTIES,
INC., a Delaware corporation,
as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

"OPTIONEE"

THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA, a New Jersey corporation

By: /s/ Gary L. Frazier

Name: _____
Title: _____

JOINDER

The undersigned, as maker of the Remainder Notes, agrees that on the Closing Date, at the request of Optionor, it will execute the Joinder and Release on the Assignment and Assumption of Loan in the form attached hereto as Exhibit D, which will be executed at such Closing.
- ---------

PRUDENTIAL REALTY SECURITIES, INC.,
a Delaware corporation

By: /s/ Paul D. Egan

Name: Paul D. Egan
Title: Vice President

EXHIBIT A

INVESTMENT NOTES

A-1

EXHIBIT B

CALCULATION OF
FAIR MARKET VALUE

The Fair Market Value of the Remainder Notes shall equal the aggregate Remaining Cash Flow for all Remainder Notes discounted from each respective scheduled payment due date to the Closing Date at a discount factor equal to the Discount Rate for each such Remainder Note. Notwithstanding the foregoing, if on the Determination Date an Investment Loan Borrower Credit Event exists, then Optionor shall appoint an investment banking firm of national recognition (which will be satisfactory to Optionee in its reasonable discretion) to determine the change in the Fair Market Value of the Remainder Notes for purposes of this Agreement. In the event that an investment banking firm is appointed to determine the change in the Fair Market Value of any Remainder Note as of the Determination Date pursuant to the preceding sentence, such investment banking firm shall be instructed to determine the change in the Fair Market Value of such Remainder Note based on the following four factors: (i) changes in market interest rates since the date of funding of the Remainder Note, (ii) the time period remaining from the Determination Date until the earlier of the next Rate Reset Date of such Remainder Note and the maturity of the Remainder Note, (iii) the Remaining Cash Flow (as defined below) of the Remainder Note, and (iv) changes in the credit quality of the Remainder Note since the date of funding thereof. The parties agree that an acceptable investment banking firm would be Goldman Sachs or Merrill Lynch. As used herein, the term "INVESTMENT LOAN BORROWER CREDIT EVENT" shall mean any of the following events: (x) the credit rating of the Remainder Notes has been downgraded from the credit rating of the Remainder Notes on the date hereof by both of the Rating Agencies, or (y) in the reasonable discretion of the managing general partner of Optionor, there has been, as compared to the date hereof, a material diminution or degradation in the value of the assets of the Investment Loan Borrower or the ability of the Investment Loan Borrower to pay its outstanding obligations as they become due from the date hereof.

Defined Terms

As used herein, the following terms shall have the following meanings:

"DETERMINATION DATE" shall mean the date upon which the Fair Market Value of the Remainder Notes is determined and shall occur at 10:00 a.m. (New York City time) on the date that the Option Election Notice or Put Election Notice, as the case may be, is received by the addressee thereof.

"DISCOUNT RATE" shall mean the Reinvestment Rate plus the Margin.

"MARGIN" shall mean, with respect to any Remainder Note, the Margin (as defined in the Investment Loan Note Purchase Agreement) of such Remainder Note.

"RATING AGENCIES" shall mean Fitch IBCA, Inc. and Standard and Poor's Corporation.

"REINVESTMENT RATE" shall mean, with respect to any Remainder Note, the offered-side yield to maturity as of the Determination Date of the U.S. Treasury security that was used to determine the then Treasury (as defined in the Investment Loan Note Purchase Agreement) of such Investment Note.

"REMAINING CASH FLOW" shall mean, for any Remainder Note, the aggregate amount of all accrued and unpaid interest, principal and other payments under such Remainder Note on the Closing Date and all principal, interest and other payments that will become due and owing under such Remainder Note from time to time from and after the Closing Date through (x) the next Rate Reset Date of such Remainder Note (the "Next Reset Date"), if the Fair Market Value is determined prior to such Rate Reset Date, or (y) the maturity of such Remainder Note (including, without limitation, any balloon or other principal payments due and owing on said maturity date), if the Fair Market Value is determined after all Rate Reset Dates provided in such Remainder Note, as each such payment would become due and payable pursuant to the terms of the applicable Remainder Note and the Investment Loan Documents (but assuming, if Clause (x) above applies, that any interest that is scheduled to be accrued but unpaid as of the Next Reset Date (i.e., because the interest payment date with respect thereto will not have occurred), and any outstanding principal and any other amounts under the Investment Note on such Next Reset Date, will be repaid in full on the Next Reset Date; and further assuming, for purposes of calculating all future interest payments due under such Remainder Note, that the interest rate in effect with respect to the Remainder Note on the Closing Date will remain constant for purposes of determining the Fair Market Value of such Remainder Note).

EXHIBIT C

FORM OF ALLONGE TO REMAINDER NOTES

Date of Note: _____
Maker: Prudential Realty Securities, Inc.
Face Amount: $_____

PAY TO THE ORDER OF _____, WITHOUT RECOURSE, REPRESENTATION OR WARRANTY, EXCEPT AS SPECIFICALLY PROVIDED IN THAT CERTAIN OPTION AND PUT AGREEMENT DATED AS OF NOVEMBER ___, 1998, BY AND AMONG ONE EMBARCADERO CENTER VENTURE, AS OPTIONOR, AND THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, AS OPTIONEE.

Dated: _____, 199__

ONE EMBARCADERO CENTER VENTURE,
a California general partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
its Managing General Partner

By: BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership, as Manager

By: BOSTON PROPERTIES, INC.
a Delaware Corporation,
as General Partner

By: _____
Name: _____
Title:_____

EXHIBIT D

FORM OF ASSIGNMENT AND ASSUMPTION
OF LOAN

ASSIGNMENT AND ASSUMPTION
OF LOAN

FOR VALUE RECEIVED, the receipt and sufficiency of which are hereby acknowledged, ONE EMBARCADERO CENTER VENTURE, a California general partnership ("ASSIGNOR"), hereby sells, grants, assigns and transfers to _____ ("ASSIGNEE"), without recourse, representation or warranty (except as expressly set forth in that certain Option and Put Agreement dated as of _____, 1998, by and between Assignor and The Prudential Insurance Company of America), and Assignee hereby purchases and assumes from Assignor, (i) all right, title and interest of Assignor under and in connection with those certain promissory notes evidencing the principal amount of _____ Dollars ($_____), executed and delivered by Prudential Realty Securities, Inc., as "maker" (the "REMAINDER NOTES"), and (ii) the rights of Assignor in, to and under all documents and instruments listed on Exhibit A attached hereto and incorporated herein by this reference, which documents and instruments further evidence, secure and/or govern the Remainder Notes; but only to the extent that such documents and instruments relate to the Remainder Notes (it being acknowledged and agreed that the Remainder Notes are a portion of a $_____ loan and that the principal balance of such loan that is not evidenced by the Remainder Notes (and all documents and instruments relating to such principal balance) has been transferred to PIC Realty Corporation). The Remainder Notes and all other documents listed on Exhibit A attached hereto to the extent they relate to the Remainder Notes shall sometimes hereinafter be collectively referred to as the "INVESTMENT LOAN DOCUMENTS".

Assignee hereby accepts the foregoing assignment and agrees to assume, pay, perform and discharge, as and when due, all of the agreements, obligations and liabilities of Assignor under or arising from or out of the Remainder Notes and the Investment Loan Documents (but only to the extent relating to the Remainder Notes) to be paid, performed or discharged on and after the date hereof and agrees to be bound by all of the terms and conditions of the Investment Loan Documents to be performed on and after the date hereof (but only to the extent relating to the Remainder Notes) (all such items, collectively, the "POST-CLOSING OBLIGATIONS").

This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee, and their respective successors and assigns.

"ASSIGNOR"

ONE EMBARCADERO CENTER VENTURE, a California General Partnership

By: BOSTON PROPERTIES LLC, a Delaware limited liability company, as Managing General Partner

By: BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership, as Manager

By: BOSTON PROPERTIES, INC., a Delaware corporation, as General Partner

By:_____
Name:_____
Title:_____

"ASSIGNEE"

[INSERT ASSIGNEE SIGNATURE BLOCK]

JOINDER AND RELEASE

The undersigned, as maker of the Remainder Notes, hereby agrees to release the Assignor from all Post-Closing Obligations and shall look only to Assignee for satisfaction of the same.

PRUDENTIAL REALTY SECURITIES, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBIT 99.20

OPTION AND PUT AGREEMENT

THIS OPTION AND PUT AGREEMENT (this "AGREEMENT") is entered into as of November 12, 1998, by and between EMBARCADERO CENTER ASSOCIATES, a California general partnership ("OPTIONOR"), and THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation ("PRUDENTIAL" and together with any permitted assignee or designee hereunder hereinafter sometimes referred to as "OPTIONEE").

RECITALS

A. Optionor is the "holder" and "payee" under those certain Senior Notes of even date herewith, executed and delivered by Prudential Realty Securities, Inc., a Delaware corporation ("INVESTMENT LOAN BORROWER"), in the aggregate principal amount of One Hundred Eleven Million Nine Hundred Twenty-Seven Thousand and No/100 Dollars ($111,927,000) (the "INVESTMENT LOAN"), copies of which notes are attached hereto as Exhibit A (the "INVESTMENT NOTES"). The Investment Notes were made pursuant to the Note Purchase Agreement of even date herewith, by and between Optionor and Investment Loan Borrower (the "INVESTMENT LOAN NOTE PURCHASE AGREEMENT").

B. Pursuant to that certain Redemption Agreement of even date herewith, by and among Optionor, PIC Realty Corporation ("PIC"), Boston Properties LLC and BP EC2 Holdings LLC (the "REDEMPTION AGREEMENT"), the Investment Notes (or certain of the Investment Notes or portions thereof as provided in accordance with the terms and provisions of the Redemption Agreement) may be distributed (together with cash, if necessary pursuant to the Redemption Agreement) to PIC in full redemption of its partnership interest in Optionor. The date on which such Investment Notes (or portions thereof) are distributed to PIC and PIC's partnership interest in the Optionor is fully redeemed (such that PIC is no longer a partner or constituent of Optionor) pursuant to the Redemption Agreement shall be referred to in this Agreement as the "REDEMPTION DATE".

C. Pursuant to certain terms, provisions and conditions of the Redemption Agreement, less than the entire principal face amount of all Investment Notes may be distributed to PIC on the Redemption Date. In such event, the Optionor may retain, as payee, a portion of the aggregate principal amount of all Investment Notes (the "REMAINDER") after the Redemption Date, which Remainder will be evidenced by one or more of the Investment Notes that are retained by Optionor pursuant to the Redemption Agreement and, if applicable pursuant to the terms and provisions of the Redemption Agreement and the Investment Loan Note Purchase Agreement, a new promissory note issued by the Investment Loan Borrower in accordance with Section 2 of the Redemption Agreement, all of which notes shall have an aggregate principal amount equal to the Remainder (collectively, the "REMAINDER NOTES"). All documents and instruments evidencing, securing or relating to the Investment Notes or Remainder Notes (including, without limitation,

the Investment Loan Note Purchase Agreement) shall be herein referred to as the "INVESTMENT LOAN DOCUMENTS".

D. Optionee desires to acquire an option to purchase and acquire Optionor's entire interest in, to and under any such Remainder Notes and Optionor is willing to grant such option, and Optionor desires to acquire a put right to cause Optionee to purchase and acquire Optionor's entire interest in, to and under any such Remainder Notes and Optionee is willing to grant such put right to Optionor, all upon the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the benefits accruing to the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Optionor and Optionee, Optionor and Optionee hereby agree as follows:

1. OPTION.

(A) Grant of Option. Optionor hereby unconditionally and irrevocably grants, conveys, transfers and assigns to Optionee (or its designee) the exclusive option and right to, subject to the terms and provisions of this Agreement, acquire Optionor's entire right, title and interest in, to and under all Remainder Notes in accordance with and subject to the terms and conditions of this Agreement; provided that, Optionee shall assume all of Optionor's duties, obligations and liabilities arising under the Remainder Notes and the Investment Loan Documents (but only to the extent the same relate to the Remainder Notes) accruing from and after the Closing Date (the "OPTION").

(B) Term and Exercise of Option. Optionee may exercise the Option at any time from and after the Redemption Date and on or before 6:00 p.m pacific coast time on the earlier of (x) the date which is one hundred and sixty-five (165) days after the Redemption Date and (y) August 31, 2002 (the "OPTION ELECTION PERIOD") by giving Optionor no less than ten (10) business days' written notice of exercise (the "OPTION ELECTION NOTICE"); provided that, notwithstanding the foregoing, Optionee's right to give an Option Election Notice and to purchase the Remainder Notes pursuant to its option shall be suspended during any period of time while there exists an "Investment Loan Borrower Credit Event" (as defined in Exhibit B attached hereto). The Option Election Notice shall include (i) the proposed closing date, which shall not be less than ten (10) business days after the delivery thereof nor more than twenty (20) business days after the delivery thereof, and (ii) the Optionee's calculation of the Fair Market Value (as defined in Section 3 below) of the Remainder Notes based on the proposed closing date. In the event that the Option is not exercised on or before the expiration of the Option Election Period, or the transaction has not closed within twenty (20) business days after the expiration of the Option Election Period for any reason other than the default of the Optionor, then the Option shall become null and void and of no further force or effect, and the parties hereto shall be released from all further liabilities and obligations hereunder with respect to the Option (except as otherwise expressly provided herein).

(C) Option Fee. No later than three (3) calendar days after the execution of this Agreement by Optionor and Optionee, Optionee shall pay to Optionor the sum of One Hundred Dollars ($100) (the "OPTION FEE"). The Option Fee is non-refundable (except as otherwise expressly provided in this Agreement); provided that, the Option Fee shall be credited against the Purchase Price (as defined in Section 3 below) payable at Closing (as defined in Section 4(a) below).

2. PUT.

(A) Grant of Put. Optionee hereby unconditionally and irrevocably grants, conveys, transfers and assigns to Optionor the exclusive right to, subject to the terms and provisions of this Agreement, put and sell to Optionee Optionor's entire right, title and interest in, to and under all Remainder Notes in accordance with and subject to the terms and conditions of this Agreement (the "PUT"). Optionee shall be obligated to acquire such Remainder Notes upon the exercise of Optionor's Put and to assume all of Optionor's duties, obligations and liabilities arising under the Remainder Notes and the Investment Loan Documents (but only to the extent the same relate to the Remainder Notes) accruing from and after the Closing Date. In the event that Optionor exercises its Put, the Option Fee shall be credited against the Purchase Price payable at Closing.

(B) Term and Exercise of Put. Optionor may exercise the Put at any time during the Put Period (defined immediately below) by giving Optionee no less than ten (10) business days' written notice of exercise (the "PUT ELECTION NOTICE") at any time prior to the expiration of the Put Period; provided that, notwithstanding the foregoing, Optionor's right to give a Put Election Notice and to put the Remainder Notes to Optionee pursuant to this Agreement shall be suspended during any period of time while the Remainder Notes have been accelerated and such acceleration has not been rescinded by the holders of the Remainder Notes. The Put Election Notice shall include (i) the proposed closing date, which shall not be less than ten (10) business days after the delivery thereof nor more than twenty (20) business days after the delivery thereof, and (ii) the Optionor's calculation of the Fair Market Value of the Remainder Notes based on the proposed closing date. In the event that the Put is not exercised prior to the expiration of the Put Period, and the transaction has not closed on or before the date which is twenty (20) business days after the expiration of the Put Period for any reason other than the default of the Optionee, then the Put shall become null and void and of no further force or effect, and the parties hereto shall be released from all further liabilities and obligations hereunder with respect to the Put (except as otherwise expressly provided herein). As used herein, the "PUT PERIOD" shall mean the period of time commencing on the thirty-first (31st) day after the expiration of the Option Election Period and expiring at 6:00 p.m. pacific coast time on the thirtieth (30th) day thereafter.

3. PURCHASE PRICE. The total purchase price ("PURCHASE PRICE") which Optionee shall pay to Optionor for the Remainder Notes upon the exercise of the Option or Put shall be the Fair Market Value of such Remainder Notes on the date of Closing. At Closing, Optionee shall pay to Optionor the entire balance of the Purchase Price, over and above the Option

Fee previously paid to Optionor and credited to the Purchase Price in accordance with the terms and provisions of Sections 1(c) and 2(a) above (provided that the parties acknowledge and agree that no interest or other income earned by Optionor on the Option Fee shall be credited against the Purchase Price), by wire transfer of immediately available funds. The "FAIR MARKET VALUE" of the Remainder Notes shall be calculated and determined as of the Closing Date as provided in Exhibit B attached hereto.

4. CLOSING.

(A) Closing. Upon exercise of the Option or Put as provided in (and in accordance with) any of Sections 1 or 2 above, the purchase and sale of the Remainder Notes shall close on the closing date specified in the Option Election Notice or Put Election Notice, as applicable, in accordance with the terms of Sections 1(b) and 2(b), respectively (the "CLOSING DATE"). As used herein, the term "CLOSING" means the date and time that the Purchase Price due under Section 3 above is paid to Optionor for the Remainder Notes, and the Remainder Notes are endorsed to the order of Optionee and all other documents and instruments of transfer and assumption are executed and delivered by the parties in accordance with the terms and provisions of subsection (b) below.

(B) Closing Procedure. The sale of the Remainder Notes shall be consummated on the Closing Date as follows:

(I) On or before the Closing Date, Optionor shall execute and deliver to Optionee (A) an Allonge to each Remainder Note in the form of Exhibit C attached hereto (the "ALLONGE"); (B) counterpart originals of an Assignment and Assumption of Loan in the form of Exhibit D attached hereto (the "ASSIGNMENT"), executed by Optionor; and (C) the original Remainder Notes and originals or copies of all other Investment Loan Documents in Optionor's possession or within its control.

(II) On or before the Closing Date, Optionee shall deliver to Optionor, (A) in immediately available funds the Purchase Price (less the Option Fee) and such additional amounts as may be required to satisfy Optionee's share of any Closing costs; and (B) counterpart originals of the Assignment, executed by Optionee.

(III) All reasonable Closing and escrow fees and costs incurred in connection with the transactions described in this Agreement shall be paid fifty percent (50%) by Optionor and fifty percent (50%) by Optionee; provided that, each party hereto shall bear the expense of its own counsel.

5. OPTIONOR'S REPRESENTATIONS AND WARRANTIES. Optionor hereby represents and warrants to Optionee as of the date hereof and as of the Closing Date as follows:

(A) Subject to the rights of PIC under the Redemption Agreement, Optionor is the sole owner of the Investment Notes on the date hereof, and on the Closing Date, Optionor shall be the sole owner of the Remainder Notes. Further, the Investment Notes are free and clear of all liens and third party interests on the date hereof (other than the interests and rights in favor of PIC under the Redemption Agreement and any pledge of the Investment Notes securing the Equity Redemption Loan (as defined in the Redemption Agreement)), and on the Closing Date, the Remainder Notes shall be free and clear of all liens and third party interests of any kind or nature, except as created by this Agreement. Optionor has not amended, modified, terminated or otherwise by written agreement altered the Investment Notes or other Investment Loan Documents except as specifically disclosed to Optionee in writing prior to the date hereof, and on the Closing Date, except as otherwise amended, modified or altered in connection with the transactions contemplated in the Redemption Agreement, Optionor shall not have amended, modified, terminated or otherwise altered the Investment Notes, Remainder Notes or other Investment Loan Documents without Optionee's written consent obtained in accordance with Section 7 hereof.

(B) As of the date hereof, Optionor has not assigned or transferred the Investment Notes or any of the other Investment Loan Documents (except for any pledge of the Investment Notes securing the Equity Redemption Loan), nor are there any agreements to assign or convey any portion of such Investment Loan Documents to any person other than Optionee and PIC in accordance with this Agreement and the Redemption Agreement, respectively. On the Closing Date, Optionor shall not have assigned or transferred the Remainder Notes or any of the other Investment Loan Documents (except for such portion of the Investment Notes transferred to PIC in accordance with the Redemption Agreement), nor shall there be any agreements to assign or convey the Remainder Notes or any portion of such Investment Loan Documents to any person other than Optionee (except with respect to PIC's rights under the Redemption Agreement).

(C) To Optionor's knowledge, Optionor has all requisite power and authority to execute and deliver, and to perform all of its obligations under, this Agreement and all instruments and other documents to be executed and delivered to Optionee in connection with the transactions described herein.

(D) To Optionor's knowledge, Optionor is a duly formed general partnership under the laws of the State of California, and this Agreement, and all the instruments and documents to be executed and delivered by Optionor in connection herewith, are legal, valid and binding obligations of Optionor enforceable against it in accordance with their respective terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally.

(E) To Optionor's knowledge, the execution of this Agreement and the performance of Optionor's obligations hereunder will not conflict with or result in a breach of any statute, rule, regulation, judgment, decree or order of any court, board, committee or governmental agency to which Optionor is subject, nor violate any agreement or contract to which Optionor is a party or by which Optionor is bound. To Optionor's knowledge, no consent, approval, authorization or

order of any court or governmental agency or body is required for the execution, delivery and performance by Optionor of, or compliance by Optionor with, this Agreement or the consummation of the transactions contemplated by it, except for such consents, approvals, authorizations or orders, if any, that have been obtained.

Each of the foregoing representations and warranties shall survive the Closing for a period of twelve (12) months immediately thereafter.

6. OPTIONEE'S REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGMENTS.

Optionee hereby represents, warrants and acknowledges to Optionor as of the date hereof and as of the Closing Date as follows:

(A) Optionee is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey. Optionee has all requisite power and authority to execute and deliver, and to perform all of its obligations under, this Agreement and all instruments and other documents executed and delivered by Optionee in connection with the transactions contemplated herein. This Agreement, and all the instruments and documents to be executed and delivered by Optionee in connection herewith, are legal, valid and binding obligations of Optionee enforceable against it in accordance with their respective terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally.

(B) The execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the part of Optionee and does not require any consent or approval of any party that has not been obtained.

(C) The execution of this Agreement and the performance of Optionee's obligations hereunder will not conflict with or result in a breach of any statute, rule, regulation, judgment, decree or order of any court, board, committee or governmental agency to which Optionee is subject, nor violate any agreement or contract to which Optionee is a party or by which Optionee is bound. No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by Optionee of, or compliance by Optionee with, this Agreement or the consummation of the transactions contemplated by it, except for such consents, approvals, authorizations or orders, if any, that have been obtained.

(D) Optionee has made, and will make, prior to the Closing, such examination, review and investigation of the facts and circumstances as necessary to evaluate the Remainder Notes. Optionee further acknowledges that in acquiring the Remainder Notes, Optionee is assuming the risk of full or partial loss which is inherent with the credit, collateral and collectibility risks associated with the quality and character of the loan evidenced by the Remainder Notes.

(E) Optionee is an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended. The Remainder Notes will be acquired by Optionee for its own account for investment only and not with a view to, or with any intention of, a distribution or resale thereof, in whole or in part.

(F) Optionee has not relied upon any representations, warranties or statements of any kind made by, or on behalf of, Optionor, except as specifically set forth in this Agreement. Optionee acknowledges that, except for the express representations and warranties by Optionor set forth in, or to be made in instruments delivered pursuant to, this Agreement, Optionor negates and disclaims all representations, warranties and statements of every kind or type (express or implied) and, except for the Optionor's representations and warranties set forth herein, the Remainder Notes are being acquired "as is" with no recourse to Optionor for any default thereunder or diminution in value with respect thereto.

Each of the foregoing representations and warranties shall survive the Closing for a period of twelve (12) months immediately thereafter.

7. COVENANTS. Optionor hereby covenants and agrees that, from and after the date hereof, except as otherwise contemplated in and permitted by the Redemption Agreement, Optionor will not, without Optionee's prior written consent, (a) amend, modify, cancel or terminate, any of the Investment Notes, Remainder Notes or Investment Loan Documents in any manner which will adversely affect or impact the interest of the "payee" under the Remainder Notes and Investment Loan Documents if and when such Remainder Notes are transferred to Optionee, (b) waive, relinquish or allow to lapse any right of Optionor as "lender/payee" under the Investment Notes, Remainder Notes or Investment Loan Documents which will in any manner adversely affect or impact the interest of the "payee" under the Remainder Notes and other Investment Loan Documents if and when such Remainder Notes are transferred to Optionee, or (c) agree or consent to any agreements or understandings that will impact the Remainder Notes if and when such Remainder Notes are transferred to Optionee. In furtherance of the foregoing, except for the transfer of Investment Notes to PIC pursuant to the Redemption Agreement and any pledge of the Investment Notes to secure the Equity Redemption Loan, Optionor shall not sell, assign or otherwise transfer any of the Investment Notes or Remainder Notes prior to the expiration of the Option Election Period; provided that, (i) Optionor shall be permitted to transfer any Remainder Notes after the "Redemption Distribution" under the Redemption Agreement subject to this Agreement, and (ii) all restrictions on the transferability of the Investment Notes and Remainder Notes shall cease upon the expiration of the Option Election Period and Optionor shall thereafter be permitted to freely transfer the Investment Notes and/or Remainder Notes without restriction. Upon written request by either party at or prior to the Closing, the other party shall give to the requesting party written notice of any newly discovered information that causes any of the representations or warranties of such responding party made in this Agreement to be materially untrue or incorrect, or of the occurrence of any event or circumstance that would materially modify or affect the substance of such representations and warranties.

8. CONFIDENTIALITY; PRESS RELEASES. Each party hereto hereby agrees that, except as required by law or the regulations of an exchange on which securities of such party are listed or unless compelled by an order of a court, and except for such disclosures to each party's lenders, consultants, attorneys, prospective investors, agents, assignees, partners, officers, directors, employees and advisors as may be necessary or advisable in connection with the consummation of the transactions contemplated herein (provided each such person is instructed to comply with the terms of this confidentiality provision), it shall keep the contents of this Agreement and the transactions contemplated hereby confidential and further agrees to refrain from generating or participating in any publicity statement, press release, or other public notice regarding this Agreement or the transactions contemplated hereby, without the prior written consent of the other party, which consent shall not be unreasonably withheld. The terms and provisions of this Section 8 shall survive the Closing or any termination of this Agreement and shall not be merged into any instrument or conveyance delivered at the Closing.

9. COMMISSIONS. Optionor and Optionee each agrees to indemnify, defend, protect and hold the other harmless from and against any and all commissions, finder's and/or similar fees or compensation claimed by any broker or finder in connection with Optionee's purchase of the Remainder Notes based on claimed contacts with, or other acts or omissions of, such indemnifying party. The terms and provisions of this Section 9 shall survive the Closing or termination of this Agreement.

10. REMEDIES. In the event of any material breach by either party to this Agreement, the remedy at law in favor of the other party may be inadequate and such other party, in addition to all other rights and remedies which may be available to it at law or in equity, shall have the right of specific performance in the event of any material breach, or injunction in the event of an anticipatory material breach, of this Agreement by the other party. Furthermore, upon the material breach of this Agreement by any party, the other party shall have the right to terminate this Agreement and to recover its damages, and, upon a material breach by Optionor, Optionee shall also have the right to receive a refund of the Option Fee. Such refund of the Option Fee shall be in addition to, and not in lieu of, any other remedies which Optionee may have against Optionor at law or in equity arising from Optionor's breach.

11. INDEMNIFICATION. Optionor hereby agrees to indemnify, protect, defend, save and hold harmless Optionee, and Optionee's trustees, officers, directors, shareholders, beneficiaries, members, partners, agents, employees, investment advisors and independent contractors from and against any and all duties, obligations, liabilities, suits, claims, demands, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and costs), arising out of a breach by the Optionor of any of its representations and warranties made in Section 5. Optionee hereby agrees to indemnify, protect, defend, save and hold harmless Optionor, and Optionor's trustees, officers, directors, shareholders, beneficiaries, members, partners, agents, employees, investment advisors and independent contractors from and against any and all duties, obligations, liabilities, suits, claims, demands, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and costs), arising out of a

breach by the Optionee of any of its representations and warranties made in Section 6. The terms and provisions of this Section 11 shall survive the Closing or the termination of this Agreement for a period of twelve (12) months immediately thereafter.

12. ESCROW INSTRUCTIONS. Upon the request of either Optionor or Optionee, the parties hereto shall execute and deliver any and all escrow documents reasonably approved by such party and perform any and all acts reasonably necessary or appropriate to open and enter into an escrow in order to consummate the transactions contemplated herein. Such agreements may include, without limitation, customary escrow instructions (including, without limitation, standard general terms and conditions to the extent the appointed escrow agent demands such provisions in order to serve as escrow agent), as may be reasonably necessary or desirable in order to enable the escrow agent to comply with the terms of this Agreement. The escrow agent shall be selected by the party making the request for an escrow (and shall not be affiliated with such party), but shall be subject to the written approval of the other party, which approval shall not be unreasonably withheld or delayed. The parties shall share equally the costs and expenses of the escrow and escrow agent.

13. MISCELLANEOUS.

(A) Authority. Each individual and entity executing this Agreement represents and warrants that he, she or it has the capacity set forth on the signature pages hereof with full power and authority to bind the party on whose behalf he, she or it is executing this Agreement to the terms hereof.

(B) Further Assurances. Optionor and Optionee shall each execute and deliver to the other such further documents and instruments as may be reasonably requested by either of them in order to effectuate the intent of this Agreement and to obtain the full benefit of this Agreement. Any request by either party under this Section 13(b) shall be accompanied by the document proposed for signature by the party requesting it, in form and substance satisfactory to the party of whom the request is made and its attorneys. The party making the request shall bear and discharge any fees or expenses incident to the preparation, filing or recording of the document requested pursuant to this Section 13(b).

(C) Time of the Essence. Time is of the essence in the performance of and compliance with each of the provisions of this Agreement.

(D) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California, without reference to California's conflicts or choice of law principles.

(E) Entire Agreement. THIS AGREEMENT, THE MASTER TRANSACTION AGREEMENT DATED AS OF SEPTEMBER 28, 1998, BY AND AMONG PRUDENTIAL, PIC, CERTAIN PERSONS LISTED ON EXHIBIT A THERETO, FEDMARK CORPORATION,

EMBARCADERO CENTER INVESTORS PARTNERSHIP, PACIFIC PROPERTY SERVICES, L.P., BOSTON PROPERTIES LIMITED PARTNERSHIP AND BOSTON PROPERTIES, INC. AND ALL TRANSACTION DOCUMENTS DESCRIBED THEREIN (COLLECTIVELY, THE "TRANSACTION DOCUMENTS") REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. The parties make no representations or warranties to each other, except as specifically contained in this Agreement or in the accompanying exhibits or the certificates or other closing documents delivered according to this Agreement or in the other Transaction Documents. All prior agreements and understanding between the parties hereto with respect to the transactions contemplated hereby, whether verbal or in writing, are superseded by, and are deemed to have been merged into, this Agreement and all other Transaction Documents. Any waiver, modification, consent or acquiescence with respect to any provision of this Agreement shall be set forth in writing and duly executed by or in behalf of the party to be bound thereby. No waiver by any party of any breach hereunder shall be deemed a waiver of any other or subsequent breach.

(F) Modifications. This Agreement may not be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

(G) Severability. If any provision of this Agreement shall be determined to be invalid, illegal or unenforceable, the balance of this Agreement shall remain in full force and effect and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances.

(H) Assignee; Designee. Optionee may assign this Agreement or designate a designee to acquire Optionor's entire right, title and interest in and to the Remainder Notes at any time prior to the Closing; provided that, in no event shall Prudential be released from any of the obligations or liabilities of the "Optionee" hereunder without the prior written consent of Optionor. This Agreement may not otherwise be assigned, nor may any interest herein be assigned, by Optionee without Optionor's prior written consent.

(I) Notices. All notices, elections, consents, approvals, demands, objections, requests or other communications which any party hereto may be required or desire to give to the other party hereto must be in writing and sent by (i) first class U.S. certified or registered mail, return receipt requested, with postage prepaid, (ii) telecopy or facsimile (with a copy sent by first class U.S. certified or registered mail, return receipt requested, with postage prepaid), or (iii) express mail or a nationally recognized courier (for next business day delivery). A notice or other communication sent in compliance with the provisions of this Section 13(i) shall be deemed given and received on (a) the third (3rd) day following the date it is deposited in the U.S. mail, (b) the date of confirmed dispatch if sent by facsimile or telecopy (provided that a copy thereof is sent by

mail in the manner provided in clause (i) above), or (c) the date it is
delivered to the other party if sent by express mail or courier. The addresses
for the parties are as follows:

All notices and other communications to Optionor shall be given to it at:

c/o Boston Properties, Inc.
8 Arlington Street
Boston, Massachusetts 02116-3495
Attention: General Counsel
Facsimile No.: (617) 421-1555

with a copy to:

Goulston & Storrs, P.C.
400 Atlantic Avenue
Boston, Massachusetts 02110-3333
Attention: Eli Rubenstein, Esq.
Facsimile No.: (617) 574-4112

All notices and other communications to Optionee shall be given to it at:

The Prudential Insurance Company of America
Prudential Realty Group
8 Campus Drive, 4th Floor
Arbor Circle South
Parsippany, New Jersey 07054
Attention: John R. Triece
Facsimile No.: (201) 734-1472

with a copy to:

The Prudential Insurance Company of America
Prudential Capital Group
Four Embarcadero Center
Suite 2700
San Francisco, California 94111
Attention: Harry N. Mixon, Esq.
Facsimile No.: (415) 956-2197

and a copy to:

O'Melveny & Myers LLP
Embarcadero Center West

275 Battery Street
Suite 2600
San Francisco, California 94111
Attention: Stephen A. Cowan, Esq.
Facsimile No.: (415) 984-8701

Any party may designate another addressee or change its address for notices and other communications hereunder by a notice given to the other parties in the manner provided in this Section 13(i).

(J) Attorneys' Fees. If any action is brought by either party against the other party relating to or arising out of this Agreement, the transactions described herein or the enforcement hereof, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs incurred in connection with the prosecution or defense of such action. For purposes of this Agreement, the term "ATTORNEYS' FEES" or "ATTORNEYS' FEES AND COSTS" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding.

(K) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute only one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Agreement attached thereto.

(L) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and to their respective permitted transferees, successors and assigns.

(M) Exhibits. All Exhibits attached hereto are hereby incorporated herein.

(N) No Third Party Beneficiaries. Persons who are not parties to this Agreement shall have no rights or privileges (whether as a third party beneficiary or otherwise) under or by virtue of this Agreement.

(O) Business Days. In the event that any of the dates specified in this Agreement shall fall on a Saturday, Sunday, or a holiday recognized by the State of California or the Commonwealth of Massachusetts, then the date of such action shall be deemed to be extended to the next business day.

(P) Consent to Jurisdiction and Service of Process. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PERSON ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any other party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(Q) Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims and all common law and statutory rights. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS OF THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

[SIGNATURES ON NEXT PAGE]

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

"OPTIONOR"

EMBARCADERO CENTER ASSOCIATES,
a California General Partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership, as Manager

By: BOSTON PROPERTIES, INC., a Delaware corporation, its General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

"OPTIONEE"

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation

By: /s/ Gary L. Frazier

Name: _____
Title: _____

JOINDER

The undersigned, as maker of the Remainder Notes, agrees that on the Closing Date, at the request of Optionor, it will execute the Joinder and Release on the Assignment and Assumption of Loan in the form attached hereto as Exhibit D, which will be executed at such Closing.
- ---------

PRUDENTIAL REALTY SECURITIES, INC.,
a Delaware corporation

By: /s/ Paul D. Egan

Name: Paul D. Egan
Title: Vice President

EXHIBIT A

INVESTMENT NOTES

A-1

EXHIBIT B

CALCULATION OF
FAIR MARKET VALUE

The Fair Market Value of the Remainder Notes shall equal the aggregate Remaining Cash Flow for all Remainder Notes discounted from each respective scheduled payment due date to the Closing Date at a discount factor equal to the Discount Rate for each such Remainder Note. Notwithstanding the foregoing, if on the Determination Date an Investment Loan Borrower Credit Event exists, then Optionor shall appoint an investment banking firm of national recognition (which will be satisfactory to Optionee in its reasonable discretion) to determine the change in the Fair Market Value of the Remainder Notes for purposes of this Agreement. In the event that an investment banking firm is appointed to determine the change in the Fair Market Value of any Remainder Note as of the Determination Date pursuant to the preceding sentence, such investment banking firm shall be instructed to determine the change in the Fair Market Value of such Remainder Note based on the following four factors: (i) changes in market interest rates since the date of funding of the Remainder Note, (ii) the time period remaining from the Determination Date until the earlier of the next Rate Reset Date of such Remainder Note and the maturity of the Remainder Note, (iii) the Remaining Cash Flow (as defined below) of the Remainder Note, and (iv) changes in the credit quality of the Remainder Note since the date of funding thereof. The parties agree that an acceptable investment banking firm would be Goldman Sachs or Merrill Lynch. As used herein, the term "INVESTMENT LOAN BORROWER CREDIT EVENT" shall mean any of the following events: (x) the credit rating of the Remainder Notes has been downgraded from the credit rating of the Remainder Notes on the date hereof by both of the Rating Agencies, or (y) in the reasonable discretion of the managing general partner of Optionor, there has been, as compared to the date hereof, a material diminution or degradation in the value of the assets of the Investment Loan Borrower or the ability of the Investment Loan Borrower to pay its outstanding obligations as they become due from the date hereof.

Defined Terms

As used herein, the following terms shall have the following meanings:

"DETERMINATION DATE" shall mean the date upon which the Fair Market Value of the Remainder Notes is determined and shall occur at 10:00 a.m. (New York City time) on the date that the Option Election Notice or Put Election Notice, as the case may be, is received by the addressee thereof.

"DISCOUNT RATE" shall mean the Reinvestment Rate plus the Margin.

"MARGIN" shall mean, with respect to any Remainder Note, the Margin (as defined in the Investment Loan Note Purchase Agreement) of such Remainder Note.

"RATING AGENCIES" shall mean Fitch IBCA, Inc. and Standard and Poor's Corporation.

"REINVESTMENT RATE" shall mean, with respect to any Remainder Note, the offered-side yield to maturity as of the Determination Date of the U.S. Treasury security that was used to determine the then Treasury (as defined in the Investment Loan Note Purchase Agreement) of such Investment Note.

"REMAINING CASH FLOW" shall mean, for any Remainder Note, the aggregate amount of all accrued and unpaid interest, principal and other payments under such Remainder Note on the Closing Date and all principal, interest and other payments that will become due and owing under such Remainder Note from time to time from and after the Closing Date through (x) the next Rate Reset Date of such Remainder Note (the "Next Reset Date"), if the Fair Market Value is determined prior to such Rate Reset Date, or (y) the maturity of such Remainder Note (including, without limitation, any balloon or other principal payments due and owing on said maturity date), if the Fair Market Value is determined after all Rate Reset Dates provided in such Remainder Note, as each such payment would become due and payable pursuant to the terms of the applicable Remainder Note and the Investment Loan Documents (but assuming, if clause (x) above applies, ---------- that any interest that is scheduled to be accrued but unpaid as of the Next Reset Date (i.e., because the interest payment date with respect thereto will ---- not have occurred), and any outstanding principal and any other amounts under the Investment Note on such Next Reset Date, will be repaid in full on the Next Reset Date; and further assuming, for purposes of calculating all future interest payments due under such Remainder Note, that the interest rate in effect with respect to the Remainder Note on the Closing Date will remain constant for purposes of determining the Fair Market Value of such Remainder Note).

EXHIBIT C

FORM OF ALLONGE TO REMAINDER NOTES

Date of Note: _____
Maker: Prudential Realty Securities, Inc.
Face Amount: $_____

PAY TO THE ORDER OF _____, WITHOUT RECOURSE, REPRESENTATION OR WARRANTY, EXCEPT AS SPECIFICALLY PROVIDED IN THAT CERTAIN OPTION AND PUT AGREEMENT DATED AS OF NOVEMBER ___ 1998, BY AND AMONG EMBARCADERO CENTER ASSOCIATES, AS OPTIONOR, AND THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, AS OPTIONEE.

Dated: _____, 199__

EMBARCADERO CENTER ASSOCIATES,
a California general partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, as Manager

By: BOSTON PROPERTIES, INC.
a Delaware Corporation,
as General Partner

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF ASSIGNMENT AND ASSUMPTION
OF LOAN

ASSIGNMENT AND ASSUMPTION
OF LOAN

FOR VALUE RECEIVED, the receipt and sufficiency of which are hereby acknowledged, EMBARCADERO CENTER ASSOCIATES, a California general partnership ("ASSIGNOR"), hereby sells, grants, assigns and transfers to _____ ("ASSIGNEE"), without recourse, representation or warranty (except as expressly set forth in that certain Option and Put Agreement dated as of November ___, 1998, by and between Assignor and The Prudential Insurance Company of America), and Assignee hereby purchases and assumes from Assignor, (i) all right, title and interest of Assignor under and in connection with those certain promissory notes evidencing the principal amount of _____ Dollars ($_____), executed and delivered by Prudential Realty Securities, Inc., as "maker" (the "REMAINDER NOTES"), and (ii) the rights of Assignor in, to and under all documents and instruments listed on Exhibit A attached hereto and incorporated herein by this reference, which documents and instruments further evidence, secure and/or govern the Remainder Notes; but only to the extent that such documents and instruments relate to the Remainder Notes (it being acknowledged and agreed that the Remainder Notes are a portion of a $_____ loan and that the principal balance of such loan that is not evidenced by the Remainder Notes (and all documents and instruments relating to such principal balance) has been transferred to PIC Realty Corporation). The Remainder Notes and all other documents listed on Exhibit A attached hereto to the extent they relate to the Remainder Notes shall sometimes hereinafter be collectively referred to as the "INVESTMENT LOAN DOCUMENTS".

Assignee hereby accepts the foregoing assignment and agrees to assume, pay, perform and discharge, as and when due, all of the agreements, obligations and liabilities of Assignor under or arising from or out of the Remainder Notes and the Investment Loan Documents (but only to the extent relating to the Remainder Notes) to be paid, performed or discharged on and after the date hereof and agrees to be bound by all of the terms and conditions of the Investment Loan Documents to be performed on and after the date hereof (but only to the extent relating to the Remainder Notes) (all such items, collectively, the "POST-CLOSING OBLIGATIONS").

This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee, and their respective successors and assigns.

"ASSIGNOR"

EMBARCADERO CENTER ASSOCIATES,
a California General Partnership

By: BOSTON PROPERTIES, LLC,
a Delaware limited liability company,
its Managing General Partner

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, as Manager

By: BOSTON PROPERTIES, INC.,
a Delaware corporation,
as General Partner

By:_____
Name:_____
Title:_____

"ASSIGNEE"

[INSERT SIGNATURE BLOCK]

JOINDER AND RELEASE

The undersigned, as maker of the Remainder Notes, hereby agrees to release the Assignor from all Post-Closing Obligations and shall look only to Assignee for satisfaction of the same.

PRUDENTIAL REALTY SECURITIES, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

Exhibit 99.21

OPTION AND PUT AGREEMENT

THIS OPTION AND PUT AGREEMENT (this "AGREEMENT") is entered into as of November 12, 1998, by and between THREE EMBARCADERO CENTER VENTURE, a California general partnership ("OPTIONOR"), and THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation ("PRUDENTIAL" and together with any permitted assignee or designee hereunder hereinafter sometimes referred to as "OPTIONEE").

RECITALS

A. Optionor is the "holder" and "payee" under those certain Senior Notes of even date herewith, executed and delivered by Prudential Realty Securities, Inc., a Delaware corporation ("INVESTMENT LOAN BORROWER"), in the aggregate principal amount of Seventy-Six Million Eight Hundred Ninety-Seven Thousand and No/100 Dollars ($76,897,000.00) (the "INVESTMENT LOAN"), copies of which notes are attached hereto as Exhibit A (the "INVESTMENT NOTES"). The Investment Notes were made pursuant to the Note Purchase Agreement of even date herewith, by and between Optionor and Investment Loan Borrower (the "INVESTMENT LOAN NOTE PURCHASE AGREEMENT").

B. Pursuant to that certain Redemption Agreement of even date herewith, by and among Optionor, Prudential, Boston Properties LLC and BP EC3 Holdings LLC (the "REDEMPTION AGREEMENT"), the Investment Notes (or certain of the Investment Notes or portions thereof as provided in accordance with the terms and provisions of the Redemption Agreement) may be distributed (together with cash, if necessary pursuant to the Redemption Agreement) to Prudential in full redemption of its partnership interest in Optionor. The date on which such Investment Notes (or portions thereof) are distributed to Prudential and Prudential's partnership interest in the Optionor is fully redeemed (such that Prudential is no longer a partner or constituent of Optionor) pursuant to the Redemption Agreement shall be referred to in this Agreement as the "REDEMPTION DATE".

C. Pursuant to certain terms, provisions and conditions of the Redemption Agreement, less than the entire principal face amount of all Investment Notes may be distributed to Prudential on the Redemption Date. In such event, the Optionor may retain, as payee, a portion of the aggregate principal amount of all Investment Notes (the "REMAINDER") after the Redemption Date, which Remainder will be evidenced by one or more of the Investment Notes that are retained by Optionor pursuant to the Redemption Agreement and, if applicable pursuant to the terms and provisions of the Redemption Agreement and the Investment Loan Note Purchase Agreement, a new promissory note issued by the Investment Loan Borrower in accordance with Section 2 of the Redemption Agreement, all of which notes shall have an aggregate principal amount equal to the Remainder (collectively, the "REMAINDER NOTES"). All documents and instruments evidencing, securing or relating to the Investment Notes or Remainder Notes (including, without limitation,

the Investment Loan Note Purchase Agreement) shall be herein referred to as the "INVESTMENT LOAN DOCUMENTS".

D. Optionee desires to acquire an option to purchase and acquire Optionor's entire interest in, to and under any such Remainder Notes and Optionor is willing to grant such option, and Optionor desires to acquire a put right to cause Optionee to purchase and acquire Optionor's entire interest in, to and under any such Remainder Notes and Optionee is willing to grant such put right to Optionor, all upon the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the benefits accruing to the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Optionor and Optionee, Optionor and Optionee hereby agree as follows:

1. OPTION.

(A) Grant of Option. Optionor hereby unconditionally and irrevocably grants, conveys, transfers and assigns to Optionee (or its designee) the exclusive option and right to, subject to the terms and provisions of this Agreement, acquire Optionor's entire right, title and interest in, to and under all Remainder Notes in accordance with and subject to the terms and conditions of this Agreement; provided that, Optionee shall assume all of Optionor's duties, obligations and liabilities arising under the Remainder Notes and the Investment Loan Documents (but only to the extent the same relate to the Remainder Notes) accruing from and after the Closing Date (the "OPTION").

(B) Term and Exercise of Option. Optionee may exercise the Option at any time from and after the Redemption Date and on or before 6:00 p.m pacific coast time on the earlier of (x) the date which is one hundred and sixty-five (165) days after the Redemption Date and (y) August 31, 2002 (the "OPTION ELECTION PERIOD") by giving Optionor no less than ten (10) business days' written notice of exercise (the "OPTION ELECTION NOTICE"); provided that, notwithstanding the foregoing, Optionee's right to give an Option Election Notice and to purchase the Remainder Notes pursuant to its option shall be suspended during any period of time while there exists an "Investment Loan Borrower Credit Event" (as defined in Exhibit B attached hereto). The Option Election Notice shall include (i) the proposed closing date, which shall not be less than ten (10) business days after the delivery thereof nor more than twenty (20) business days after the delivery thereof, and (ii) the Optionee's calculation of the Fair Market Value (as defined in Section 3 below) of the Remainder Notes based on the proposed closing date. In the event that the Option is not exercised on or before the expiration of the Option Election Period, or the transaction has not closed within twenty (20) business days after the expiration of the Option Election Period for any reason other than the default of the Optionor, then the Option shall become null and void and of no further force or effect, and the parties hereto shall be released from all further liabilities and obligations hereunder with respect to the Option (except as otherwise expressly provided herein).

(C) Option Fee. No later than three (3) calendar days after the execution of this Agreement by Optionor and Optionee, Optionee shall pay to Optionor the sum of One Hundred Dollars ($100) (the "OPTION FEE"). The Option Fee is non-refundable (except as otherwise expressly provided in this Agreement); provided that, the Option Fee shall be credited against the Purchase Price (as defined in Section 3 below) payable at Closing (as defined in Section 4(a) below).

2. PUT.

(A) Grant of Put. Optionee hereby unconditionally and irrevocably grants, conveys, transfers and assigns to Optionor the exclusive right to, subject to the terms and provisions of this Agreement, put and sell to Optionee Optionor's entire right, title and interest in, to and under all Remainder Notes in accordance with and subject to the terms and conditions of this Agreement (the "PUT"). Optionee shall be obligated to acquire such Remainder Notes upon the exercise of Optionor's Put and to assume all of Optionor's duties, obligations and liabilities arising under the Remainder Notes and the Investment Loan Documents (but only to the extent the same relate to the Remainder Notes) accruing from and after the Closing Date. In the event that Optionor exercises its Put, the Option Fee shall be credited against the Purchase Price payable at Closing.

(B) Term and Exercise of Put. Optionor may exercise the Put at any time during the Put Period (defined immediately below) by giving Optionee no less than ten (10) business days' written notice of exercise (the "PUT ELECTION NOTICE") at any time prior to the expiration of the Put Period; provided that, notwithstanding the foregoing, Optionor's right to give a Put Election Notice and to put the Remainder Notes to Optionee pursuant to this Agreement shall be suspended during any period of time while the Remainder Notes have been accelerated and such acceleration has not been rescinded by the holders of the Remainder Notes. The Put Election Notice shall include (i) the proposed closing date, which shall not be less than ten (10) business days after the delivery thereof nor more than twenty (20) business days after the delivery thereof, and (ii) the Optionor's calculation of the Fair Market Value of the Remainder Notes based on the proposed closing date. In the event that the Put is not exercised prior to the expiration of the Put Period, and the transaction has not closed on or before the date which is twenty (20) business days after the expiration of the Put Period for any reason other than the default of the Optionee, then the Put shall become null and void and of no further force or effect, and the parties hereto shall be released from all further liabilities and obligations hereunder with respect to the Put (except as otherwise expressly provided herein). As used herein, the "PUT PERIOD" shall mean the period of time commencing on the thirty-first (31st) day after the expiration of the Option Election Period and expiring at 6:00 p.m. pacific coast time on the thirtieth (30th) day thereafter.

3. PURCHASE PRICE. The total purchase price ("PURCHASE PRICE") which Optionee shall pay to Optionor for the Remainder Notes upon the exercise of the Option or Put shall be the Fair Market Value of such Remainder Notes on the date of Closing. At Closing, Optionee shall pay to Optionor the entire balance of the Purchase Price, over and above the Option

Fee previously paid to Optionor and credited to the Purchase Price in accordance with the terms and provisions of Sections 1(c) and 2(a) above (provided that the parties acknowledge and agree that no interest or other income earned by Optionor on the Option Fee shall be credited against the Purchase Price), by wire transfer of immediately available funds. The "FAIR MARKET VALUE" of the Remainder Notes shall be calculated and determined as of the Closing Date as provided in Exhibit B attached hereto.

4. CLOSING.

(A) Closing. Upon exercise of the Option or Put as provided in (and in accordance with) any of Sections 1 or 2 above, the purchase and sale of the Remainder Notes shall close on the closing date specified in the Option Election Notice or Put Election Notice, as applicable, in accordance with the terms of Sections 1(b) and 2(b), respectively (the "CLOSING DATE"). As used herein, the term "CLOSING" means the date and time that the Purchase Price due under Section 3 above is paid to Optionor for the Remainder Notes, and the Remainder Notes are endorsed to the order of Optionee and all other documents and instruments of transfer and assumption are executed and delivered by the parties in accordance with the terms and provisions of subsection (b) below.

(B) Closing Procedure. The sale of the Remainder Notes shall be consummated on the Closing Date as follows:

(I) On or before the Closing Date, Optionor shall execute and deliver to Optionee (A) an Allonge to each Remainder Note in the form of Exhibit C attached hereto (the "ALLONGE"); (B) counterpart originals of an Assignment and Assumption of Loan in the form of Exhibit D attached hereto (the "ASSIGNMENT"), executed by Optionor; and (C) the original Remainder Notes and originals or copies of all other Investment Loan Documents in Optionor's possession or within its control.

(II) On or before the Closing Date, Optionee shall deliver to Optionor, (A) in immediately available funds the Purchase Price (less the Option Fee) and such additional amounts as may be required to satisfy Optionee's share of any Closing costs; and (B) counterpart originals of the Assignment, executed by Optionee.

(III) All reasonable Closing and escrow fees and costs incurred in connection with the transactions described in this Agreement shall be paid fifty percent (50%) by Optionor and fifty percent (50%) by Optionee; provided that, each party hereto shall bear the expense of its own counsel.

5. OPTIONOR'S REPRESENTATIONS AND WARRANTIES. Optionor hereby represents and warrants to Optionee as of the date hereof and as of the Closing Date as follows:

(A) Subject to the rights of Prudential under the Redemption Agreement, Optionor is the sole owner of the Investment Notes on the date hereof, and on the Closing Date, Optionor shall be the sole owner of the Remainder Notes. Further, the Investment Notes are free and clear of all liens and third party interests on the date hereof (other than the interests and rights in favor of Prudential under the Redemption Agreement and any pledge of the Investment Notes securing the Equity Redemption Loan (as defined in the Redemption Agreement)), and on the Closing Date, the Remainder Notes shall be free and clear of all liens and third party interests of any kind or nature, except as created by this Agreement. Optionor has not amended, modified, terminated or otherwise by written agreement altered the Investment Notes or other Investment Loan Documents except as specifically disclosed to Optionee in writing prior to the date hereof, and on the Closing Date, except as otherwise amended, modified or altered in connection with the transactions contemplated in the Redemption Agreement, Optionor shall not have amended, modified, terminated or otherwise altered the Investment Notes, Remainder Notes or other Investment Loan Documents without Optionee's written consent obtained in accordance with Section 7 hereof.
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(B) As of the date hereof, Optionor has not assigned or transferred the Investment Notes or any of the other Investment Loan Documents (except for any pledge of the Investment Notes securing the Equity Redemption Loan), nor are there any agreements to assign or convey any portion of such Investment Loan Documents to any person other than Optionee and Prudential in accordance with this Agreement and the Redemption Agreement, respectively. On the Closing Date, Optionor shall not have assigned or transferred the Remainder Notes or any of the other Investment Loan Documents (except for such portion of the Investment Notes transferred to Prudential in accordance with the Redemption Agreement), nor shall there be any agreements to assign or convey the Remainder Notes or any portion of such Investment Loan Documents to any person other than Optionee (except with respect to Prudential's rights under the Redemption Agreement).

(C) To Optionor's knowledge, Optionor has all requisite power and authority to execute and deliver, and to perform all of its obligations under, this Agreement and all instruments and other documents to be executed and delivered to Optionee in connection with the transactions described herein.

(D) To Optionor's knowledge, Optionor is a duly formed general partnership under the laws of the State of California, and this Agreement, and all the instruments and documents to be executed and delivered by Optionor in connection herewith, are legal, valid and binding obligations of Optionor enforceable against it in accordance with their respective terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally.

(E) To Optionor's knowledge, the execution of this Agreement and the performance of Optionor's obligations hereunder will not conflict with or result in a breach of any statute, rule, regulation, judgment, decree or order of any court, board, committee or governmental agency to

which Optionor is subject, nor violate any agreement or contract to which Optionor is a party or by which Optionor is bound. To Optionor's knowledge, no consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by Optionor of, or compliance by Optionor with, this Agreement or the consummation of the transactions contemplated by it, except for such consents, approvals, authorizations or orders, if any, that have been obtained.

Each of the foregoing representations and warranties shall survive the Closing for a period of twelve (12) months immediately thereafter.

6. OPTIONEE'S REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGMENTS.

Optionee hereby represents, warrants and acknowledges to Optionor as of the date hereof and as of the Closing Date as follows:

(A) Optionee is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey. Optionee has all requisite power and authority to execute and deliver, and to perform all of its obligations under, this Agreement and all instruments and other documents executed and delivered by Optionee in connection with the transactions contemplated herein. This Agreement, and all the instruments and documents to be executed and delivered by Optionee in connection herewith, are legal, valid and binding obligations of Optionee enforceable against it in accordance with their respective terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally.

(B) The execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the part of Optionee and does not require any consent or approval of any party that has not been obtained.

(C) The execution of this Agreement and the performance of Optionee's obligations hereunder will not conflict with or result in a breach of any statute, rule, regulation, judgment, decree or order of any court, board, committee or governmental agency to which Optionee is subject, nor violate any agreement or contract to which Optionee is a party or by which Optionee is bound. No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by Optionee of, or compliance by Optionee with, this Agreement or the consummation of the transactions contemplated by it, except for such consents, approvals, authorizations or orders, if any, that have been obtained.

(D) Optionee has made, and will make, prior to the Closing, such examination, review and investigation of the facts and circumstances as necessary to evaluate the Remainder Notes. Optionee further acknowledges that in acquiring the Remainder Notes, Optionee is assuming the risk of full or partial loss which is inherent with the credit, collateral and collectibility risks associated with the quality and character of the loan evidenced by the Remainder Notes.

(E) Optionee is an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended. The Remainder Notes will be acquired by Optionee for its own account for investment only and not with a view to, or with any intention of, a distribution or resale thereof, in whole or in part.

(F) Optionee has not relied upon any representations, warranties or statements of any kind made by, or on behalf of, Optionor, except as specifically set forth in this Agreement. Optionee acknowledges that, except for the express representations and warranties by Optionor set forth in, or to be made in instruments delivered pursuant to, this Agreement, Optionor negates and disclaims all representations, warranties and statements of every kind or type (express or implied) and, except for the Optionor's representations and warranties set forth herein, the Remainder Notes are being acquired "as is" with no recourse to Optionor for any default thereunder or diminution in value with respect thereto.

Each of the foregoing representations and warranties shall survive the Closing for a period of twelve (12) months immediately thereafter.

7. COVENANTS. Optionor hereby covenants and agrees that, from and after the date hereof, except as otherwise contemplated in and permitted by the Redemption Agreement, Optionor will not, without Optionee's prior written consent, (a) amend, modify, cancel or terminate, any of the Investment Notes, Remainder Notes or Investment Loan Documents in any manner which will adversely affect or impact the interest of the "payee" under the Remainder Notes and Investment Loan Documents if and when such Remainder Notes are transferred to Optionee, (b) waive, relinquish or allow to lapse any right of Optionor as "lender/payee" under the Investment Notes, Remainder Notes or Investment Loan Documents which will in any manner adversely affect or impact the interest of the "payee" under the Remainder Notes and other Investment Loan Documents if and when such Remainder Notes are transferred to Optionee, or (c) agree or consent to any agreements or understandings that will impact the Remainder Notes if and when such Remainder Notes are transferred to Optionee. In furtherance of the foregoing, except for the transfer of Investment Notes to Prudential pursuant to the Redemption Agreement and any pledge of the Investment Notes to secure the Equity Redemption Loan, Optionor shall not sell, assign or otherwise transfer any of the Investment Notes or Remainder Notes prior to the expiration of the Option Election Period; provided that, (i) Optionor shall be permitted to transfer any Remainder Notes after the "Redemption Distribution" under the Redemption Agreement subject to this Agreement, and (ii) all restrictions on the transferability of the Investment Notes and Remainder Notes shall cease upon the expiration of the Option Election Period and Optionor shall thereafter be permitted to freely transfer the Investment Notes and/or Remainder Notes without restriction. Upon written request by either party at or prior to the Closing, the other party shall give to the requesting party written notice of any newly discovered information that causes any of the representations or warranties of such responding party made in this Agreement to be materially untrue or incorrect, or of the occurrence of any event or circumstance that would materially modify or affect the substance of such representations and warranties.

8. CONFIDENTIALITY; PRESS RELEASES. Each party hereto hereby agrees that, except as required by law or the regulations of an exchange on which securities of such party are listed or unless compelled by an order of a court, and except for such disclosures to each party's lenders, consultants, attorneys, prospective investors, agents, assignees, partners, officers, directors, employees and advisors as may be necessary or advisable in connection with the consummation of the transactions contemplated herein (provided each such person is instructed to comply with the terms of this confidentiality provision), it shall keep the contents of this Agreement and the transactions contemplated hereby confidential and further agrees to refrain from generating or participating in any publicity statement, press release, or other public notice regarding this Agreement or the transactions contemplated hereby, without the prior written consent of the other party, which consent shall not be unreasonably withheld. The terms and provisions of this Section 8 shall survive the Closing or any termination of this Agreement and shall not be merged into any instrument or conveyance delivered at the Closing.

9. COMMISSIONS. Optionor and Optionee each agrees to indemnify, defend, protect and hold the other harmless from and against any and all commissions, finder's and/or similar fees or compensation claimed by any broker or finder in connection with Optionee's purchase of the Remainder Notes based on claimed contacts with, or other acts or omissions of, such indemnifying party. The terms and provisions of this Section 9 shall survive the Closing or termination of this Agreement.

10. REMEDIES. In the event of any material breach by either party to this Agreement, the remedy at law in favor of the other party may be inadequate and such other party, in addition to all other rights and remedies which may be available to it at law or in equity, shall have the right of specific performance in the event of any material breach, or injunction in the event of an anticipatory material breach, of this Agreement by the other party. Furthermore, upon the material breach of this Agreement by any party, the other party shall have the right to terminate this Agreement and to recover its damages, and, upon a material breach by Optionor, Optionee shall also have the right to receive a refund of the Option Fee. Such refund of the Option Fee shall be in addition to, and not in lieu of, any other remedies which Optionee may have against Optionor at law or in equity arising from Optionor's breach.

11. INDEMNIFICATION. Optionor hereby agrees to indemnify, protect, defend, save and hold harmless Optionee, and Optionee's trustees, officers, directors, shareholders, beneficiaries, members, partners, agents, employees, investment advisors and independent contractors from and against any and all duties, obligations, liabilities, suits, claims, demands, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and costs), arising out of a breach by the Optionor of any of its representations and warranties made in Section 5. Optionee hereby agrees to indemnify, protect, defend, save and hold harmless Optionor, and Optionor's trustees, officers, directors, shareholders, beneficiaries, members, partners, agents, employees, investment advisors and independent contractors from and against any and all duties, obligations, liabilities, suits, claims, demands, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and costs), arising out of a

breach by the Optionee of any of its representations and warranties made in Section 6. The terms and provisions of this Section 11 shall survive the Closing or the termination of this Agreement for a period of twelve (12) months immediately thereafter.

12. ESCROW INSTRUCTIONS. Upon the request of either Optionor or Optionee, the parties hereto shall execute and deliver any and all escrow documents reasonably approved by such party and perform any and all acts reasonably necessary or appropriate to open and enter into an escrow in order to consummate the transactions contemplated herein. Such agreements may include, without limitation, customary escrow instructions (including, without limitation, standard general terms and conditions to the extent the appointed escrow agent demands such provisions in order to serve as escrow agent), as may be reasonably necessary or desirable in order to enable the escrow agent to comply with the terms of this Agreement. The escrow agent shall be selected by the party making the request for an escrow (and shall not be affiliated with such party), but shall be subject to the written approval of the other party, which approval shall not be unreasonably withheld or delayed. The parties shall share equally the costs and expenses of the escrow and escrow agent.

13. MISCELLANEOUS.

(A) Authority. Each individual and entity executing this Agreement represents and warrants that he, she or it has the capacity set forth on the signature pages hereof with full power and authority to bind the party on whose behalf he, she or it is executing this Agreement to the terms hereof.

(B) Further Assurances. Optionor and Optionee shall each execute and deliver to the other such further documents and instruments as may be reasonably requested by either of them in order to effectuate the intent of this Agreement and to obtain the full benefit of this Agreement. Any request by either party under this Section 13(b) shall be accompanied by the document proposed for signature by the party requesting it, in form and substance satisfactory to the party of whom the request is made and its attorneys. The party making the request shall bear and discharge any fees or expenses incident to the preparation, filing or recording of the document requested pursuant to this Section 13(b).

(C) Time of the Essence. Time is of the essence in the performance of and compliance with each of the provisions of this Agreement.

(D) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California, without reference to California's conflicts or choice of law principles.

(E) Entire Agreement. THIS AGREEMENT, THE MASTER TRANSACTION AGREEMENT OF EVEN DATE HEREWITH, BY AND AMONG PRUDENTIAL, PIC REALTY CORPORATION, CERTAIN PERSONS LISTED ON EXHIBIT A THERETO,

FEDMARK CORPORATION, EMBARCADERO CENTER INVESTORS PARTNERSHIP, PACIFIC PROPERTY SERVICES, L.P., BOSTON PROPERTIES LIMITED PARTNERSHIP AND BOSTON PROPERTIES, INC. AND ALL TRANSACTION DOCUMENTS DESCRIBED THEREIN (COLLECTIVELY, THE "TRANSACTION DOCUMENTS") REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. The parties make no representations or warranties to each other, except as specifically contained in this Agreement or in the accompanying exhibits or the certificates or other closing documents delivered according to this Agreement or in the other Transaction Documents. All prior agreements and understanding between the parties hereto with respect to the transactions contemplated hereby, whether verbal or in writing, are superseded by, and are deemed to have been merged into, this Agreement and all other Transaction Documents. Any waiver, modification, consent or acquiescence with respect to any provision of this Agreement shall be set forth in writing and duly executed by or in behalf of the party to be bound thereby. No waiver by any party of any breach hereunder shall be deemed a waiver of any other or subsequent breach.

(F) Modifications. This Agreement may not be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

(G) Severability. If any provision of this Agreement shall be determined to be invalid, illegal or unenforceable, the balance of this Agreement shall remain in full force and effect and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances.

(H) Assignee; Designee. Optionee may assign this Agreement or designate a designee to acquire Optionor's entire right, title and interest in and to the Remainder Notes at any time prior to the Closing; provided that, in no event shall Prudential be released from any of the obligations or liabilities of the "Optionee" hereunder without the prior written consent of Optionor. This Agreement may not otherwise be assigned, nor may any interest herein be assigned, by Optionee without Optionor's prior written consent.

(I) Notices. All notices, elections, consents, approvals, demands, objections, requests or other communications which any party hereto may be required or desire to give to the other party hereto must be in writing and sent by (i) first class U.S. certified or registered mail, return receipt requested, with postage prepaid, (ii) telecopy or facsimile (with a copy sent by first class U.S. certified or registered mail, return receipt requested, with postage prepaid), or (iii) express mail or a nationally recognized courier (for next business day delivery). A notice or other communication sent in compliance with the provisions of this Section 13(i) shall be deemed given and received on (a) the third (3rd) day following the date it is deposited in the U.S. mail, (b) the date of confirmed dispatch if sent by facsimile or telecopy (provided that a copy thereof is sent by

mail in the manner provided in clause (i) above), or (c) the date it is
delivered to the other party if sent by express mail or courier. The addresses
for the parties are as follows:

All notices and other communications to Optionor shall be given to it at:

c/o Boston Properties, Inc.
8 Arlington Street
Boston, Massachusetts 02116-3495
Attention: General Counsel
Facsimile No.: (617) 421-1555

with a copy to:

Goulston & Storrs, P.C.
400 Atlantic Avenue
Boston, Massachusetts 02110-3333
Attention: Eli Rubenstein, Esq.
Facsimile No.: (617) 574-4112

All notices and other communications to Optionee shall be given to it at:

The Prudential Insurance Company of America
Prudential Realty Group
8 Campus Drive, 4th Floor
Arbor Circle South
Parsippany, New Jersey 07054
Attention: John R. Triece
Facsimile No.: (201) 734-1472

with a copy to:

The Prudential Insurance Company of America
Prudential Capital Group
Four Embarcadero Center
Suite 2700
San Francisco, California 94111
Attention: Harry N. Mixon, Esq.
Facsimile No.: (415) 956-2197

and a copy to:

O'Melveny & Myers LLP
Embarcadero Center West

275 Battery Street
Suite 2600
San Francisco, California 94111
Attention: Stephen A. Cowan, Esq.
Facsimile No.: (415) 984-8701

Any party may designate another addressee or change its address for notices and other communications hereunder by a notice given to the other parties in the manner provided in this Section 13(i).

(J) Attorneys' Fees. If any action is brought by either party against the other party relating to or arising out of this Agreement, the transactions described herein or the enforcement hereof, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs incurred in connection with the prosecution or defense of such action. For purposes of this Agreement, the term "ATTORNEYS' FEES" or "ATTORNEYS' FEES AND COSTS" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding.

(K) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute only one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Agreement attached thereto.

(L) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and to their respective permitted transferees, successors and assigns.

(M) Exhibits. All Exhibits attached hereto are hereby incorporated herein.

(N) No Third Party Beneficiaries. Persons who are not parties to this Agreement shall have no rights or privileges (whether as a third party beneficiary or otherwise) under or by virtue of this Agreement.

(O) Business Days. In the event that any of the dates specified in this Agreement shall fall on a Saturday, Sunday, or a holiday recognized by the State of California or the Commonwealth of Massachusetts, then the date of such action shall be deemed to be extended to the next business day.

(P) Consent to Jurisdiction and Service of Process. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PERSON ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any other party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(Q) Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims and all common law and statutory rights. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS OF THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

[SIGNATURES ON NEXT PAGE]

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

"OPTIONOR"

THREE EMBARCADERO CENTER VENTURE,
a California General Partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership, as Manager

By: BOSTON PROPERTIES, INC., a Delaware corporation, as General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor
Title: Vice President

"OPTIONEE"

THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA, a New Jersey corporation

By: /s/ Gary L. Frazier

Name: _____
Title: _____

JOINDER

The undersigned, as maker of the Remainder Notes, agrees that on the Closing Date, at the request of Optionor, it will execute the Joinder and Release on the Assignment and Assumption of Loan in the form attached hereto as Exhibit D, which will be executed at such Closing.
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PRUDENTIAL REALTY SECURITIES, INC.,
a Delaware corporation

By: /s/ Paul D. Egan

Name: Paul D. Egan
Title: Vice President

EXHIBIT A

INVESTMENT NOTES

A-1

EXHIBIT B

CALCULATION OF
FAIR MARKET VALUE

The Fair Market Value of the Remainder Notes shall equal the aggregate Remaining Cash Flow for all Remainder Notes discounted from each respective scheduled payment due date to the Closing Date at a discount factor equal to the Discount Rate for each such Remainder Note. Notwithstanding the foregoing, if on the Determination Date an Investment Loan Borrower Credit Event exists, then Optionor shall appoint an investment banking firm of national recognition (which will be satisfactory to Optionee in its reasonable discretion) to determine the change in the Fair Market Value of the Remainder Notes for purposes of this Agreement. In the event that an investment banking firm is appointed to determine the change in the Fair Market Value of any Remainder Note as of the Determination Date pursuant to the preceding sentence, such investment banking firm shall be instructed to determine the change in the Fair Market Value of such Remainder Note based on the following four factors: (i) changes in market interest rates since the date of funding of the Remainder Note, (ii) the time period remaining from the Determination Date until the earlier of the next Rate Reset Date of such Remainder Note and the maturity of the Remainder Note, (iii) the Remaining Cash Flow (as defined below) of the Remainder Note, and (iv) changes in the credit quality of the Remainder Note since the date of funding thereof. The parties agree that an acceptable investment banking firm would be Goldman Sachs or Merrill Lynch. As used herein, the term "INVESTMENT LOAN BORROWER CREDIT EVENT" shall mean any of the following events: (x) the credit rating of the Remainder Notes has been downgraded from the credit rating of the Remainder Notes on the date hereof by both of the Rating Agencies, or (y) in the reasonable discretion of the managing general partner of Optionor, there has been, as compared to the date hereof, a material diminution or degradation in the value of the assets of the Investment Loan Borrower or the ability of the Investment Loan Borrower to pay its outstanding obligations as they become due from the date hereof.

Defined Terms

As used herein, the following terms shall have the following meanings:

"DETERMINATION DATE" shall mean the date upon which the Fair Market Value of the Remainder Notes is determined and shall occur at 10:00 a.m. (New York City time) on the date that the Option Election Notice or Put Election Notice, as the case may be, is received by the addressee thereof.

"DISCOUNT RATE" shall mean the Reinvestment Rate plus the Margin.

"MARGIN" shall mean, with respect to any Remainder Note, the Margin (as defined in the Investment Loan Note Purchase Agreement) of such Remainder Note.

"RATING AGENCIES" shall mean Fitch IBCA, Inc. and Standard and Poor's Corporation.

"REINVESTMENT RATE" shall mean, with respect to any Remainder Note, the offered-side yield to maturity as of the Determination Date of the U.S. Treasury security that was used to determine the then Treasury (as defined in the Investment Loan Note Purchase Agreement) of such Investment Note.

"REMAINING CASH FLOW" shall mean, for any Remainder Note, the aggregate amount of all accrued and unpaid interest, principal and other payments under such Remainder Note on the Closing Date and all principal, interest and other payments that will become due and owing under such Remainder Note from time to time from and after the Closing Date through (x) the next Rate Reset Date of such Remainder Note (the "Next Reset Date"), if the Fair Market Value is determined prior to such Rate Reset Date, or (y) the maturity of such Remainder Note (including, without limitation, any balloon or other principal payments due and owing on said maturity date), if the Fair Market Value is determined after all Rate Reset Dates provided in such Remainder Note, as each such payment would become due and payable pursuant to the terms of the applicable Remainder Note and the Investment Loan Documents (but assuming, if clause (x) above applies, ---------- that any interest that is scheduled to be accrued but unpaid as of the Next Reset Date (i.e., because the interest payment date with respect thereto will ---- not have occurred), and any outstanding principal and any other amounts under the Investment Note on such Next Reset Date, will be repaid in full on the Next Reset Date; and further assuming, for purposes of calculating all future interest payments due under such Remainder Note, that the interest rate in effect with respect to the Remainder Note on the Closing Date will remain constant for purposes of determining the Fair Market Value of such Remainder Note).

EXHIBIT C

FORM OF ALLONGE TO REMAINDER NOTES

Date of Note: _____
Maker: Prudential Realty Securities, Inc.
Face Amount: $_____

PAY TO THE ORDER OF _____, WITHOUT RECOURSE, REPRESENTATION OR WARRANTY, EXCEPT AS SPECIFICALLY PROVIDED IN THAT CERTAIN OPTION AND PUT AGREEMENT DATED AS OF NOVEMBER ___, 1998, BY AND AMONG THREE EMBARCADERO CENTER VENTURE, AS OPTIONOR, AND THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, AS OPTIONEE.

Dated: _____, 199__

THREE EMBARCADERO CENTER VENTURE,
a California general partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
its Managing General Partner

By: BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership, as Manager

By: BOSTON PROPERTIES, INC.
a Delaware Corporation,
as General Partner

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF ASSIGNMENT AND ASSUMPTION
OF LOAN

ASSIGNMENT AND ASSUMPTION
OF LOAN

FOR VALUE RECEIVED, the receipt and sufficiency of which are hereby acknowledged, THREE EMBARCADERO CENTER VENTURE, a California general partnership ("ASSIGNOR"), hereby sells, grants, assigns and transfers to _____ ("ASSIGNEE"), without recourse, representation or warranty (except as expressly set forth in that certain Option and Put Agreement dated as of _____, 1998, by and between Assignor and The Prudential Insurance Company of America), and Assignee hereby purchases and assumes from Assignor, (i) all right, title and interest of Assignor under and in connection with those certain promissory notes evidencing the principal amount of _____ Dollars ($_____), executed and delivered by Prudential Realty Securities, Inc., as "maker" (the "REMAINDER NOTES"), and (ii) the rights of Assignor in, to and under all documents and instruments listed on Exhibit A attached hereto and incorporated herein by this reference, which documents and instruments further evidence, secure and/or govern the Remainder Notes; but only to the extent that such documents and instruments relate to the Remainder Notes (it being acknowledged and agreed that the Remainder Notes are a portion of a $_____ loan and that the principal balance of such loan that is not evidenced by the Remainder Notes (and all documents and instruments relating to such principal balance) has been transferred to The Prudential Insurance Company of America). The Remainder Notes and all other documents listed on Exhibit A attached hereto to the extent they relate to the Remainder Notes shall sometimes hereinafter be collectively referred to as the "INVESTMENT LOAN DOCUMENTS".

Assignee hereby accepts the foregoing assignment and agrees to assume, pay, perform and discharge, as and when due, all of the agreements, obligations and liabilities of Assignor under or arising from or out of the Remainder Notes and the Investment Loan Documents (but only to the extent relating to the Remainder Notes) to be paid, performed or discharged on and after the date hereof and agrees to be bound by all of the terms and conditions of the Investment Loan Documents to be performed on and after the date hereof (but only to the extent relating to the Remainder Notes) (all such items, collectively, the "POST-CLOSING OBLIGATIONS").

This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee, and their respective successors and assigns.

"ASSIGNOR"

THREE EMBARCADERO CENTER VENTURE, a California General Partnership

By: BOSTON PROPERTIES LLC, a Delaware limited liability company, as Managing General Partner

By: BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership, as Manager

By: BOSTON PROPERTIES, INC., a Delaware corporation, as General Partner

By:_____
Name:_____
Title:_____

"ASSIGNEE"

[INSERT ASSIGNEE SIGNATURE BLOCK]

JOINDER AND RELEASE

The undersigned, as maker of the Remainder Notes, hereby agrees to release the Assignor from all Post-Closing Obligations and shall look only to Assignee for satisfaction of the same.

PRUDENTIAL REALTY SECURITIES, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBIT 99.22

OPTION AND PUT AGREEMENT

THIS OPTION AND PUT AGREEMENT (this "AGREEMENT") is entered into as of November 12, 1998, by and between FOUR EMBARCADERO CENTER VENTURE, a California general partnership ("OPTIONOR"), and THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation ("PRUDENTIAL" and together with any permitted assignee or designee hereunder hereinafter sometimes referred to as "OPTIONEE").

RECITALS

A. Optionor is the "holder" and "payee" under those certain Senior Notes of even date herewith, executed and delivered by Prudential Realty Securities, Inc., a Delaware corporation ("INVESTMENT LOAN BORROWER"), in the aggregate principal amount of One Hundred Forty-Three Million One Hundred Nineteen Thousand and No/100 Dollars ($143,119,000.00) (the "INVESTMENT LOAN"), copies of which notes are attached hereto as Exhibit A (the "INVESTMENT NOTES").

The Investment Notes were made pursuant to the Note Purchase Agreement of even date herewith, by and between Optionor and Investment Loan Borrower (the "INVESTMENT LOAN NOTE PURCHASE AGREEMENT").

B. Pursuant to that certain Redemption Agreement of even date herewith, by and among Optionor, Prudential, Boston Properties LLC and BP EC4 Holdings LLC (the "REDEMPTION AGREEMENT"), the Investment Notes (or certain of the Investment Notes or portions thereof as provided in accordance with the terms and provisions of the Redemption Agreement) may be distributed (together with cash, if necessary pursuant to the Redemption Agreement) to Prudential in full redemption of its partnership interest in Optionor. The date on which such Investment Notes (or portions thereof) are distributed to Prudential and Prudential's partnership interest in the Optionor is fully redeemed (such that Prudential is no longer a partner or constituent of Optionor) pursuant to the Redemption Agreement shall be referred to in this Agreement as the "REDEMPTION DATE".

C. Pursuant to certain terms, provisions and conditions of the Redemption Agreement, less than the entire principal face amount of all Investment Notes may be distributed to Prudential on the Redemption Date. In such event, the Optionor may retain, as payee, a portion of the aggregate principal amount of all Investment Notes (the "REMAINDER") after the Redemption Date, which Remainder will be evidenced by one or more of the Investment Notes that are retained by Optionor pursuant to the Redemption Agreement and, if applicable pursuant to the terms and provisions of the Redemption Agreement and the Investment Loan Note Purchase Agreement, a new promissory note issued by the Investment Loan Borrower in accordance with Section 2 of the Redemption Agreement, all of which notes shall have an aggregate principal amount equal to the Remainder (collectively, the "REMAINDER NOTES"). All documents and instruments evidencing, securing or relating to the Investment Notes or Remainder Notes (including, without limitation,

the Investment Loan Note Purchase Agreement) shall be herein referred to as the "INVESTMENT LOAN DOCUMENTS".

D. Optionee desires to acquire an option to purchase and acquire Optionor's entire interest in, to and under any such Remainder Notes and Optionor is willing to grant such option, and Optionor desires to acquire a put right to cause Optionee to purchase and acquire Optionor's entire interest in, to and under any such Remainder Notes and Optionee is willing to grant such put right to Optionor, all upon the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the benefits accruing to the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Optionor and Optionee, Optionor and Optionee hereby agree as follows:

1. OPTION.

(A) Grant of Option. Optionor hereby unconditionally and irrevocably grants, conveys, transfers and assigns to Optionee (or its designee) the exclusive option and right to, subject to the terms and provisions of this Agreement, acquire Optionor's entire right, title and interest in, to and under all Remainder Notes in accordance with and subject to the terms and conditions of this Agreement; provided that, Optionee shall assume all of Optionor's duties, obligations and liabilities arising under the Remainder Notes and the Investment Loan Documents (but only to the extent the same relate to the Remainder Notes) accruing from and after the Closing Date (the "OPTION").

(B) Term and Exercise of Option. Optionee may exercise the Option at any time from and after the Redemption Date and on or before 6:00 p.m pacific coast time on the earlier of (x) the date which is one hundred and sixty-five (165) days after the Redemption Date and (y) August 31, 2002 (the "OPTION ELECTION PERIOD") by giving Optionor no less than ten (10) business days' written notice of exercise (the "OPTION ELECTION NOTICE"); provided that, notwithstanding the foregoing, Optionee's right to give an Option Election Notice and to purchase the Remainder Notes pursuant to its option shall be suspended during any period of time while there exists an "Investment Loan Borrower Credit Event" (as defined in Exhibit B attached hereto). The Option Election Notice shall include (i) the proposed closing date, which shall not be less than ten (10) business days after the delivery thereof nor more than twenty (20) business days after the delivery thereof, and (ii) the Optionee's calculation of the Fair Market Value (as defined in Section 3 below) of the Remainder Notes based on the proposed closing date. In the event that the Option is not exercised on or before the expiration of the Option Election Period, or the transaction has not closed within twenty (20) business days after the expiration of the Option Election Period for any reason other than the default of the Optionor, then the Option shall become null and void and of no further force or effect, and the parties hereto shall be released from all further liabilities and obligations hereunder with respect to the Option (except as otherwise expressly provided herein).

(C) Option Fee. No later than three (3) calendar days after the execution of this Agreement by Optionor and Optionee, Optionee shall pay to Optionor the sum of One Hundred Dollars ($100) (the "OPTION FEE"). The Option Fee is non-refundable (except as otherwise expressly provided in this Agreement); provided that, the Option Fee shall be credited against the Purchase Price (as defined in Section 3 below) payable at Closing (as defined in Section 4(a) below).

2. PUT.

(A) Grant of Put. Optionee hereby unconditionally and irrevocably grants, conveys, transfers and assigns to Optionor the exclusive right to, subject to the terms and provisions of this Agreement, put and sell to Optionee Optionor's entire right, title and interest in, to and under all Remainder Notes in accordance with and subject to the terms and conditions of this Agreement (the "PUT"). Optionee shall be obligated to acquire such Remainder Notes upon the exercise of Optionor's Put and to assume all of Optionor's duties, obligations and liabilities arising under the Remainder Notes and the Investment Loan Documents (but only to the extent the same relate to the Remainder Notes) accruing from and after the Closing Date. In the event that Optionor exercises its Put, the Option Fee shall be credited against the Purchase Price payable at Closing.

(B) Term and Exercise of Put. Optionor may exercise the Put at any time during the Put Period (defined immediately below) by giving Optionee no less than ten (10) business days' written notice of exercise (the "PUT ELECTION NOTICE") at any time prior to the expiration of the Put Period; provided that, notwithstanding the foregoing, Optionor's right to give a Put Election Notice and to put the Remainder Notes to Optionee pursuant to this Agreement shall be suspended during any period of time while the Remainder Notes have been accelerated and such acceleration has not been rescinded by the holders of the Remainder Notes. The Put Election Notice shall include (i) the proposed closing date, which shall not be less than ten (10) business days after the delivery thereof nor more than twenty (20) business days after the delivery thereof, and (ii) the Optionor's calculation of the Fair Market Value of the Remainder Notes based on the proposed closing date. In the event that the Put is not exercised prior to the expiration of the Put Period, and the transaction has not closed on or before the date which is twenty (20) business days after the expiration of the Put Period for any reason other than the default of the Optionee, then the Put shall become null and void and of no further force or effect, and the parties hereto shall be released from all further liabilities and obligations hereunder with respect to the Put (except as otherwise expressly provided herein). As used herein, the "PUT PERIOD" shall mean the period of time commencing on the thirty-first (31st) day after the expiration of the Option Election Period and expiring at 6:00 p.m. pacific coast time on the thirtieth (30th) day thereafter.

3. PURCHASE PRICE. The total purchase price ("PURCHASE PRICE") which Optionee shall pay to Optionor for the Remainder Notes upon the exercise of the Option or Put shall be the Fair Market Value of such Remainder Notes on the date of Closing. At Closing, Optionee shall pay to Optionor the entire balance of the Purchase Price, over and above the Option

Fee previously paid to Optionor and credited to the Purchase Price in accordance with the terms and provisions of Sections 1(c) and 2(a) above (provided that the parties acknowledge and agree that no interest or other income earned by Optionor on the Option Fee shall be credited against the Purchase Price), by wire transfer of immediately available funds. The "FAIR MARKET VALUE" of the Remainder Notes shall be calculated and determined as of the Closing Date as provided in Exhibit B attached hereto.

4. CLOSING.

(A) Closing. Upon exercise of the Option or Put as provided in (and in accordance with) any of Sections 1 or 2 above, the purchase and sale of the Remainder Notes shall close on the closing date specified in the Option Election Notice or Put Election Notice, as applicable, in accordance with the terms of Sections 1(b) and 2(b), respectively (the "CLOSING DATE"). As used herein, the term "CLOSING" means the date and time that the Purchase Price due under Section 3 above is paid to Optionor for the Remainder Notes, and the Remainder Notes are endorsed to the order of Optionee and all other documents and instruments of transfer and assumption are executed and delivered by the parties in accordance with the terms and provisions of subsection (b) below.

(B) Closing Procedure. The sale of the Remainder Notes shall be consummated on the Closing Date as follows:

(I) On or before the Closing Date, Optionor shall execute and deliver to Optionee (A) an Allonge to each Remainder Note in the form of Exhibit C attached hereto (the "ALLONGE"); (B) counterpart originals of an Assignment and Assumption of Loan in the form of Exhibit D attached hereto (the "ASSIGNMENT"), executed by Optionor; and (C) the original Remainder Notes and originals or copies of all other Investment Loan Documents in Optionor's possession or within its control.

(II) On or before the Closing Date, Optionee shall deliver to Optionor, (A) in immediately available funds the Purchase Price (less the Option Fee) and such additional amounts as may be required to satisfy Optionee's share of any Closing costs; and (B) counterpart originals of the Assignment, executed by Optionee.

(III) All reasonable Closing and escrow fees and costs incurred in connection with the transactions described in this Agreement shall be paid fifty percent (50%) by Optionor and fifty percent (50%) by Optionee; provided that, each party hereto shall bear the expense of its own counsel.

5. OPTIONOR'S REPRESENTATIONS AND WARRANTIES. Optionor hereby represents and warrants to Optionee as of the date hereof and as of the Closing Date as follows:

(A) Subject to the rights of Prudential under the Redemption Agreement, Optionor is the sole owner of the Investment Notes on the date hereof, and on the Closing Date, Optionor shall be the sole owner of the Remainder Notes. Further, the Investment Notes are free and clear of all liens and third party interests on the date hereof (other than the interests and rights in favor of Prudential under the Redemption Agreement and any pledge of the Investment Notes securing the Equity Redemption Loan (as defined in the Redemption Agreement)), and on the Closing Date, the Remainder Notes shall be free and clear of all liens and third party interests of any kind or nature, except as created by this Agreement. Optionor has not amended, modified, terminated or otherwise by written agreement altered the Investment Notes or other Investment Loan Documents except as specifically disclosed to Optionee in writing prior to the date hereof, and on the Closing Date, except as otherwise amended, modified or altered in connection with the transactions contemplated in the Redemption Agreement, Optionor shall not have amended, modified, terminated or otherwise altered the Investment Notes, Remainder Notes or other Investment Loan Documents without Optionee's written consent obtained in accordance with Section 7 hereof.
- ---------

(B) As of the date hereof, Optionor has not assigned or transferred the Investment Notes or any of the other Investment Loan Documents (except for any pledge of the Investment Notes securing the Equity Redemption Loan), nor are there any agreements to assign or convey any portion of such Investment Loan Documents to any person other than Optionee and Prudential in accordance with this Agreement and the Redemption Agreement, respectively. On the Closing Date, Optionor shall not have assigned or transferred the Remainder Notes or any of the other Investment Loan Documents (except for such portion of the Investment Notes transferred to Prudential in accordance with the Redemption Agreement), nor shall there be any agreements to assign or convey the Remainder Notes or any portion of such Investment Loan Documents to any person other than Optionee (except with respect to Prudential's rights under the Redemption Agreement).

(C) To Optionor's knowledge, Optionor has all requisite power and authority to execute and deliver, and to perform all of its obligations under, this Agreement and all instruments and other documents to be executed and delivered to Optionee in connection with the transactions described herein.

(D) To Optionor's knowledge, Optionor is a duly formed general partnership under the laws of the State of California, and this Agreement, and all the instruments and documents to be executed and delivered by Optionor in connection herewith, are legal, valid and binding obligations of Optionor enforceable against it in accordance with their respective terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally.

(E) To Optionor's knowledge, the execution of this Agreement and the performance of Optionor's obligations hereunder will not conflict with or result in a breach of any statute, rule, regulation, judgment, decree or order of any court, board, committee or governmental agency to

which Optionor is subject, nor violate any agreement or contract to which Optionor is a party or by which Optionor is bound. To Optionor's knowledge, no consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by Optionor of, or compliance by Optionor with, this Agreement or the consummation of the transactions contemplated by it, except for such consents, approvals, authorizations or orders, if any, that have been obtained.

Each of the foregoing representations and warranties shall survive the Closing for a period of twelve (12) months immediately thereafter.

6. OPTIONEE'S REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGMENTS.

Optionee hereby represents, warrants and acknowledges to Optionor as of the date hereof and as of the Closing Date as follows:

(A) Optionee is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey. Optionee has all requisite power and authority to execute and deliver, and to perform all of its obligations under, this Agreement and all instruments and other documents executed and delivered by Optionee in connection with the transactions contemplated herein. This Agreement, and all the instruments and documents to be executed and delivered by Optionee in connection herewith, are legal, valid and binding obligations of Optionee enforceable against it in accordance with their respective terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally.

(B) The execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the part of Optionee and does not require any consent or approval of any party that has not been obtained.

(C) The execution of this Agreement and the performance of Optionee's obligations hereunder will not conflict with or result in a breach of any statute, rule, regulation, judgment, decree or order of any court, board, committee or governmental agency to which Optionee is subject, nor violate any agreement or contract to which Optionee is a party or by which Optionee is bound. No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by Optionee of, or compliance by Optionee with, this Agreement or the consummation of the transactions contemplated by it, except for such consents, approvals, authorizations or orders, if any, that have been obtained.

(D) Optionee has made, and will make, prior to the Closing, such examination, review and investigation of the facts and circumstances as necessary to evaluate the Remainder Notes. Optionee further acknowledges that in acquiring the Remainder Notes, Optionee is assuming the risk of full or partial loss which is inherent with the credit, collateral and collectibility risks associated with the quality and character of the loan evidenced by the Remainder Notes.

(E) Optionee is an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended. The Remainder Notes will be acquired by Optionee for its own account for investment only and not with a view to, or with any intention of, a distribution or resale thereof, in whole or in part.

(F) Optionee has not relied upon any representations, warranties or statements of any kind made by, or on behalf of, Optionor, except as specifically set forth in this Agreement. Optionee acknowledges that, except for the express representations and warranties by Optionor set forth in, or to be made in instruments delivered pursuant to, this Agreement, Optionor negates and disclaims all representations, warranties and statements of every kind or type (express or implied) and, except for the Optionor's representations and warranties set forth herein, the Remainder Notes are being acquired "as is" with no recourse to Optionor for any default thereunder or diminution in value with respect thereto.

Each of the foregoing representations and warranties shall survive the Closing for a period of twelve (12) months immediately thereafter.

7. COVENANTS. Optionor hereby covenants and agrees that, from and after the date hereof, except as otherwise contemplated in and permitted by the Redemption Agreement, Optionor will not, without Optionee's prior written consent, (a) amend, modify, cancel or terminate, any of the Investment Notes, Remainder Notes or Investment Loan Documents in any manner which will adversely affect or impact the interest of the "payee" under the Remainder Notes and Investment Loan Documents if and when such Remainder Notes are transferred to Optionee, (b) waive, relinquish or allow to lapse any right of Optionor as "lender/payee" under the Investment Notes, Remainder Notes or Investment Loan Documents which will in any manner adversely affect or impact the interest of the "payee" under the Remainder Notes and other Investment Loan Documents if and when such Remainder Notes are transferred to Optionee, or (c) agree or consent to any agreements or understandings that will impact the Remainder Notes if and when such Remainder Notes are transferred to Optionee. In furtherance of the foregoing, except for the transfer of Investment Notes to Prudential pursuant to the Redemption Agreement and any pledge of the Investment Notes to secure the Equity Redemption Loan, Optionor shall not sell, assign or otherwise transfer any of the Investment Notes or Remainder Notes prior to the expiration of the Option Election Period; provided that, (i) Optionor shall be permitted to transfer any Remainder Notes after the "Redemption Distribution" under the Redemption Agreement subject to this Agreement, and (ii) all restrictions on the transferability of the Investment Notes and Remainder Notes shall cease upon the expiration of the Option Election Period and Optionor shall thereafter be permitted to freely transfer the Investment Notes and/or Remainder Notes without restriction. Upon written request by either party at or prior to the Closing, the other party shall give to the requesting party written notice of any newly discovered information that causes any of the representations or warranties of such responding party made in this Agreement to be materially untrue or incorrect, or of the occurrence of any event or circumstance that would materially modify or affect the substance of such representations and warranties.

8. CONFIDENTIALITY; PRESS RELEASES. Each party hereto hereby agrees that, except as required by law or the regulations of an exchange on which securities of such party are listed or unless compelled by an order of a court, and except for such disclosures to each party's lenders, consultants, attorneys, prospective investors, agents, assignees, partners, officers, directors, employees and advisors as may be necessary or advisable in connection with the consummation of the transactions contemplated herein (provided each such person is instructed to comply with the terms of this confidentiality provision), it shall keep the contents of this Agreement and the transactions contemplated hereby confidential and further agrees to refrain from generating or participating in any publicity statement, press release, or other public notice regarding this Agreement or the transactions contemplated hereby, without the prior written consent of the other party, which consent shall not be unreasonably withheld. The terms and provisions of this Section 8 shall survive the Closing or any termination of this Agreement and shall not be merged into any instrument or conveyance delivered at the Closing.

9. COMMISSIONS. Optionor and Optionee each agrees to indemnify, defend, protect and hold the other harmless from and against any and all commissions, finder's and/or similar fees or compensation claimed by any broker or finder in connection with Optionee's purchase of the Remainder Notes based on claimed contacts with, or other acts or omissions of, such indemnifying party. The terms and provisions of this Section 9 shall survive the Closing or termination of this Agreement.

10. REMEDIES. In the event of any material breach by either party to this Agreement, the remedy at law in favor of the other party may be inadequate and such other party, in addition to all other rights and remedies which may be available to it at law or in equity, shall have the right of specific performance in the event of any material breach, or injunction in the event of an anticipatory material breach, of this Agreement by the other party. Furthermore, upon the material breach of this Agreement by any party, the other party shall have the right to terminate this Agreement and to recover its damages, and, upon a material breach by Optionor, Optionee shall also have the right to receive a refund of the Option Fee. Such refund of the Option Fee shall be in addition to, and not in lieu of, any other remedies which Optionee may have against Optionor at law or in equity arising from Optionor's breach.

11. INDEMNIFICATION. Optionor hereby agrees to indemnify, protect, defend, save and hold harmless Optionee, and Optionee's trustees, officers, directors, shareholders, beneficiaries, members, partners, agents, employees, investment advisors and independent contractors from and against any and all duties, obligations, liabilities, suits, claims, demands, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and costs), arising out of a breach by the Optionor of any of its representations and warranties made in Section 5. Optionee hereby agrees to indemnify, protect, defend, save and hold harmless Optionor, and Optionor's trustees, officers, directors, shareholders, beneficiaries, members, partners, agents, employees, investment advisors and independent contractors from and against any and all duties, obligations, liabilities, suits, claims, demands, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and costs), arising out of a

breach by the Optionee of any of its representations and warranties made in Section 6. The terms and provisions of this Section 11 shall survive the Closing or the termination of this Agreement for a period of twelve (12) months immediately thereafter.

12. ESCROW INSTRUCTIONS. Upon the request of either Optionor or Optionee, the parties hereto shall execute and deliver any and all escrow documents reasonably approved by such party and perform any and all acts reasonably necessary or appropriate to open and enter into an escrow in order to consummate the transactions contemplated herein. Such agreements may include, without limitation, customary escrow instructions (including, without limitation, standard general terms and conditions to the extent the appointed escrow agent demands such provisions in order to serve as escrow agent), as may be reasonably necessary or desirable in order to enable the escrow agent to comply with the terms of this Agreement. The escrow agent shall be selected by the party making the request for an escrow (and shall not be affiliated with such party), but shall be subject to the written approval of the other party, which approval shall not be unreasonably withheld or delayed. The parties shall share equally the costs and expenses of the escrow and escrow agent.

13. MISCELLANEOUS.

(A) Authority. Each individual and entity executing this Agreement represents and warrants that he, she or it has the capacity set forth on the signature pages hereof with full power and authority to bind the party on whose behalf he, she or it is executing this Agreement to the terms hereof.

(B) Further Assurances. Optionor and Optionee shall each execute and deliver to the other such further documents and instruments as may be reasonably requested by either of them in order to effectuate the intent of this Agreement and to obtain the full benefit of this Agreement. Any request by either party under this Section 13(b) shall be accompanied by the document proposed for signature by the party requesting it, in form and substance satisfactory to the party of whom the request is made and its attorneys. The party making the request shall bear and discharge any fees or expenses incident to the preparation, filing or recording of the document requested pursuant to this Section 13(b).

(C) Time of the Essence. Time is of the essence in the performance of and compliance with each of the provisions of this Agreement.

(D) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California, without reference to California's conflicts or choice of law principles.

(E) Entire Agreement. THIS AGREEMENT, THE MASTER TRANSACTION AGREEMENT DATED AS OF SEPTEMBER 28, 1998, BY AND AMONG PRUDENTIAL, PIC, CERTAIN PERSONS LISTED ON EXHIBIT A THERETO, FEDMARK CORPORATION,

EMBARCADERO CENTER INVESTORS PARTNERSHIP, PACIFIC PROPERTY SERVICES, L.P., BOSTON PROPERTIES LIMITED PARTNERSHIP AND BOSTON PROPERTIES, INC. AND ALL TRANSACTION DOCUMENTS DESCRIBED THEREIN (COLLECTIVELY, THE "TRANSACTION DOCUMENTS") REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. The parties make no representations or warranties to each other, except as specifically contained in this Agreement or in the accompanying exhibits or the certificates or other closing documents delivered according to this Agreement or in the other Transaction Documents. All prior agreements and understanding between the parties hereto with respect to the transactions contemplated hereby, whether verbal or in writing, are superseded by, and are deemed to have been merged into, this Agreement and all other Transaction Documents. Any waiver, modification, consent or acquiescence with respect to any provision of this Agreement shall be set forth in writing and duly executed by or in behalf of the party to be bound thereby. No waiver by any party of any breach hereunder shall be deemed a waiver of any other or subsequent breach.

(F) Modifications. This Agreement may not be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

(G) Severability. If any provision of this Agreement shall be determined to be invalid, illegal or unenforceable, the balance of this Agreement shall remain in full force and effect and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances.

(H) Assignee; Designee. Optionee may assign this Agreement or designate a designee to acquire Optionor's entire right, title and interest in and to the Remainder Notes at any time prior to the Closing; provided that, in no event shall Prudential be released from any of the obligations or liabilities of the "Optionee" hereunder without the prior written consent of Optionor. This Agreement may not otherwise be assigned, nor may any interest herein be assigned, by Optionee without Optionor's prior written consent.

(I) Notices. All notices, elections, consents, approvals, demands, objections, requests or other communications which any party hereto may be required or desire to give to the other party hereto must be in writing and sent by (i) first class U.S. certified or registered mail, return receipt requested, with postage prepaid, (ii) telecopy or facsimile (with a copy sent by first class U.S. certified or registered mail, return receipt requested, with postage prepaid), or (iii) express mail or a nationally recognized courier (for next business day delivery). A notice or other communication sent in compliance with the provisions of this Section 13(i) shall be deemed given and received on (a) the third (3rd) day following the date it is deposited in the U.S. mail, (b) the date of confirmed dispatch if sent by facsimile or telecopy (provided that a copy thereof is sent by

mail in the manner provided in clause (i) above), or (c) the date it is
delivered to the other party if sent by express mail or courier. The addresses
for the parties are as follows:

All notices and other communications to Optionor shall be given to it at:

c/o Boston Properties, Inc.
8 Arlington Street
Boston, Massachusetts 02116-3495
Attention: General Counsel
Facsimile No.: (617) 421-1555

with a copy to:

Goulston & Storrs, P.C.
400 Atlantic Avenue
Boston, Massachusetts 02110-3333
Attention: Eli Rubenstein, Esq.
Facsimile No.: (617) 574-4112

All notices and other communications to Optionee shall be given to it at:

The Prudential Insurance Company of America
Prudential Realty Group
8 Campus Drive, 4th Floor
Arbor Circle South
Parsippany, New Jersey 07054
Attention: John R. Triece
Facsimile No.: (201) 734-1472

with a copy to:

The Prudential Insurance Company of America
Prudential Capital Group
Four Embarcadero Center
Suite 2700
San Francisco, California 94111
Attention: Harry N. Mixon, Esq.
Facsimile No.: (415) 956-2197

and a copy to:

O'Melveny & Myers LLP
Embarcadero Center West

275 Battery Street
Suite 2600
San Francisco, California 94111
Attention: Stephen A. Cowan, Esq.
Facsimile No.: (415) 984-8701

Any party may designate another addressee or change its address for notices and other communications hereunder by a notice given to the other parties in the manner provided in this Section 13(i).

(J) Attorneys' Fees. If any action is brought by either party against the other party relating to or arising out of this Agreement, the transactions described herein or the enforcement hereof, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs incurred in connection with the prosecution or defense of such action. For purposes of this Agreement, the term "ATTORNEYS' FEES" or "ATTORNEYS' FEES AND COSTS" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and other persons not admitted to the bar but performing services under the supervision of an attorney, and the costs and fees incurred in connection with the enforcement or collection of any judgment obtained in any such proceeding.

(K) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute only one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Agreement attached thereto.

(L) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and to their respective permitted transferees, successors and assigns.

(M) Exhibits. All Exhibits attached hereto are hereby incorporated herein.

(N) No Third Party Beneficiaries. Persons who are not parties to this Agreement shall have no rights or privileges (whether as a third party beneficiary or otherwise) under or by virtue of this Agreement.

(O) Business Days. In the event that any of the dates specified in this Agreement shall fall on a Saturday, Sunday, or a holiday recognized by the State of California or the Commonwealth of Massachusetts, then the date of such action shall be deemed to be extended to the next business day.

(P) Consent to Jurisdiction and Service of Process. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PERSON ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT EACH PARTY HERETO ACCEPTS FOR ITSELF, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. Each party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any other party hereto, at its address provided in this Agreement, such service being hereby acknowledged by each party to be sufficient for personal jurisdiction in any action against such party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(Q) Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims and all common law and statutory rights. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each has already relied on this waiver in entering into this Agreement, and that each shall continue to rely on this waiver in their related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS OF THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

[SIGNATURES ON NEXT PAGE]

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

"OPTIONOR"

FOUR EMBARCADERO CENTER VENTURE,
a California General Partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, as Manager

By: BOSTON PROPERTIES,
INC., a Delaware corporation,
General Partner

By: /s/ Thomas J. O'Connor

Name: Thomas J. O'Connor

Title: Vice President

"OPTIONEE"

THE PRUDENTIAL INSURANCE COMPANY OF
AMERICA, a New Jersey corporation

By: /s/ Gary L. Frazier

Name: _____
Title: _____

JOINDER

The undersigned, as maker of the Remainder Notes, agrees that on the Closing Date, at the request of Optionor, it will execute the Joinder and Release on the Assignment and Assumption of Loan in the form attached hereto as Exhibit D, which will be executed at such Closing.
- ---------

PRUDENTIAL REALTY SECURITIES, INC.,
a Delaware corporation

By: /s/ Paul D. Egan

Name: Paul D. Egan

Title: Vice President

EXHIBIT A

INVESTMENT NOTES

A-1

EXHIBIT B

CALCULATION OF
FAIR MARKET VALUE

The Fair Market Value of the Remainder Notes shall equal the aggregate Remaining Cash Flow for all Remainder Notes discounted from each respective scheduled payment due date to the Closing Date at a discount factor equal to the Discount Rate for each such Remainder Note. Notwithstanding the foregoing, if on the Determination Date an Investment Loan Borrower Credit Event exists, then Optionor shall appoint an investment banking firm of national recognition (which will be satisfactory to Optionee in its reasonable discretion) to determine the change in the Fair Market Value of the Remainder Notes for purposes of this Agreement. In the event that an investment banking firm is appointed to determine the change in the Fair Market Value of any Remainder Note as of the Determination Date pursuant to the preceding sentence, such investment banking firm shall be instructed to determine the change in the Fair Market Value of such Remainder Note based on the following four factors: (i) changes in market interest rates since the date of funding of the Remainder Note, (ii) the time period remaining from the Determination Date until the earlier of the next Rate Reset Date of such Remainder Note and the maturity of the Remainder Note, (iii) the Remaining Cash Flow (as defined below) of the Remainder Note, and (iv) changes in the credit quality of the Remainder Note since the date of funding thereof. The parties agree that an acceptable investment banking firm would be Goldman Sachs or Merrill Lynch. As used herein, the term "INVESTMENT LOAN BORROWER CREDIT EVENT" shall mean any of the following events: (x) the credit rating of the Remainder Notes has been downgraded from the credit rating of the Remainder Notes on the date hereof by both of the Rating Agencies, or (y) in the reasonable discretion of the managing general partner of Optionor, there has been, as compared to the date hereof, a material diminution or degradation in the value of the assets of the Investment Loan Borrower or the ability of the Investment Loan Borrower to pay its outstanding obligations as they become due from the date hereof.

Defined Terms

As used herein, the following terms shall have the following meanings:

"DETERMINATION DATE" shall mean the date upon which the Fair Market Value of the Remainder Notes is determined and shall occur at 10:00 a.m. (New York City time) on the date that the Option Election Notice or Put Election Notice, as the case may be, is received by the addressee thereof.

"DISCOUNT RATE" shall mean the Reinvestment Rate plus the Margin.

"MARGIN" shall mean, with respect to any Remainder Note, the Margin (as defined in the Investment Loan Note Purchase Agreement) of such Remainder Note.

"RATING AGENCIES" shall mean Fitch IBCA, Inc. and Standard and Poor's Corporation.

"REINVESTMENT RATE" shall mean, with respect to any Remainder Note, the offered-side yield to maturity as of the Determination Date of the U.S. Treasury security that was used to determine the then Treasury (as defined in the Investment Loan Note Purchase Agreement) of such Investment Note.

"REMAINING CASH FLOW" shall mean, for any Remainder Note, the aggregate amount of all accrued and unpaid interest, principal and other payments under such Remainder Note on the Closing Date and all principal, interest and other payments that will become due and owing under such Remainder Note from time to time from and after the Closing Date through (x) the next Rate Reset Date of such Remainder Note (the "Next Reset Date"), if the Fair Market Value is determined prior to such Rate Reset Date, or (y) the maturity of such Remainder Note (including, without limitation, any balloon or other principal payments due and owing on said maturity date), if the Fair Market Value is determined after all Rate Reset Dates provided in such Remainder Note, as each such payment would become due and payable pursuant to the terms of the applicable Remainder Note and the Investment Loan Documents (but assuming, if clause (x) above applies, ---------- that any interest that is scheduled to be accrued but unpaid as of the Next Reset Date (i.e., because the interest payment date with respect thereto will ---- not have occurred), and any outstanding principal and any other amounts under the Investment Note on such Next Reset Date, will be repaid in full on the Next Reset Date; and further assuming, for purposes of calculating all future interest payments due under such Remainder Note, that the interest rate in effect with respect to the Remainder Note on the Closing Date will remain constant for purposes of determining the Fair Market Value of such Remainder Note).

EXHIBIT C

FORM OF ALLONGE TO REMAINDER NOTES

Date of Note: _____
Maker: Prudential Realty Securities, Inc.
Face Amount: $_____

PAY TO THE ORDER OF _____, WITHOUT RECOURSE, REPRESENTATION OR WARRANTY, EXCEPT AS SPECIFICALLY PROVIDED IN THAT CERTAIN OPTION AND PUT AGREEMENT DATED AS OF NOVEMBER ___, 1998, BY AND AMONG FOUR EMBARCADERO CENTER VENTURE, AS OPTIONOR, AND THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, AS OPTIONEE.

Dated: _____, 199__

FOUR EMBARCADERO CENTER VENTURE,
a California general partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership, as Manager

By: BOSTON PROPERTIES, INC.
a Delaware Corporation,
as General Partner

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF ASSIGNMENT AND ASSUMPTION
OF LOAN

ASSIGNMENT AND ASSUMPTION
OF LOAN

FOR VALUE RECEIVED, the receipt and sufficiency of which are hereby acknowledged, FOUR EMBARCADERO CENTER VENTURE, a California general partnership ("ASSIGNOR"), hereby sells, grants, assigns and transfers to _____ ("ASSIGNEE"), without recourse, representation or warranty (except as expressly set forth in that certain Option and Put Agreement dated as of November ___, 1998, by and between Assignor and The Prudential Insurance Company of America), and Assignee hereby purchases and assumes from Assignor, (i) all right, title and interest of Assignor under and in connection with those certain promissory notes evidencing the principal amount of _____ Dollars ($_____), executed and delivered by Prudential Realty Securities, Inc., as "maker" (the "REMAINDER NOTES"), and (ii) the rights of Assignor in, to and under all documents and instruments listed on Exhibit A attached hereto and incorporated herein by this reference, which documents and instruments further evidence, secure and/or govern the Remainder Notes; but only to the extent that such documents and instruments relate to the Remainder Notes (it being acknowledged and agreed that the Remainder Notes are a portion of a $_____ loan and that the principal balance of such loan that is not evidenced by the Remainder Notes (and all documents and instruments relating to such principal balance) has been transferred to The Prudential Insurance Company of America). The Remainder Notes and all other documents listed on Exhibit A attached hereto to the extent they relate to the Remainder Notes shall sometimes hereinafter be collectively referred to as the "INVESTMENT LOAN DOCUMENTS".

Assignee hereby accepts the foregoing assignment and agrees to assume, pay, perform and discharge, as and when due, all of the agreements, obligations and liabilities of Assignor under or arising from or out of the Remainder Notes and the Investment Loan Documents (but only to the extent relating to the Remainder Notes) to be paid, performed or discharged on and after the date hereof and agrees to be bound by all of the terms and conditions of the Investment Loan Documents to be performed on and after the date hereof (but only to the extent relating to the Remainder Notes) (all such items, collectively, the "POST-CLOSING OBLIGATIONS").

[SIGNATURES ON NEXT PAGE]

This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee, and their respective successors and assigns.

"ASSIGNOR"

FOUR EMBARCADERO CENTER VENTURE,
a California General Partnership

By: BOSTON PROPERTIES LLC,
a Delaware limited liability company,
as Managing General Partner

By: BOSTON PROPERTIES LIMITED
PARTNERSHIP, a Delaware limited
partnership, as Manager

By: BOSTON PROPERTIES,
INC., a Delaware corporation,
as General Partner

By:_____
Name:_____
Title:_____

"ASSIGNEE"

[INSERT ASSIGNEE SIGNATURE BLOCK]

JOINDER AND RELEASE

The undersigned, as maker of the Remainder Notes, hereby agrees to release the Assignor from all Post-Closing Obligations and shall look only to Assignee for satisfaction of the same.

PRUDENTIAL REALTY SECURITIES, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBIT 99.23

STOCK PURCHASE AGREEMENT

by and between

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA,
as Investor

and

BOSTON PROPERTIES, INC.
as Company

Dated: September 28, 1998

STOCK PURCHASE AGREEMENT

INDEX

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "AGREEMENT") is entered into as of September ___, 1998, by and between BOSTON PROPERTIES INC., a Delaware corporation (the "COMPANY"), and THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation (the "INVESTOR").

W I T N E S S E T H

WHEREAS, the Company has agreed to issue and sell to Investor, and Investor has agreed to purchase from the Company, shares of a newly created class of the Company's Series A Convertible Redeemable Preferred Stock (the "SERIES A PREFERRED STOCK"), for aggregate cash consideration of $100,000,000.00; and

WHEREAS, Investor desires to purchase such Series A Preferred Stock on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in order to consummate said purchase and sale and in consideration of the mutual agreements set forth herein, the parties hereto agree as follows:

SECTION 1. SALE OF SHARES AND AGGREGATE PURCHASE PRICE.

1.1 Purchase Price and Payment. (a) In consideration of the sale by the Company to Investor of the 2,000,000 shares of Series A Preferred Stock to be acquired by Investor pursuant to this Agreement (the "SHARES") and in reliance upon the representations and warranties of the Company herein contained and to be reconfirmed at the Closing and subject to the satisfaction of all of the conditions contained herein, Investor agrees that at the Closing, Investor will deliver to the Company the aggregate amount of $100,000,000.00 (the " PURCHASE PRICE").

(b) The purchase price per Share (the "PER SHARE PRICE") shall be equal to $50.00 per share.

(c) The Purchase Price shall be delivered on the Closing Date to the Company by wire transfer of immediately available funds, to a bank account of the Company specified by the Company at least three (3) business days prior to the Closing.

1.2 Transfer of Shares. At the Closing the Company shall deliver or cause to be delivered to Investor one or more certificates (in Investor's name or in the name of Investor's nominees or designees as the Investor shall have informed the Company at least three (3) business days prior to the Closing), representing the 2,000,000 Shares that Investor is entitled to receive.

1.3 Time and Place of Closing. The closing of the purchase and sale provided for in this Agreement (herein called the "CLOSING") shall be held at the offices of Goodwin, Procter & Hoar LLP, 599 Lexington Avenue, 40th Floor, New York, New York 10022, on the Closing Date. For purposes of this Agreement, "CLOSING DATE" means the earlier to occur of: (i) ninety (90) days after the "CLOSING DATE" (as defined in that certain Master Transaction Agreement of even date herewith, by and among the Company, Investor, Boston Properties Limited Partnership, PIC Realty Corporation, Fedmark Corporation, Embarcadero Center Investors Partnership, Pacific Property Services, L.P. and certain other persons listed on Exhibit A attached thereto (the "MASTER TRANSACTION AGREEMENT")) , or if such ninetieth (90th) day is not a business day, the next ensuing business day (the "OUTSIDE DATE"); and (ii) the date (the "REDEMPTION DATE") that the redemption transactions described in those certain Redemption Agreements (as defined in the Master Transaction Agreement) are consummated in accordance with the terms of such Redemption Agreements; provided, however, that in the event the Redemption Date is the earlier date, then the Company (in its sole discretion) may elect, by written notice provided to the Investor within three (3) business days of receipt of a Redemption Notice (as defined in the Redemption Agreements), to delay the Closing until any future date prior to and including the Outside Date (provided that the Company provides Investor with at least five (5) business days written notice of the date of such delayed Closing hereunder).

1.4 Further Assurances. The Company from time to time after the Closing at the request of Investor and without further consideration shall execute and deliver further instruments of transfer and assignment and take such other action as Investor may reasonably require to more effectively transfer and assign to, and vest in, Investor the Shares and all rights thereto, and to fully implement the provisions of this Agreement.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

2.1 Making of Representations and Warranties. As a material inducement to Investor to enter into this Agreement and consummate the transactions contemplated hereby, the Company hereby makes to Investor the representations and warranties contained in this Section 2.

2.2 Organization, Good Standing and Authority. The Company is a corporation, and the Boston Properties Limited Partnership (the "PARTNERSHIP") and each other entity in which the Company directly or indirectly owns, holds or controls twenty percent (20%) or more of any class of voting equity securities of such entity and an equity investment with a current fair market value of $10,000,000.00 or more (collectively, the "SUBSIDIARIES," or individually, a "SUBSIDIARY") is a general or limited partnership, limited liability company or corporation, each of which is (a) duly organized, validly existing and in good standing under the laws of its respective state of incorporation or formation and (b) duly qualified to do business in all jurisdictions where such qualification is necessary to carry on its business as now conducted, except where failure to do so would not have a material adverse effect upon the assets, liabilities, financial condition, earnings

or operations of the Company and the Subsidiaries, taken as a whole (such change a "MATERIAL ADVERSE EFFECT") and the Company and each Subsidiary of the Company is authorized to consummate the transactions contemplated hereby and fulfill all of their respective obligations hereunder and under all documents contemplated hereunder to be executed by the Company and/or any such Subsidiary of the Company, and has all necessary power to execute and deliver this Agreement and all documents contemplated hereunder to be executed by the Company and/or any such Subsidiary of the Company, and to perform all of their respective obligations hereunder and thereunder. The Company has (i) delivered to Investor true, correct and complete copies of (a) its certificate of incorporation and bylaws and (b) the Amended and Restated Agreement of Limited Partnership (the "PARTNERSHIP AGREEMENT") of the Partnership and the Partnership's certificate of limited partnership and (ii) made available to Investor the certificate of incorporation and bylaws, or the partnership agreement and certificate of partnership or certificate of limited partnership or other formation and organizational documents, as the case may be, of each of the Subsidiaries.

2.3 Company's Authorization and Binding Effect. This Agreement has, and
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all documents contemplated hereunder to be executed by the Company when executed and delivered will have been duly authorized by all requisite corporate action on the part of the Company and are, or will be upon execution and delivery, as applicable, the valid and legally binding obligation of the Company enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights generally and to general principles of equity. Neither the execution and delivery of this Agreement and all documents contemplated hereunder to be executed by the Company, nor the performance of the obligations of the Company hereunder or thereunder will result in the violation of any provision of the certificate of organization or bylaws of the Company, or will conflict with any order or decree of any court or governmental instrumentality of any nature by which the Company is bound.

2.4 Capitalization; Status of Shares.

(a) Schedule 2.4 sets forth as of the date of this Agreement (i) the
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total number of shares of the outstanding capital stock of the Company and the Subsidiaries, (ii) all options, warrants and registration rights with respect to such stock, (iii) contractual obligations, commitments, understandings or arrangements of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire, require or make any payment in respect of any shares of equity securities of the Company or any such Subsidiary, (iv) contractual restrictions on the payment of dividends or other distributions or amount on or in respect of any of the Company's capital stock, and (v) agreements or arrangements restricting the voting or transfer of any equity securities of the Company. All of the outstanding shares of capital stock of the Company (including the Shares when issued and delivered as contemplated by the terms of this Agreement) or any Subsidiary are duly and validly issued, fully paid and non-assessable and not subject to any preemptive rights of other shareholders. At the Closing the Company will have transferred the Shares to be issued

hereunder free and clear of all liens, pledges, encumbrances, mortgages, charges or security interests of any kind (each individually a "LIEN" and collectively referred to as "LIENS"). The issuance of the Shares to Investor at the Closing will not require any material approval or consent of any individual, partnership, corporation, trust, unincorporated organization, or any government or agency or political subdivision thereof (each a "PERSON") except any such approval that shall have been obtained on or prior to the Closing.

(b) The shares of common stock of the Company, $0.01 par value (the "COMMON STOCK") issuable upon the conversion of Series A Preferred Stock in accordance with the terms of the Certificate of Designations (defined below) will be duly and validly reserved for issuance and when issued upon such conversion will be duly and validly authorized and issued, fully paid and non-assessable. Upon conversion of any shares of Series A Preferred Stock in accordance with the terms of the Certificate of Designations, the Common Stock issuable upon such conversion will be issued free and clear of all Liens and the issuance of such Common Stock will not require any approval or consent of any Person except any such approval that shall have been obtained on or prior to the Closing.

2.5 Conflicting Agreements and Other Matters. Neither the Company nor any Subsidiary is a party to any contract or agreement or subject to any certificate of incorporation or other corporate restriction compliance with which could reasonably be expected to have Material Adverse Effect. Neither the execution and delivery of the documents relating to the transaction contemplated herein nor fulfillment of nor compliance with the terms and provisions thereof, nor the issuance of the Shares to Investor (or the issuance of Common Stock upon a conversion of the Shares) pursuant to this Agreement will (i) to the Company's knowledge violate any provision of any law, statute, ordinance, order, rule, regulation or interpretation of any thereof presently in effect or in effect at the Closing Date having applicability to the Company or any Subsidiary or any of their properties, except such violations as could not reasonably be expected to have a Material Adverse Effect, (ii) conflict with or result in a breach of or constitute a default under the certificate of incorporation or bylaws or any other organizational document of either the Company or any Subsidiary, (iii) except as set forth in Schedule 2.5, require any consent, approval or notice under, or conflict with or result in a breach of, constitute a default or accelerate any right under, any note, bond, mortgage, license, indenture or loan or credit agreement, or any other agreement or instrument, to which the Company or any Subsidiary is a party or by which any of their respective properties is bound, except where the failure to obtain such consents, approvals, notices, conflicts, breaches or defaults could not reasonably be expected to have a Material Adverse Effect or (iv) result in, or require the creation or imposition of, any Lien upon or with respect to any of the properties now owned or hereafter acquired by the Company or any Subsidiary. Neither the Company nor any Subsidiary is bound by any agreement which would impose upon Investor any personal obligation or personal liability which is greater than the personal obligations and personal liabilities imposed upon Investor under this Agreement and the Registration Rights Agreement (as defined in Section 6.1(d) below). In addition, the Company

is not aware of any facts or circumstances that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

2.6 Litigation, Proceedings, etc. There is (a) no action, suit, notice of violation or proceeding pending or, to the best knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any of their respective properties before or by any agency, bureau, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign (each a "GOVERNMENTAL ENTITY") which could (individually or in the aggregate) reasonably be expected to have a Material Adverse Effect, and (b) to the best knowledge of the Company, there is no investigation or pending against or affecting the Company or any Subsidiary or any of their respective properties by any Governmental Entity which in either case (i) challenges the legality, validity or enforceability of any of the documents relating to the transactions contemplated under this Agreement, or (ii) could (individually or in the aggregate) reasonably be expected to have a Material Adverse Effect, or (iii) would (individually or in the aggregate) impair the ability of the Company to perform fully on a timely basis any obligations which it has under this Agreement or the Registration Rights Agreement.

2.7 No Default or Violation. Neither the Company nor any Subsidiary is (i) in default under or in violation of any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound, except for violations or defaults that would not result in a Material Adverse Effect, (ii) in violation of any order, decree, injunction, judgment, ruling, assessment, writ, or executive mandate of any Governmental Entity, except for violations or defaults that would not result in a Material Adverse Effect, or (iii) in violation of any law which could reasonably be expected to (A) adversely affect the legality, validity or enforceability of this Agreement, (B) have a Material Adverse Effect or (C) adversely impair the Company or any Subsidiary's ability or obligation to perform fully on a timely basis any obligation which it has under this Agreement or the Registration Rights Agreement.

2.8 Governmental Consents, etc. Except as may be required under any applicable securities law in connection with the performance by the Company of its obligations under the Registration Rights Agreement, and assuming the accuracy of the representations and warranties of, and the performance of the agreements of, Investor set forth herein, no authorization, consent, approval, waiver, license, qualification or formal exemption from, nor any filing, declaration, qualification or registration with, any Governmental Entity or any securities exchange is required in connection with the execution, delivery or performance by the Company of this Agreement and the issuance of the Shares to Investor pursuant to this Agreement except for the filing of the Certificate of Designations (defined below) with the Delaware Secretary of State and except for those that (i) have been made or obtained by the Company as of the date hereof or (ii) are set forth in Schedule 2.8. At the Closing Date, the Company will have made all filings and given all notices to Governmental Entities and obtained all necessary ordinances, registrations, declarations,

approvals, orders, consents, qualifications, franchises, certificates, permits and authorizations from any Governmental Entity, to own or lease its properties and to conduct its property and businesses as currently conducted, except where failure to do so could not reasonably be expected to have a Material Adverse Effect. At the Closing Date, all such registrations, declarations, approvals, orders, consents, qualifications, franchises, certificates, permits and authorizations, the failure of which to file, give notice of or obtain could reasonably be expected to have a Material Adverse Effect, will be in full force and effect. The assets of the Company qualify as exempt assets for purposes of the Hart-Scott-Rodino Act and no filing under the Hart-Scott-Rodino Act is required in connection with the issuance of the Shares to Investor pursuant to this Agreement.

2.9 No Registration Under the Securities Act; No General Solicitation. Registration of Shares.

(a) Assuming the continuing accuracy of Investor's representations set forth in Section 4 and compliance by Investor with the transfer restrictions set forth in the legends on the certificates evidencing the Shares, it is not necessary in connection with the offer, sale and delivery of the Shares in the manner contemplated by this Agreement (or the conversion of the Shares into Common Stock in accordance with their terms) to register the Shares (or such Common Stock) under the Securities Act of 1933, as amended (the "SECURITIES ACT").

(b) Neither the Company nor any affiliate (as defined in Rule 501(b) of Regulation D under the Securities Act, an "AFFILIATE") of the Company has directly, or through an agent, (i) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of any security (as defined in the Securities Act) which is or will be integrated with the sale of the Shares in a manner that would require registration under the Securities Act of the Shares or (ii) engaged in any form of general solicitation or general advertising in connection with the offering of the Shares (as those terms are used in Regulation D under the Securities Act).

2.10 Insurance. At Closing, the Company and/or any Subsidiary will have (i) with respect to each property owned by the Company or any Subsidiary, "all risk" property insurance, including fire, flood, earthquake, extended coverage and rental loss insurance and (ii) with respect to the Company and each of the Subsidiaries, and each property owned by the Company or any Subsidiary, general commercial liability insurance, in each case under such terms and in such amounts and covering such risks that are customary for properties and businesses similar to those of the Company and any Subsidiary. There are currently no outstanding material losses for which the Company or any Subsidiary has failed to give or present notice or claim under any policy. Policies for all the insurance are in full force and effect and none of the Company or any or the Subsidiaries is in default in any material respect under any of the policies.

2.11 Information Provided. Neither (a) this Agreement, the schedules and exhibits hereto, nor (b) any other written document delivered to Investor in connection with the transactions contemplated hereby and identified on Schedule 2.11 attached hereto, contain any

untrue statement of a material fact or omit any material fact necessary to make the statements herein or therein, as the case may be, in light of the circumstances under which it was made, not misleading, and all material information regarding the Company and all Subsidiaries is provided therein or in the SEC Documents referred to in Section 2.15 below.

2.12 No Other Liabilities. Except as set forth in Schedule 2.12, neither the Company nor any of the Subsidiaries has any material liability whether absolute, accrued, contingent or otherwise, of a nature required to be disclosed in financial statements (or the notes thereto) prepared in accordance with generally accepted accounting principles, consistently applied, except liabilities (i) reflected on the consolidated balance sheet of the Company and the Subsidiaries as of December 31, 1997 (or the notes thereto), or (ii) liabilities that (1) were incurred by the Company or any of the Subsidiaries after December 31, 1997 in the ordinary course of business or (2) could not reasonably be expected to have a Material Adverse Effect.

2.13 The Partnership; Taxes; REIT Status. The Partnership Agreement of the Partnership is in full force and effect, a true, complete and correct copy thereof has been delivered to Investor and there are no dissolution, termination or liquidation proceedings pending or contemplated with respect to the Partnership. The Partnership is, and has been since the date of formation, taxable as a "partnership" as defined in Section 7701(a) of the Internal Revenue Code of 1986, as amended (together with the rules and regulations promulgated thereunder as in effect on the date hereof, the "CODE"), and is, and has been since the date of formation, not taxable as a corporation by reason of not being a publicly traded partnership within the meaning of Section 7704 of the Code. Each of the Company and Subsidiaries has filed all tax returns that are required to be filed with any Governmental Entity (except in any case in which the failure so to file would not have a Material Adverse Effect), and has paid all taxes due pursuant to the tax returns or any assessment received by it or otherwise required to be paid, except taxes being contested in good faith by appropriate proceedings and for which adequate reserves or other provisions are maintained. The Company has (i) elected to be taxed as a REIT effective for the taxable year ending December 31, 1997, (ii) has not revoked such election, (iii) qualifies for taxation as a REIT for such taxable year and for its current taxable year, (iv) operates, and intends to continue to operate, in a manner so as to qualify as a REIT, and (v) has not sold or otherwise disposed of any assets which could give rise to a material amount of tax pursuant to any election made by the Company under Notice 88-19, 1988-1 CB 486 and does not expect to effect any such sale or other disposition.

2.14 Compliance With Laws. Neither the Company nor any Subsidiary has been in or is in, and none of them has received written notice of, violation of or default with respect to, any law or any decision, ruling, order or award of any arbitrator applicable to it or its business, properties or operations except for violations or defaults that, individually or in the aggregate, would not result in a Material Adverse Effect.

2.15 SEC Documents. The Company has filed with the Securities and Exchange Commission (the "Commission") all financial statements, reports, schedules, forms, statements

and other documents required by the Securities Act, and Securities Exchange Act of 1934, as amended, (the "EXCHANGE ACT") to be filed by the Company (collectively, and in each case including all exhibits and schedules thereto and documents incorporated by reference therein, the "SEC DOCUMENTS"). The Company has delivered or made available to Investor all SEC Documents. As of their respective filing dates, (or if amended, revised or superseded by a subsequent filing with the Commission, then as of the date of such subsequent filing), the SEC Documents complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and none of the SEC Documents (including any and all financial statements included or incorporated by reference therein) as of such dates contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The consolidated financial statements of the Company and its Subsidiaries included in all SEC Documents, including any amendments thereto, comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission with respect thereto.

2.16 Material Contracts. The SEC Documents and Schedule 2.16 include a correct and complete list of the following with respect to the Company and the Subsidiaries: (i) agreements with any shareholder having beneficial ownership of 5% or more of the shares of the stock of the Company then issued and outstanding, director or officer of the Company and all shareholders' agreements and voting trusts; and (ii) agreements not made in the ordinary course of business and which would reasonably be expected to result in a Material Adverse Effect.

2.17 No Merger Agreement. As of the date hereof, except as set forth in Schedule 2.17, neither the Company nor any Subsidiary has entered into any agreement with any person or entity which has not been terminated as of the date of this Agreement and under which there remains any material liability or obligation thereof with respect to a merger or consolidation with either the Company or any Subsidiary, or any other acquisition of a substantial amount of the assets of the Company or any Subsidiary which would reasonably be expected to result in a Material Adverse Effect.

2.18 Certain Actions by the Company. Neither the Company nor any of the Subsidiaries has: (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by such entities' creditors; (iii) suffered the appointment of a receiver to take possession of all or substantially all of such entities' assets; (iv) suffered the attachment or other judicial seizure of all, or substantially all, of such entities' assets; (v) admitted in writing such entities' inability to pay its debts as they come due; or (vi) made an offer of settlement, extension, or composition to its creditors generally.

2.19 No Investment Company Status. The Company is not subject to registration as an investment company under the Investment Company Act of 1940, as amended, and the transactions

contemplated by this Agreement will not cause the Company to become an investment company subject to registration under such Act.

SECTION 3. COVENANTS OF THE COMPANY

3.1 Making of Covenants and Agreements. The Company hereby makes the covenants and agreements set forth in this Section 3.

3.2 Conduct of Business. Between the date of this Agreement and the Closing Date, the Company and each of its Subsidiaries will:

(a) Conduct its business only in the ordinary course and refrain from changing or introducing any method of management or operations except in the ordinary course of business and consistent with prior practices, provided that the Company shall not have breached its obligation with respect to this subsection 3.2(a) as long as the aggregate effect of all changes in the conduct of the Company's business and its methods of management and operations could not reasonably be expected to result in a Material Adverse Effect; and

(b) Use its reasonable best efforts to keep intact its business organization and use reasonable efforts to keep available its present officers and employees and to preserve the goodwill of all individuals and entities having business relations with it.

3.3 Information Rights. For the period that the Prudential Investors (as such term is defined in Section 10.5) own, in the aggregate at least $40,000,000 of the Company's Common Stock, including all Common Stock issuable to any such Prudential Investor or any affiliate of Investor upon a conversion of Shares or upon a redemption or in exchange for limited partnership units in the Partnership, on a fully diluted basis (the "QUALIFICATION PERIOD"), Investor shall be entitled to receive from the Company: (i) upon reasonable notice to the Company, reasonable access to the books and records of the Company and the Subsidiaries during normal business hours to review any information that is reasonably related to or necessary for Investor to formulate informed opinions regarding the operating and financial matters of the Company and to effectively exercise Investor's consultation rights pursuant to Section 3.4 hereof; provided, however, that with respect to this clause (i), Investor acknowledges that (a) the Company will not be required to furnish or provide access to any information that the Company reasonably believes would constitute material nonpublic information, unless, at the Company's request, Investor agrees with the Company in writing, substantially in the form attached hereto as Exhibit D, not to trade in the securities of the Company until such time as such material information becomes public and (b) Investor shall, in any event, be required to keep all material nonpublic information received by Investor pursuant to this clause (i) confidential (which precludes the disclosure of such information to any other party, including Prudential Securities Incorporated or investors or potential investors in Investor) and shall not use such information for any purpose other than evaluating its investment in the Company and evaluating the operating and financial matters of the Company in connection

with Investor's consultation rights pursuant to Section 3.4 hereof; (ii) information filed with the Commission including amendments thereto, and non-confidential filings with any other regulatory bodies; and (iii) non-confidential operating information of the same general nature as the Company provides to financial analysts, concurrently with its provision of such information to financial analysts.

3.4 Consultation Rights. During the Qualification Period, Investor shall have the right to consult from time to time (but in any event not more frequently than five (5) times in any calendar year) with the management of the Company and the Subsidiaries, upon reasonable notice and during normal business hours, at their respective places of business regarding operating and financial matters of the Company and the Subsidiaries.

3.5 Notice of Default. Between the date of this Agreement and Closing, promptly upon the occurrence of, or promptly upon the Company becoming aware of the impending or threatened occurrence of, any event which would cause or constitute a breach or default, or would have caused or constituted a breach or default had such event occurred or been known to the Company prior to the date hereof, of any of the representations, warranties or covenants of the Company contained in or referred to in this Agreement or in any Schedule or Exhibit referred to in this Agreement, the Company shall give detailed written notice thereof to Investor and the Company shall use its best efforts to prevent or promptly remedy the same.

3.6 Consummation of Agreement. The Company shall use its reasonable best efforts to perform and fulfill all conditions and obligations on its part to be performed and fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully carried out. To this end, the Company will obtain prior to the Closing all necessary authorizations or approvals of its stockholders and Board of Directors.

3.7 Cooperation of the Company. The Company shall cooperate with all reasonable requests of Investor and Investor's counsel in connection with the consummation of the transactions contemplated hereby.

3.8 Negative Covenants of the Company. The Company covenants and agrees as follows, and shall not enter into any agreement or take any other action inconsistent with the following, in each case until the earlier of the Closing or the termination of this Agreement, except as specifically contemplated by this Agreement or to the extent such action shall not reasonably be expected to result in a Material Adverse Effect:

(a) Organizational Documents. The Company shall not amend the Company's articles of incorporation or by-laws and shall not permit any of the Subsidiaries to amend its articles or certificate of incorporation, by-laws or other relevant organizational documents.

(b) Mergers, Etc. Except as shall have been previously agreed in writing by Investor and the Company, the Company shall not, and shall not permit any of the Subsidiaries to,

merge or consolidate with any entity, sell, lease, license or otherwise dispose of all or substantially all of its assets (whether now owned or hereafter acquired) to any entity or acquire all or substantially all of the assets or business of any entity in each case whether in one transaction or in a series of transactions pursuant to which the Company or such Subsidiary shall not be the surviving entity.

3.9 Survival. The covenants of the Company in this Section 3 shall, except to the extent they terminate by their express terms, survive the Closing in accordance with their terms and shall not be merged therein.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF INVESTOR.

4.1 Making of Representations and Warranties of Investor. As a material inducement to the Company to enter into this Agreement and consummate the transactions contemplated hereby, Investor hereby makes the representations and warranties to the Company contained in this Section 4.

4.2 Investor's Organization. Investor represents and warrants that it (a) is a corporation duly organized, validly existing and in good standing under the laws of New Jersey, (b) is authorized to consummate the transactions contemplated by this Agreement and under all documents contemplated hereunder to be executed by such Investor, and (c) has all the necessary corporate power to execute and deliver this Agreement and all documents contemplated hereunder to be executed by such Investor and to perform its obligations hereunder and thereunder. This Agreement and all documents contemplated hereunder to be executed by such Investor have been duly authorized by all requisite corporate action on the part of such Investor and are valid and legally binding obligations of such Investor and enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditor's rights generally and to the general principals of equity. Neither the execution and delivery of this Agreement and all documents contemplated hereunder to be executed by such Investor nor the performance of the obligations of such Investor hereunder or thereunder will result in the violation of any provision of the operating agreement or other organizational document of such Investor or will conflict with any order or decree of any court or governmental instrumentality of any nature by which Investor is bound.

4.3 Investment Intent. Investor represents and warrants to Company that the Shares to be acquired by it hereunder are being acquired for its own account for investment and with no intention of distributing or reselling such Shares or any part thereof or interest therein in any transaction which would be in violation of the securities laws of the United States of America or any state or any foreign country or jurisdiction.

4.4 Investor Status. Investor represents and warrants to, and covenants and agrees with, Company that (i) at the time such Investor was offered the Shares, it was, (ii) at the date hereof, it is, and (iii) at the Closing Date, it will be an "accredited investor" as defined in Rule 501 under the

Securities Act, and has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the Company and an investment in the Company, and is able to bear the economic risk of such investment.

4.5 Access to Information. Investor acknowledges as of the date hereof that it has been afforded: (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Company concerning the terms and conditions of the offering of the Shares and the merits and risks of investing in the Company; (ii) access to information about the Company, the Company's financial condition, pro forma results of operations, business properties, management and prospects sufficient to enable it to evaluate its investment in the Shares; and (iii) the opportunity to obtain such additional information which the Company possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy and completeness of the information contained in the SEC Documents.

4.6 Reliance. Investor also understands and acknowledges that (i) the Shares may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act, except pursuant to an exemption from such registration available under such Act, and without compliance with state, local and foreign securities laws, in each case, to the extent applicable, (ii) the Shares are being offered and sold to such Investor without registration under the Securities Act in a transaction that is exempt from the registration provisions of the Securities Act and (iii) the availability of such exception depends in part on, and that the Company and, for the purposes of the opinion to be delivered to such Investor pursuant to Section 6.1(f) hereof, Wachtell, Lipton, Rosen & Katz will rely upon, the accuracy and truthfulness of the foregoing representations and Investor hereby consents to such reliance.

4.7 No Advertisement or Solicitation. Investor acknowledges that the offer and sale of the Shares to it has not been accomplished by any form of general solicitation or general advertising, including, but not limited to, (i) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media, or broadcast over television or radio and (ii) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

4.8 Other Investor Representations.

(a) Except as listed on Schedule 4.8(a) attached hereto and incorporated herein by this reference, Investor has not received any written notice of any threatened litigation, claim condemnation, administrative proceeding, or special assessment against Investor which would have a material adverse effect on the ability of Investor to perform its obligations under this Agreement; and

(b) There is no proceeding pending or to Investor's knowledge threatened by or against Investor under the United States Bankruptcy Code.

SECTION 5. COVENANTS OF INVESTOR.

5.1 Making of Covenants and Agreement. Investor hereby makes the covenants and agreements set forth in this Section 5.

5.2 Legends. To the extent applicable or appropriate, any Certificates or other documents issued in respect of any Shares shall be endorsed with the legends set forth below, and Investor covenants that, except to the extent such restrictions are waived by the Company, such Investor shall not transfer any Shares without complying with the restrictions on transfer described in such legends:

(i) "THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATES AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED, OR HYPOTHECATED ABSENT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY WHICH OPINION IS REASONABLY SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY AND ITS COUNSEL, TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR THE SECURITIES LAWS OF SUCH STATES OR THAT SUCH TRANSACTION COMPLIES WITH THE RULES PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION UNDER SAID ACT OR THE SECURITIES LAWS OF SUCH STATES. THIS LEGEND MAY ONLY BE REMOVED AS PROVIDED FOR IN SECTION 5.2 OF THAT CERTAIN STOCK PURCHASE AGREEMENT DATED AS OF SEPTEMBER 28, 1998 ENTERED INTO BETWEEN THE HOLDER HEREOF AND THE COMPANY. A COPY OF SAID AGREEMENT MAY BE INSPECTED AT THE OFFICES OF THE COMPANY."

(ii) Any legend required by any applicable state securities law.

The legends set forth above may be removed if and when the Shares represented by such certificate are disposed of pursuant to an effective registration statement under the Securities Act or upon the Company's receipt of an opinion of counsel, in form and substance and from counsel reasonably satisfactory to the Company and its counsel, confirming that any sale or transfer of such securities will not require registration of such securities under the Securities Act or under any "Blue Sky" or similar laws.

5.3 Confidentiality of Information. Subject to the Investor's conditional obligations with respect to certain information provided to Investor in accordance with Section 3.3, Investor shall keep all information furnished to such Investor by the Company concerning the business and properties of the Company and other activities of the Company confidential in accordance with the terms of that certain Confidentiality Agreement, dated as of January 15, 1998, by and between the Company and Prudential, a copy of which is attached hereto as Exhibit C.

5.4 Consumment of Agreement. The Investor shall use its reasonable best efforts to perform and fulfill all conditions and obligations on its part to be performed and fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully carried out. To this end, Investor will obtain prior to the Closing (i) all necessary authorizations or approvals of the Investment Committee of its Board of Directors and (ii) all necessary authorizations, consents and permits of others required to permit the consummation by the Investor of the transactions contemplated by this Agreement.

5.5 Cooperation of Investor. The Investor shall cooperate with all reasonable requests of the Company and the Company's counsel in connection with the consummation of the transactions contemplated hereby.

SECTION 6. CONDITIONS.

6.1 Conditions to the Obligations of Investor. The obligation of Investor to consummate this Agreement and the transactions contemplated hereby are subject to the fulfillment, prior to or at the Closing, of the following conditions precedent:

(a) Representations; Warranties; Covenants. Each of the representations and warranties of the Company contained in Section 2 shall be true and correct in all material respects (except for such representations and warranties that are qualified by their terms as to materiality, which representations and warranties as so qualified shall be true in all respects) as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing; and the Company shall, on or before the Closing, have performed all of its obligations hereunder which by the terms hereof are to be performed on or before the Closing; provided, however, that for purposes of determining compliance with this Section 6.1(a) and for purposes of Section 6.1(b), each as of the Closing Date, "Material Adverse Effect" shall mean (A) the Company or any of its Subsidiaries has: (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by such entity's creditors; (iii) suffered the appointment of a receiver to take possession of all or substantially all of such entity's assets; (iv) suffered the attachment or other judicial seizure of all, or substantially all, of such entity's assets; (v) admitted in writing such entity's inability to pay its debts as they come due; or (vi) made an offer of settlement, extension or composition to its creditors generally, or (B) the total liabilities of the Company and its consolidated subsidiaries are greater than the total assets of the Company and its consolidated subsidiaries, each as determined in accordance with generally accepted accounting principles, or (C) any combination of the foregoing.

(b) No Material Change. There shall have been no change since the date hereof, whether or not in the ordinary course of business, which has had a Material Adverse Effect, as defined in Section 6.1(a).

(c) Certificate from Officers. The Company shall have delivered to Investor a certificate of the Company's President and Chief Financial Officer dated as of the Closing to the effect that the statements set forth in paragraphs (a) and (b) above in this Section 6.1 are true and correct.

(d) Registration Rights Agreement. Simultaneous with the Closing, the Company and Investor shall have entered into a Registration Rights Agreement in the form attached hereto as Exhibit A. (the "REGISTRATION RIGHTS AGREEMENT").

(e) Certificate of Designations. At or prior to the Closing, the Company shall have adopted a Certificate of Designations in the form attached hereto as Exhibit E (the "CERTIFICATE OF DESIGNATIONS") and as of the Closing, such Certificate of Designations (i) shall be in full force and effect, (ii) shall not have been modified, amended, supplemented, rescinded or revoked in any way, and (iii) shall have been filed with and accepted for recording by the Secretary of State of the State of Delaware; provided, however, that if any event has occurred or any action has been taken by the Company between the date hereof and the Closing which, if the Shares had been issued on the "Closing Date" as defined in the Master Transaction Agreement, would have resulted in any benefit to the holders of the Shares (other than a "Regular Dividend" (as defined in the Certificate of Designations) but including, without limitation, any extraordinary dividend or distribution, any transaction resulting in an adjustment to the "Conversion Price" (as defined in the Certificate of Designations) or any acceleration of the convertibility of the Shares), then the Certificate of Designations as adopted and filed shall be modified to provide such benefit to the holders of the Shares as if the Shares had been issued to the holders on the "Closing Date", as defined in the Master Transaction Agreement.

(f) Opinions of Counsel. On the Closing Date, Investor shall have received (i) from Wachtell, Lipton, Rosen & Katz, counsel for the Company, an opinion as of said date, in form attached hereto as Exhibit B-1, and (ii) from Goodwin, Procter & Hoar llp, an opinion as of said date, in form attached hereto as Exhibit B-2.

(g) No Order or Judgments. No Governmental Entity shall have enacted, issued, promulgated, enforced or entered any law, order, decree, injunction, judgment, ruling, assessment, writ, or executive mandate (whether temporary, preliminary or permanent) which is in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise restraining or prohibiting the consummation of such transactions; provided, however, that from the date any such law, order, decree, injunction, judgment, ruling, assessment, writ, or executive mandate is binding or effective upon the Company, the Company shall use all reasonable efforts to have any such law, order, decree, injunction, judgment, ruling, assessment, writ, or executive mandate vacated.

(h) Consents. The Company shall have made all filings with and notifications of governmental authorities, regulatory agencies and other entities set forth on Schedule 2.8; and the

Company and Investor shall have received all authorizations, waivers, consents and permits set forth on Schedules 2.5 and 2.8, in form and substance reasonably satisfactory to Investor.

(i) Waiver of Ownership Limits. The Board of Directors of the Company shall have duly adopted resolutions substantially in the form attached hereto as Exhibit F (the "OWNERSHIP RESOLUTIONS") and such resolutions shall be in full force and effect on the Closing Date. The Company covenants and agrees with Investor, for the benefit of Investor and its permitted transferees and subsequent transferees of the securities and interests which are the subject of the Ownership Resolutions, that upon adoption by the Board of Directors of the Ownership Resolutions, the application of the provisions of the Company's Amended and Restated Articles of Incorporation (the "CHARTER") shall be effectively modified so as to waive the Ownership Limit, as defined in the Charter, with respect to the acquisition, ownership, conversion, transfer and redemption of such securities and interests in accordance with the terms of, and subject to the limitations set forth in, the Ownership Resolutions, and that the waiver and modification effected by the Ownership Resolutions will not be subsequently modified or rescinded without the written consent of Investor. In connection with the Ownership Resolutions, Investor acknowledges that any Beneficial Ownership or Constructive Ownership by Investor or any other "Person", as defined in the Charter, in which Investor is included of Common Stock in the aggregate in excess of 9.8% of the Common Stock outstanding ("INVESTOR'S COMMON LIMIT") or of Series A Preferred Stock in the aggregate in excess of the limitation set forth in the proviso in the last sentence of the first Ownership Resolution (the "PREFERRED LIMIT") or any violation or attempted violation of such limitations shall result, as of the time of such occurrence, violation or attempted violation even if discovered after such occurrence, violation or attempted violation, in the conversion of such shares of Common Stock in excess of Investor's Common Limit Beneficially Owned or Constructively Owned by Investor or any other "Person" in which Investor is included or such shares of Series A Preferred Stock in excess of the Preferred Limit Beneficially Owned or Constructively Owned by Investor or any other "Person" in which Investor is included (but not of any other shares of Common Stock or shares of Series A Preferred Stock) into shares of Excess Stock pursuant to Section (D)(1) of Article IV of the Charter. The preceding sentence may be relied upon by the Board of Directors of the Company. Notwithstanding Section 8.1 hereof, the covenants, agreements and acknowledgments contained in this paragraph shall survive the Closing.

(j) Master Transaction Agreement. On or before the Closing, all transactions described in Articles 2 and 10 of the Master Transaction Agreement shall have closed or shall close in the manner and order provided in Section 10.2 of the Master Transaction Agreement.

(k) Amendment to Partnership Agreement. The Partnership Agreement shall have been amended to create preferred partnership interests with economic attributes and priorities substantially identical to those of the Series A Preferred Stock and such interests shall have been issued to the Company.

6.2 Conditions to Obligations of the Company. The obligation of the Company to consummate this Agreement and the transactions contemplated hereby is subject to the fulfillment, prior to or at the Closing, of the following conditions precedent:

(a) Representations; Warranties; Covenants. Each of the representations and warranties of Investor contained in Section 4 shall be true and correct in all material respects (except for such representations and warranties that are qualified by their terms as to materiality, which representations and warranties as so qualified shall be true in all respects) as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing; and Investor shall, on or before the Closing, have performed all of its obligations hereunder which by the terms hereof are to be performed on or before the Closing.

(b) No Order or Judgments. No Governmental Entity shall have enacted, issued, promulgated, enforced or entered any law, order, decree, injunction, judgment, ruling, assessment, writ, or executive mandate (whether temporary, preliminary or permanent) which is in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise restraining or prohibiting the consummation of such transactions; provided, however, that from the date any such law, order, decree, injunction, judgment, ruling, assessment, writ, or executive mandate is binding or effective upon Investor, Investor shall use all reasonable efforts to have any such law, order, decree, injunction, judgment, ruling, assessment, writ, or executive mandate vacated.

(c) Master Transaction Agreement. On or before the Closing, all transactions described in Articles 2 and 10 of the Master Transaction Agreement shall have closed or shall close in the manner and order provided in Section 10.2 of the Master Transaction Agreement.

SECTION 7. TERMINATION OF AGREEMENT; RIGHTS TO PROCEED.

7.1 Termination. At any time prior to the Closing, this Agreement may be terminated as follows:

(i) by mutual written consent of all of the parties to this Agreement;

(ii) by Investor, pursuant to written notice by such Investor to the Company, if any of the conditions set forth in Section 6.1 of this Agreement have not been satisfied at or prior to the Closing Date, or if it has become reasonably and objectively certain that any of such conditions, other than a condition within the control of the Company or any Subsidiary will not be satisfied at or prior to the Closing Date, such written notice to set forth such conditions which have not been or will not be so satisfied; or

(iii) by the Company, pursuant to written notice by the Company to Investor, if any of the conditions set forth in Section 6.2 of this Agreement have not been satisfied at or prior to the Closing Date, or if it has become reasonably and objectively certain that any of such conditions, other than a condition within the control of Investor, will not be

satisfied at or prior to the Closing Date, such written notice to set forth such conditions which have not been or will not be so satisfied.

7.2 Effect of Termination. All obligations of the parties hereunder shall cease upon any termination pursuant to Section 7.1, provided, however, that (i) the provisions of this Section 7.2, Section 10.1 and Section 10.9 hereof shall survive any termination of this Agreement and (ii) nothing herein shall relieve any breaching party from any liability for any wilful breach of this Agreement giving rise to such termination.

7.3 Right to Proceed. Anything in this Agreement to the contrary notwithstanding, if any of the conditions specified in Section 6.1 hereof have not been satisfied, Investor shall have the right to proceed with the transactions contemplated hereby and if any of the conditions specified in Section 6.2 hereof have not been satisfied, the Company shall have the right to proceed with the transactions contemplated hereby; provided, however, that if the Company or Investor proceed with such contemplated transactions, such action shall not be deemed a waiver of any of such party's rights hereunder except to the extent that such party had actual knowledge prior to Closing of such failure of one or more conditions to such party's performance; provided further, that to the extent any such party had actual knowledge prior to Closing of any such failure, such action shall be deemed a waiver of such party's rights hereunder with respect to such failure.

SECTION 8. RIGHTS AND OBLIGATIONS SUBSEQUENT TO CLOSING.

8.1 Survival. Except to the extent expressly provided to the contrary herein, each of the representations, warranties, agreements, covenants and obligations herein or in any schedule, exhibit, certificate or financial statement delivered by any party to the other party incident to the transactions contemplated hereby, shall be deemed to have been relied upon by the other party and shall survive the Closing regardless of any investigation and shall not merge in the performance of any obligation by either party hereto; provided, however, that the liability of either party to this Agreement (i) with respect to the representations and warranties (excluding for purposes of this limitation the representations and warranties of the Company in Sections 2.2, 2.3, 2.4 and 2.9) made by such party herein or in any schedule, exhibit, certificate or financial statement delivered by such party incident to the transactions contemplated hereby shall expire and be terminated on the second anniversary of the Closing Date and (ii) with respect to the covenants made by such party in this Agreement (other than the obligations of the Company and Investor with respect to Section 9 hereof) shall expire and be terminated upon the date which is the final day of the Qualification Period.

SECTION 9. INDEMNIFICATION.

9.1 Indemnification by the Company. The Company agrees to indemnify and hold Investor and its subsidiaries and affiliates and persons serving as officers, directors, partners, members or employees thereof harmless from and against any damages, liabilities, losses, taxes,

fines, penalties, costs, and expenses (including, without limitation, reasonable fees of counsel) of any kind or nature whatsoever (whether or not arising out of third-party claims and including all amounts paid in the investigation, defense or settlement of the foregoing) which may be sustained or suffered by any of them arising out of or based upon any of the following matters:

(a) a deliberate or wilful breach by the Company of any of its covenants under this Agreement or in any certificate, schedule or exhibit delivered pursuant hereto; and

(b) any fraud, intentional misrepresentation, other material breach of any representation, warranty or covenant of the Company under this Agreement or in any certificate, schedule or exhibit delivered pursuant hereto, or by reason of any claim, action or proceeding asserted or instituted growing out of any matter or thing constituting a material breach of such representations, warranties or covenants.

9.2 Indemnification by Investor. Investor agrees to indemnify and hold the Company, the Subsidiaries, and their respective affiliates and persons serving as officers, directors, partners or employees thereof harmless from and against any damages, liabilities, losses, taxes, fines, penalties, costs and expenses (including, without limitation, reasonable fees of counsel) of any kind or nature whatsoever (whether or not arising out of third-party claims and including all amounts paid in the investigation, defense or settlement of the foregoing) which may be sustained or suffered by any of them arising out of or based upon any of the following matters:

(a) a deliberate or wilful breach by the Investor of any of its covenants under this Agreement or in any certificate, schedule or exhibit delivered pursuant hereto; and

(b) any fraud, intentional misrepresentation, other material breach of any representation, warranty or covenant of the Investor under this Agreement or in any certificate, schedule or exhibit delivered pursuant hereto, or by reason of any claim, action or proceeding asserted or instituted growing out of any matter or thing constituting a material breach of such representations, warranties or covenants.

9.3 Notice; Defense of Claims. An indemnified party may make claims for indemnification hereunder by giving written notice thereof to the indemnifying party within the period in which indemnification claims can be made hereunder. If indemnification is sought for a claim or liability asserted by a third party, the indemnified party shall also give written notice thereof to the indemnifying party promptly after it receives notice of the claim or liability being asserted, but the failure to do so shall not relieve the indemnifying party from any liability except to the extent that it is prejudiced by the failure or delay in giving such notice. Such notice shall summarize the basis for the claim for indemnification and any claim or liability being asserted by a third party. Within 20 days after receiving such notice the indemnifying party shall give written notice to the indemnified party stating whether it disputes the claim for indemnification and whether it will defend against any third party claim or liability at its own cost and expense. If the indemnifying party fails to give notice that it disputes an indemnification claim within 20 days after receipt of notice thereof,

it shall be deemed to have accepted and agreed to the claim, which shall become immediately due and payable. The indemnifying party shall be entitled to direct the defense against a third party claim or liability with counsel selected by it (subject to the consent of the indemnified party, which consent shall not be unreasonably withheld) as long as the indemnifying party is conducting a good faith and diligent defense. The indemnified party shall at all times have the right to fully participate in the defense of a third party claim or liability at its own expense directly or through counsel; provided, however, that if the named parties to the action or proceeding include both the indemnifying party and the indemnified party and the indemnified party is advised that representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the indemnified party may engage separate counsel at the expense of the indemnifying party. If no such notice of intent to dispute and defend a third party claim or liability is given by the indemnifying party, or if such good faith and diligent defense is not being or ceases to be conducted by the indemnifying party, the indemnified party shall have the right, at the expense of the indemnifying party, to undertake the defense of such claim or liability (with counsel selected by the indemnified party), and to compromise or settle it, exercising reasonable business judgment. If the third party claim or liability is one that by its nature cannot be defended solely by the indemnifying party, then the indemnified party shall make available such information and assistance as the indemnifying party may reasonably request and shall cooperate with the indemnifying party in such defense, at the expense of the indemnifying party.

SECTION 10. MISCELLANEOUS.

10.1 Fees and Expenses.

(a) Each of the parties will bear its own expenses in connection with the negotiation and the consummation of the transactions contemplated by this Agreement, and no expenses of the Company or any Subsidiary relating in any way to the purchase and sale of the Shares hereunder and the transactions contemplated hereby, including without limitation legal, accounting or other professional expenses of the Company or any Subsidiary, shall be charged to or paid by Investor.

(b) The Company will pay all costs incurred, whether at or subsequent to the Closing, in connection with the transfer of the Shares to Investor as contemplated by this Agreement, including without limitation, all transfer taxes and charges applicable to such transfer, and all costs of obtaining permits, waivers, registrations or consents with respect to any assets, rights or contracts of the Company or any Subsidiary.

10.2 Governing Law. This Agreement shall be construed under and governed by the internal laws of the state of New York without regard to its conflict of laws provisions.

10.3 Notices. Except as set forth below, all notices and other communications provided for or permitted hereunder shall be in writing and shall be deemed to have been duly given if

delivered personally or sent by telex or telecopier, registered or certified mail (return receipt requested), postage prepaid or courier or overnight delivery service to the respective parties at the following addresses (or at such other address for any party as shall be specified by like notice, provided that notices of a change of address shall be effective only upon receipt thereof):

If to the Company:	Boston Properties, Inc. 8 Arlington Street Boston, Massachusetts 02116 Attn: Edward H. Linde, President Telecopy: (617) 536-4233
with a copy to:	Wachtell, Lipton, Rosen & Katz 51 West 52nd Street New York, New York 10019 Attn: Adam O. Emmerich, Esq. Telecopy: (212) 403-2234
If to the Investor:	The Prudential Insurance Company of America 8 Campus Drive, 4th Floor Parsippany, New Jersey 07054-4493 Attn: Robert Falzon Telecopy: (973) 683-1752
with a copy to:	Goodwin, Procter & Hoar LLP 599 Lexington Avenue 40th Floor New York, New York 10022 Attn: Robert S. Insolia, Esq. Telecopy: (212) 355-3333

10.4 Entire Agreement. This Agreement, including the Schedules and Exhibits referred to herein and the other writings specifically identified herein or contemplated hereby, is complete, reflects the entire agreement of the parties with respect to its subject matter, and supersedes all previous written or oral negotiations, commitments and writings. No promises, representations, understandings, warranties and agreements have been made by any of the parties hereto except as referred to herein or in such Schedules and Exhibits or in such other writings; and all inducements to the making of this Agreement relied upon by either party hereto have been expressed herein or in such Schedules or Exhibits or in such other writings.

10.5 Assignability; Binding Effect. The terms and conditions of this Agreement shall be binding upon and enforceable by, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by the Company without the prior written consent of Investor. This Agreement shall only be assignable by Investor

to another Prudential Investor and by a Prudential Investor to another Prudential Investor. For purposes of this Agreement, "PRUDENTIAL INVESTOR" shall mean (i) Investor, (ii) any Person controlled (as such term is defined in Rule 12b-2 under the Exchange Act), directly or indirectly, by Prudential, (iii) Strategic Value Investors, LLC, Strategic Value Investors International, LLC and/or Strategic Value Investors II, LLC, (iv) any investor in Strategic Value Investors, LLC, Strategic Value Investors International, LLC and/or Strategic Value Investors II, LLC, and (v) any entity directly or indirectly owned by one or more investors in Strategic Value Investors, LLC, Strategic Value Investors International, LLC and/or Strategic Value Investors II, LLC. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement.

10.6 Captions and Gender. The captions in this Agreement are for convenience only and shall not affect the construction or interpretation of any term or provision hereof. The use in this Agreement of the masculine pronoun in reference to a party hereto shall be deemed to include the feminine or neuter, as the context may require.

10.7 Execution in Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

10.8 Amendments. This Agreement may not be amended or modified, nor may compliance with any condition or covenant set forth herein be waived, except by a writing duly and validly executed by each party hereto, or in the case of a waiver, the party waiving compliance.

10.9 Publicity and Disclosures. With respect to the initial public disclosures of the transactions contemplated by this Agreement, Investor shall have the right to review, before any filing or public announcement is made, any such filing or press releases that refer to Investor or the transaction contemplated by this Agreement. Investor shall have the right to review before filing or public announcement any subsequent public disclosures that specifically refer to this transaction or to Investor.

10.10 Consent to Jurisdiction. Each of the parties hereby consents to personal jurisdiction, service of process and venue in the federal or state courts of New York for any claim, suit or proceeding arising under this Agreement, or in the case of a third party claim subject to indemnification hereunder, in the court where such claim is brought.

10.11 Specific Performance. The parties agree that it would be difficult to measure damages which might result from a breach of this Agreement by the Company and that money damages would be an inadequate remedy for such a breach. Accordingly, if there is a breach or proposed breach of any provision of this Agreement by the Company, and Investor does not elect to terminate under Section 7, Investor shall be entitled, in addition to any other remedies which it may have, to an

injunction or other appropriate equitable relief to restrain such breach without having to show or prove actual damage to Investor.

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IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date set forth above by their duly authorized representatives.

INVESTOR:

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, a New Jersey corporation

By: [Signature Illegible]

COMPANY:

BOSTON PROPERTIES, INC.,
a Delaware corporation

By: /s/ Mortimer B. Zuckerman

Name: Mortimer B. Zuckerman
Title: Chairman

EXHIBIT 99.24

BOSTON PROPERTIES LIMITED PARTNERSHIP

CERTIFICATE OF DESIGNATIONS

ESTABLISHING AND FIXING THE RIGHTS, LIMITATIONS AND

PREFERENCES OF A SERIES OF PREFERRED UNITS

Reference is made to the Second Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement") of Boston Properties Limited Partnership, a Delaware limited partnership (the "Partnership"), of which this Certificate of Designations (this "Certificate") shall become a part. Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the main part of the Partnership Agreement. Section references are (unless otherwise specified) references to sections in this Certificate.

WHEREAS, Section 14.1.B(3) of the main part of the Partnership Agreement permits the General Partner, without the consent of the Limited Partners, to amend the Partnership Agreement for the purpose of setting forth and reflecting in the Partnership Agreement the designations, rights, powers, duties, and preferences of holders of any additional Partnership Interests issued pursuant to Section 4.2.A of the main part of the Partnership Agreement; and

WHEREAS, the General Partner desires by this Certificate to so amend the Partnership Agreement as of this 12th day of November, 1998 (the "Closing Date").

NOW, THEREFORE, the General Partner has set forth in this Certificate the following description of the preferences and other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of conversion and redemption of a class and series of Partnership Interest to be represented by Partnership Units which shall be referred to as "Series Two Preferred Units":

(1) Designation and Number. A series of Preferred Units, designated the "Series Two Preferred Units," is hereby established.

(2) Definitions. For purposes of this Certificate of Designations, the following terms shall have the meanings indicated:

"Cash Business Combination" means a Transaction in which the fair market value of the aggregate consideration into which

the outstanding Common Units are or will be exchanged or converted, or which the holders of such Units will be entitled to receive, consists of 60% or more cash. In determining whether a Transaction is a Cash Business Combination, the following will apply: (a) if elections for the type of consideration may be made by the holders of Common Units and cash is one of the types of elections that may be made, it will be assumed that all holders of Common Units elect or will elect cash, (b) the determination shall be made in good faith by the General Partner, based on the fair market values of the consideration to be issued in the Transaction as of the date the definitive merger or other agreement relating thereto is entered into, and (c) if any of the consideration to be issued in the Transaction is a publicly traded security, the fair market value of that security shall be the Current Market Price of such security as of the date the definitive merger or other agreement relating thereto is entered into.

"Closing Date" shall have the meaning set forth in the recitals above.

"Conversion Price" shall mean the conversion price per Common Unit for which the Series Two Preferred Units are convertible, as such Conversion Price may be adjusted pursuant to Section 7 hereof. The initial Conversion Price shall be $38.10 per REIT Share.

"Conversion Date" shall have the meaning set forth in paragraph (d) of Section 7 hereof.

"Conversion Period" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"Conversion Right" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"Current Market Price" of a REIT Share or of a publicly traded security of any other issuer for any day shall mean the last reported sales price, regular way, on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange ("NYSE") or, if such security is not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted for trading or, if not listed or admitted for trading on any national securities exchange, on the Nasdaq National Market or, if such security is not quoted on such Nasdaq National Market, the average of the closing bid and asked prices on such day in the over-the-counter market as

reported by Nasdaq or, if bid and asked prices for such security on such day shall not have been reported through Nasdaq, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Chief Executive Officer of the Partnership or the General Partner. "Current Market Price" of a Common Unit as of any day means the Current Market Price of a REIT Share multiplied by the Conversion Factor, as such term is defined in the main part of the Partnership Agreement.

"Distribution Payment Date" shall mean the fifteenth day of February, May, August and November, in each year, commencing on November 16, 1998; provided, however, that if any Distribution Payment Date falls on any day other than a Business Day, the distribution payment due on such Distribution Payment Date shall be paid on the first Business Day immediately following such Distribution Payment Date.

"Distribution Periods" shall mean quarterly distribution periods from and after a Distribution Payment Date and to and excluding the next succeeding Distribution Payment Date (other than the initial Distribution Period, which shall commence on the day after the Closing Date and end on and exclude November 16, 1998).

"Fair Market Value" shall mean the average of the daily Current Market Prices per REIT Share during the ten (10) consecutive Trading Days selected by the Partnership commencing not more than 20 Trading Days before, and ending not later than, the earlier of the day in question and the day before the "ex" date with respect to the issuance or distribution requiring such computation. The term "`ex' date," when used with respect to any issuance or distribution, means the first day on which REIT Shares trade regular way, without the right to receive such issuance or distribution, on the exchange or in the market, as the case may be, used to determine that day's Current Market Price.

"Forced Conversion" has the meaning set forth in Section 7(b) hereof.

"Forced Conversion Amount" shall mean the number of Series Two Preferred Units which the General Partner may require to be converted as provided in paragraph 7(b);

"Forced Conversion Option" shall have the meaning set forth in paragraph (b) of Section 7 hereof.

"Issue Date" shall mean, with respect to a Series Two Preferred Unit, the day after the Closing Date.

"Junior Preferred Units" shall mean any class or series of Partnership Units the holders of which are entitled to the receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, junior in priority to the holders of the Series Two Preferred Units, but senior in priority to the holders of Common Units.

"Junior Units" shall mean the Common Units and any other class or series of Partnership Units constituting junior units within the meaning set forth in paragraph (a) of Section 9 hereof.

"Liquidation Preference" shall have the meaning set forth in paragraph (a) of Section 4 hereof.

"Option Strike Date" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"Parity Units" shall have the meaning set forth in paragraph (b) of Section 9 hereof.

"Preferred Rate" shall mean, at any given time, the rate per annum as to which distributions accrue on each Series Two Preferred Unit, based on the Liquidation Preference, for purposes of determining the Stated Quarterly Distribution in effect at such time, as set forth in the following schedule:

Time Period	Preferred Rate
November 12, 1998 to March 31, 1999	5.0%
April 1, 1999 to December 31, 1999	5.5%
January 1, 2000 to December 31, 2000	5.625%
January 1, 2001 to December 31, 2001	6.0%
January 1, 2002 to December 31, 2002	6.5%
January 1, 2003 to May 12, 2009	7.0%
May 13, 2009 and thereafter	6.0%

"Ratchet Distribution" shall mean for each Distribution Payment Date a distribution payable, if applicable, per Series Two Preferred Unit in respect of the Distribution Period ending on such Distribution Payment Date. The Ratchet Distribution for each Distribution Period shall be equal to the distribution which would have been paid in respect of such Series Two Preferred Unit had (i) such Series Two Preferred Unit been converted into (x) a number of Common Units determined by dividing the Liquidation Preference by the Conversion Price in effect on such Distribution Payment Date and any (y) Other Securities (as defined below) issuable upon such conversion and (ii) there

had been paid in respect of each such Common Unit and Other Securities (including any fractional portion thereof to the fourth decimal) a distribution (the "Regular Distribution") equal to the regular, quarterly cash distribution paid to holders of record of Common Units and Other Securities on that record date (the "Reference Record Date") which is closest to the end of the calendar quarter preceding such Distribution Payment Date. For purposes of determining the Ratchet Distribution, in the event that a special cash distribution was paid to holders of Common Units and Other Securities on the Reference Record Date or at any time prior to the Reference Record Date and after the last record date for regular, quarterly cash distributions, then in such event the Ratchet Distribution shall include, in addition to the Regular Distribution paid in respect of the Reference Record Date, the amount of such special cash distribution paid in respect of each Common Unit or Other Security (for clarity, it is noted that the effect of this sentence is to assure that in calculating the Ratchet Distribution the holders of Series Two Preferred Units will benefit from any cash distributions paid in respect of Common Units and Other Securities even if such cash distributions might not be characterized as "regular, quarterly cash distributions"). In the event that a Series Two Preferred Unit is outstanding for only a portion of a Distribution Period, then the Ratchet Distribution with respect to such Series Two Preferred Unit and such Distribution Period shall be determined as provided in the preceding sentence but shall then be adjusted by multiplying such amount by a fraction, the numerator of which equals the number of days such Series Two Preferred Unit had been outstanding during such period and the denominator of which shall equal the total number of days during such Distribution Period. As used herein, the term "Other Security" means any security in addition to Common Units (including Junior Preferred Units) which may be issuable to a holder of Series Two Preferred Units upon conversion of a Series Two Preferred Unit.

"Redemption Notice" shall have the meaning set forth in paragraph (b) of Section 5 hereof.

"Redemption Right" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"Securities" shall have the meaning set forth in paragraph (g)(iii) of Section 7 hereof.

"Source Agreements" shall mean that certain Master Transaction Agreement dated September 28, 1998 by and among the General Partner, the Partnership and, among others, the

holders of the Series Two Preferred Units designated hereby, and each of the other agreements contemplated therein.

"Stated Quarterly Distribution" shall mean for each Distribution Payment Date a distribution payable, if applicable, per each Series Two Preferred Unit in respect of the Distribution Period ending on such Distribution Payment Date. The Stated Quarterly Distribution for each Distribution Period shall equal the sum of the following products for each day in such Distribution Period on which the Series Two Preferred Unit is outstanding: (i) the Preferred Rate in effect on such day divided by 365, multiplied by (ii) the Liquidation Preference.

"Target Amount" shall mean that number of Series Two Preferred Units having a Liquidation Preference equal to one-sixth of the aggregate Liquidation Preference of the Series Two Preferred Units issued under the Source Agreements.

"Trading Day" shall mean any day on which the securities in question are traded on the New York Stock Exchange ("NYSE"), or if such securities are not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading on any national securities exchange, on the Nasdaq National Market, or if such securities are not quoted on such Nasdaq National Market, in the applicable securities market in which the securities are traded.

"Transaction" shall have the meaning set forth in paragraph (h) of Section 7 hereof.

(3) Distributions.

(a) The holders of Series Two Preferred Units shall be entitled to receive, in respect of each Distribution Payment Date, when, as and if authorized and declared by the General Partner out of assets legally available for that purpose, cumulative preferential distributions payable in cash in an amount per Series Two Preferred Unit equal to the greater of (i) the Stated Quarterly Distribution for such Distribution Payment Date or (ii) the Ratchet Distribution for such Distribution Payment Date. Such distributions shall, with respect to each Series Two Preferred Unit, be cumulative from and including its Issue Date, whether or not in, or with respect to, any Distribution Period or Periods (i) such distributions are declared, (ii) the Partnership is contractually prohibited from paying such distributions

or (iii) there shall be assets of the Partnership legally available for the payment of such distributions, and shall be payable quarterly, when, as and if authorized and declared by the General Partner, in arrears on Distribution Payment Dates, commencing on the first Distribution Payment Date after the Issue Date of such Series Two Preferred Units. Distributions are cumulative from the most recent Distribution Payment Date to which distributions have been paid, whether or not, or with respect to, in any Distribution Period or Periods (i) such distributions are declared, (ii) the Partnership is contractually prohibited from paying such distributions or (iii) there shall be assets legally available therefor. Each such distribution shall be payable in arrears to the holders of record of the Series Two Preferred Units, as they appear on the records of the Partnership at the close of business on such record dates, not more than 30 days preceding the applicable Distribution Payment Date (the "Distribution Payment Record Date") (or, in the case of a Distribution Payment Record Date that coincides with a record date for payment of distributions on Common Units, not more than 60 days preceding the applicable Distribution Payment Date), as shall be fixed by the General Partner; provided, however, that with respect to the first Distribution Period, the Distribution Payment Record Date for such period will be on or after the Issue Date. Accrued and unpaid distributions for any past Distribution Periods and any additional amounts as provided in subsection (f) may be authorized and declared and paid at any time, without reference to any regular Distribution Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof (or, in the case of a record date that coincides with a record date for payment of distributions on Common Units, not more than 60 days preceding the applicable payment date thereof), as may be fixed by the General Partner.

(b) The first Distribution Period with respect to the first Series Two Preferred Units issued shall be for the period from on and after the Closing Date to the first Distribution Payment Date of (and excluding) November 16, 1998.

(c) So long as any Series Two Preferred Units are outstanding, no distributions (whether in cash or in kind or upon liquidation of the Partnership), except as described in the immediately following sentence, shall be authorized and declared or paid on any series or class or classes of Parity Units for any period nor

shall any Parity Units be redeemed, purchased or otherwise acquired for any consideration or any moneys to be paid to or made available for a sinking fund for the redemption of any Parity Units, directly or indirectly (except by conversion into or exchange for Parity Units or Junior Units), unless full cumulative distributions, including, if applicable, the further preferential distribution provided in subsection (f), have been or contemporaneously are authorized and declared and paid on the Series Two Preferred Units for all Distribution Periods terminating on or prior to the distribution payment date on (or date of purchase, redemption or other acquisition of) such class or series of Parity Units. When distributions are not paid in full upon the Series Two Preferred Units and any other class or classes of Parity Units, all distributions authorized upon the Series Two Preferred Units and any other class or classes of Parity Units shall be authorized and declared ratably in proportion to the respective amounts of distributions accumulated and unpaid on the Series Two Preferred Units and such Parity Units (which shall not include any accrual in respect of unpaid distributions for prior distribution periods if such Parity Units do not have a cumulative distribution).

(d) So long as any Series Two Preferred Units are outstanding, no distributions (other than distributions paid solely in Junior Units, or options, warrants or rights to subscribe for or purchase Junior Units) shall be authorized and declared or paid or other distribution authorized and declared or made upon Junior Units for any period, nor shall any Junior Units be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Units made for purposes of and in compliance with requirements of employee incentive or employee benefit plans of the Partnership or the General Partner or any of their subsidiaries), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any Junior Units) by the Partnership, directly or indirectly (except by conversion into or exchange for Junior Units), unless in each case (i) the full cumulative distributions on all outstanding Series Two Preferred Units, including, if applicable, the further preferential distribution provided in subsection (f), and any other Parity Units of the Partnership shall have been paid for all past Distribution Periods with respect to the Series Two Preferred Units and all past distribution periods with respect to such Parity Units and (ii) sufficient funds

shall have been paid for or irrevocably set aside and designated for payment of the distribution due for the current Distribution Period with respect to the Series Two Preferred Units.

(e) Without limiting the other provisions hereof, no distributions on Series Two Preferred Units (other than liquidating distributions made in accordance with Section 13.2 of the main part of the Partnership Agreement and Section 4 hereof) shall be paid by the Partnership at such time as the terms and provisions of any agreement of the Partnership or its affiliates or subsidiaries, relating to bona fide indebtedness for borrowed money, prohibits such declaration or payment or provides that such declaration or payment would constitute a breach thereof or a default thereunder, or if such declaration or payment shall be restricted or prohibited by law (and such failure to pay distributions on the Series Two Preferred Units shall prohibit other distributions by the Partnership as described in Sections 3(c) and (d)).

(f) Notwithstanding the foregoing, distributions on the Series Two Preferred Units shall accrue whether or not the terms and provisions set forth in Section 3(e) hereof at any time prohibit the current payment of distributions, whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are declared. Accrued but unpaid distributions on the Series Two Preferred Units will accumulate as of the Distribution Payment Date on which they first become payable and a further preferential distribution at the per annum rate then applicable for the period or periods specified in subsection (a) above shall accrue during the period of accumulation and be distributed in respect of such unpaid distributions until the amount thereof and the further preferential amount thereon shall have been distributed in full.

(g) Upon liquidation, dissolution or winding up of the Partnership, no distributions shall be made to any series or class or classes of Junior Units until after payment shall have been made in full to the holders of the Series Two Preferred Units, as provided in Section 4(a).

(h) Any distribution made on the Series Two Preferred Units shall first be credited against the further preferential distribution provided in subsection (f)

above and then against the earliest accrued but unpaid distribution due with respect to such Series Two Preferred Units which remains payable. Other than liquidating distributions described in Section 4, the Series Two Preferred Units shall be entitled only to the distributions on the Series Two Preferred Units as described in this Section 3.

(4) Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Partnership, whether voluntary or involuntary, before any payment or distribution of the assets of the Partnership (whether capital or surplus) shall be made to the holders of Junior Units, the holders of the Series Two Preferred Units shall be entitled to receive Fifty Dollars ($50.00) per Series Two Preferred Unit (the "Liquidation Preference") or, if greater, the amount which each holder would receive in respect of the Common Units and Other Securities and property it would receive upon conversion of its Series Two Preferred Units if all Series Two Preferred Units were converted pursuant to Section 7 immediately prior to the distribution of liquidation proceeds under the Partnership Agreement, plus an amount equal to all distributions (whether or not earned or declared) accrued and unpaid thereon pursuant to Section 3 to the date of final distribution to such holder; but such holders of Series Two Preferred Units shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Partnership, the assets of the Partnership, or proceeds thereof, distributable among the holders of Series Two Preferred Units shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Units, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series Two Preferred Units and any such other Parity Units ratably in accordance with the respective amounts that would be payable on such Series Two Preferred Units and any such other Parity Units if all amounts payable thereon were paid in full.

(b) Upon any liquidation, dissolution or winding up of the Partnership, after payment shall have been made in full to the holders of the Series Two Preferred Units and Parity Units, as provided in this Section 4, any series or class or classes of Junior Units shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed.

(c) After payment of the full amount of the liquidating distributions to which they are entitled pursuant to Sections 4(a) and (b), the holders of Series Two Preferred Units will have no right or claim to any of the remaining assets of the Partnership.

(d) The consolidation or merger of the Partnership with or into any other corporation, partnership, trust or entity or of any other corporation, partnership, trust or entity with or into the Partnership, or an exchange of Units or partnership interests, or the sale, lease or conveyance of all or substantially all of the property or business of the Partnership (unless the net proceeds of any of the foregoing transactions shall be distributed to the holders of Units rather than reinvested), shall not be deemed to constitute a liquidation, dissolution or winding up of the Partnership.

(5) Redemption.

(a) Subject to adjustment as provided in this Section 5, on each of May 12, 2009; May 12, 2010; May 12, 2011; May 14, 2012; May 14, 2013; and May 12, 2014 (each an "Option Strike Date") (i) each of the Series Two Preferred Unit holders, upon giving prior written notice as provided below, shall have the right (the "Redemption Right") to require that the Partnership redeem for cash, at a redemption price of $50 per Series Two Preferred Unit, Series Two Preferred Units held by such holder; provided that the maximum number of Series Two Preferred Units that may be required to be redeemed from all such holders is equal to the Target Amount; provided, further, that a holder may not exercise the Redemption Right for less than one thousand (1,000) Series Two Preferred Units or, if such holder holds less than one thousand Series Two Preferred Units, all of the Series Two Preferred Units held by such holder; and (ii) the General Partner, upon giving prior written notice as provided below, shall have the Redemption Right to require the redemption for cash, at a redemption price of $50 per Series Two Preferred Unit, of a number of Series Two Preferred Units equal to, but not in excess of, the Target Amount (in the aggregate from all holders); provided, however, that the General Partner may not require the redemption by the Partnership on any Option Strike Date of more than the lesser of (A) the Target Amount in respect of such Option Strike Date or (B) such number of Series Two Preferred Units as shall have an aggregate

Liquidation Preference equal to the excess of (i) the aggregate Liquidation Preference of the sum of the Target Amounts for all prior Option Strike Dates and the currently applicable Option Strike Date over (ii) the aggregate Liquidation Preference of all Series Two Preferred Units previously converted (including Forced Conversions), noticed for conversion on such Option Strike Date, previously redeemed, and noticed for redemption on such Option Strike Date.

The exercise of a Redemption Right on any Option Strike Date shall not be cumulative (i.e., the Target Amount with respect to any Option Strike Date is the maximum number of Series Two Preferred Units subject to mandatory redemption by either the Partnership or the holders of Series Two Preferred Units on each Option Strike Date); any Series Two Preferred Units that are not converted pursuant to Section 7 or redeemed pursuant to this Section 5 on or before May 12, 2014 shall remain outstanding and shall have all of the rights and preferences set forth in this Certificate except that the provisions of this Section 5 shall not apply to any Series Two Preferred Units outstanding after such date.

(b) In order to exercise its Redemption Right, a holder of Series Two Preferred Units shall deliver a notice (a "Redemption Notice," such term to also include the notice required to be delivered by the General Partner upon exercise of its Redemption Right) in the form attached hereto as Exhibit B to the Partnership (with a copy to the General Partner) not less than 40 nor more than 70 days prior to an Option Strike Date. If a holder of Series Two Preferred Units who has delivered a Redemption Notice pursuant to this Section 5 converts the Units tendered for redemption prior to the redemption date, the Redemption Notice shall be deemed revoked. The General Partner may exercise its Redemption Right by delivering in writing a Redemption Notice, containing the information provided in subsection (e), to each holder of record of Series Two Preferred Units, not less than 30 nor more than 70 days prior to an Option Strike Date.

If, pursuant to the exercise of a Redemption Right by holders of the Series Two Preferred Units, with such redemption to be effective on an Option Strike Date, holders tender for redemption a number of Series Two Preferred Units having an aggregate Liquidation Preference greater than the Target Amount, the Partnership may redeem all such Units tendered for

redemption or a lesser number of Units, as the General Partner determines in its sole discretion, but not less than the Target Amount; provided, however, that if the Partnership does not redeem all Series Two Preferred Units so tendered for redemption, the Partnership shall redeem Units ratably from each tendering holder in proportion to the respective number of Units tendered. If the holders have tendered for redemption a number of Series Two Preferred Units of less than the Target Amount and the General Partner delivers a Redemption Notice to redeem a number of Series Two Preferred Units greater than the number of Units tendered for redemption by the holders, the Partnership shall first redeem the Series Two Preferred Units of those holders exercising their Redemption Right pursuant to this Section 5 and shall then redeem, on a pro rata basis, Series Two Preferred Units from all holders who hold Units after giving effect to such redemption; provided, however, that in such case, (i) the General Partner shall deliver a separate notice at least 30 days prior to the Option Strike Date, containing the information provided in subsection (e), to all holders of the Series Two Preferred Units to be so redeemed indicating the number of Units to be so redeemed, and (ii) the total number of Units to be redeemed (upon notice by the General Partner and the holders, collectively) shall not exceed the Target Amount.

If the General Partner delivers a Redemption Notice to the holders of the Series Two Preferred Units, the holders shall have the right, subject to Section 7(a), to convert their Series Two Preferred Units into Common Units, pursuant to Section 7, on or before the Option Strike Date. To the extent that such Series Two Preferred Units are so converted, the right of the General Partner to require the redemption of Series Two Preferred Units shall be reduced by the aggregate Liquidation Preference of the Series Two Preferred Units so converted (and the reduction in the number of Series Two Preferred Units to be redeemed from each holder shall be allocated first to the holders who so elected to convert their Units and second pro rata among all other holders).

Within two Business Days of a redemption of Series Two Preferred Units, the Partnership shall pay the redemption price by certified check to or on the order of those holders whose Series Two Preferred Units have been redeemed.

(c) Immediately prior to any redemption of Series Two Preferred Units and as a condition to such redemption, the Partnership shall pay, in cash, all accumulated and unpaid distributions, including the further preferential distribution provided in Section 3(f), through the Option Strike Date in respect of all Series Two Preferred Units, including those Series Two Preferred Units to be redeemed. Unless full cumulative distributions on all Series Two Preferred Units have been paid, the Partnership may not require the Series Two Preferred Units to be redeemed.

(d) The Assignee of any Limited Partner pursuant to Section 11 of the main part of the Partnership Agreement may exercise the rights of such Limited Partner pursuant to this Section 5, and such Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by the Assignee. In connection with any exercise of such rights by an Assignee of a Limited Partner, the cash amount shall be paid by the Partnership directly to such Assignee and not to such Limited Partner.

(e) A Redemption Notice shall be provided in the manner provided in Section 12. Any defect in a Redemption Notice or in the mailing thereof, to any particular holder, the Partnership or the General Partner shall not affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice that was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date of deemed delivery provided in Section 12, whether or not the holder receives the notice. Each of the General Partner's Redemption Notices shall state, as appropriate: (1) the Option Strike Date; (2) the number of Series Two Preferred Units to be redeemed in the aggregate from all holders and, if fewer than all the Series Two Preferred Units held by such holder are to be redeemed, the number of such Series Two Preferred Units to be redeemed from such holder; and (3) that distributions on the Series Two Preferred Units to be redeemed shall cease to accrue on such Option Strike Date except as otherwise provided herein. Notice having been delivered as aforesaid, from and after the Option Strike Date (unless the Partnership shall fail to pay the redemption price on the date required), (i) except as otherwise provided herein, distributions on the Series Two Preferred Units so called for redemption shall cease to accrue, (ii) said Units shall no longer be deemed to be outstanding, and all rights of the

holders thereof as holders of Series Two Preferred Units of the Partnership shall cease (except the right to receive the redemption price and the amounts required to be paid under subsection (c)).

After the redemption of Series Two Preferred Units as aforesaid, the Partnership shall deliver to such holder, upon his written request, a certificate of the General Partner certifying the number of Common Units and Series Two Preferred Units held by such person immediately after such redemption. The Partnership shall also advise each holder as to the number of Series Two Preferred Units redeemed and the number of Series Two Preferred Units which remain outstanding.

(f) Each Series Two Preferred Unit holder covenants and agrees with the Partnership that all Series Two Preferred Units delivered for redemption pursuant to this Section 5 shall be delivered to the Partnership free and clear of all liens, and, notwithstanding anything contained herein to the contrary, the Partnership shall not be under any obligation to acquire Series Two Preferred Units which are or may be subject to any liens.

(6) The rights of each Series Two Preferred Unit holder pursuant to this Certificate arise solely from its ownership as a Limited Partner of Partnership Interests in the Partnership and not from it being a creditor of the Partnership and none of such rights with respect to any required redemption shall constitute a "claim" as such term is defined in Section 101 of the United States Bankruptcy Code as in effect as of the date of this Certificate; provided, however, that any rights in respect of such Series Two Preferred Units shall constitute equity interests of each Partner hereunder, it being agreed and understood that no Partner is waiving any equity interest it has in the Partnership or any rights to assert any such interests in any bankruptcy proceeding or otherwise.

(7) Conversion. Holders of the Series Two Preferred Units shall have the right
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(the "Conversion Right") to convert all or a portion of such Units into Common Units (provided, however, that a holder may not exercise the Conversion Right for less than one thousand (1,000) Series Two Preferred Units or, if such holder holds less than one thousand Series Two Preferred Units, all of the Series Two Preferred Units held by such holder), and the General Partner shall have the right on each Option Strike Date to cause a conversion of Series Two Preferred Units into Common Units, subject, in each case, to the following conditions and procedures:

(a) Subject to and upon compliance with the provisions of this Section 7, a holder of Series Two Preferred Units shall have the right, at his or her option, at any time and from time to time during the period on or after the earlier of (i) December 31, 2002, and (ii) the effective time of a Cash Business Combination (the period beginning on and after the earlier of such dates, the "Conversion Period"), to convert such Units into the number of fully paid and non-assessable Common Units obtained by dividing the aggregate Liquidation Preference of such Series Two Preferred Units by the Conversion Price as in effect as of such time (i.e. after adjustment as described in subsection (g)) by delivering a Conversion Notice in the form attached hereto as Exhibit A within the time period specified in paragraph (d) below and in the manner provided in Section 12; provided, however, that the right to deliver a conversion notice with respect to Series Two Preferred Units called or tendered for redemption pursuant to Section 5 hereof shall terminate on that day which is the fifth business day prior to the applicable Option Strike Date on which such Units are to be redeemed, unless the Partnership shall default in making any cash payment required upon a redemption on such date as provided in Section 5 hereof. A conversion of Series Two Preferred Units specified in the Conversion Notice shall occur automatically at the close of business on the applicable Conversion Date without any action on the part of the holders of Series Two Preferred Units, and immediately after the close of business on the Conversion Date the holders of Series Two Preferred Units who had all or a portion of their Series Two Preferred Units converted shall be credited on the books and records of the Partnership with the issuance as of the opening of business on the next day of the Common Units issuable upon such conversion.

(b) If, as of an applicable Option Strike Date, the Target Amount for such Option Strike Date has not been redeemed and/or converted (or noticed for conversion and/or redemption on such Option Strike Date) as a result of Series Two Preferred Unit holders and/or the General Partner exercising Redemption Rights pursuant to Section 5 and/or such holders exercising their conversion rights pursuant to this Section 7, the Partnership, at the election of the General Partner and subject to and upon compliance with the provisions of this Section 7, may convert (a "Forced Conversion") not more than the lesser of (A) the Target Amount in

respect of such Option Strike Date or (B) such number of Series Two Preferred Units as shall have an aggregate Liquidation Preference equal to the excess of (i) the aggregate Liquidation Preference of the sum of the Target Amounts for all prior Option Strike Dates and the currently applicable Option Strike Date over (ii) the aggregate Liquidation Preference of all Series Two Preferred Units previously converted, noticed for conversion by the holders on such Option Strike Date, previously redeemed, and noticed for redemption on such Option Strike Date (the "Forced Conversion Amount") of Series Two Preferred Units into a number of Common Units determined in accordance with the Conversion Price in effect on such date as determined in accordance with subsection (a) by transmitting for delivery a Conversion Notice, in the manner prescribed in Section 12 within one business day after the applicable Option Strike Date, to the holders of the Series Two Preferred Units which are to be so converted (the "Forced Conversion Option") ratably in proportion to the Series Two Preferred Units then outstanding from the holders thereof (after giving effect to the redemptions and conversions otherwise noticed to occur on such Option Strike Date); provided, further, however, that such Forced Conversion Option may only be exercised by the Partnership if the value of the REIT Shares, calculated on their weighted average closing price during the 10 Trading Days prior to the second Trading Day preceding the exercise of the Forced Conversion Option, is equal to or greater than 110% of the Conversion Price.

(c) Immediately prior to any conversion of Series Two Preferred Units, the Partnership shall pay, in cash, all accumulated and unpaid distributions including the further preferential distributions provided in Section 3(f) through the Conversion Date on all Series Two Preferred Units. A holder of Series Two Preferred Units shall have no right with respect to any Series Two Preferred Units so converted to receive any distributions paid after the Conversion Date with respect to such Series Two Preferred Units and his interest in the Partnership as to such converted Units shall be terminated; provided, however, that in the event the Partnership is legally or contractually prohibited from paying, or fails for any other reason to pay, such accumulated and unpaid distributions prior to any conversion and such holder elects to continue with and permit such conversion after notice from the Partnership of such inability or failure, such holder shall still be entitled to receive all such accumulated

and unpaid distributions, if any, that remain unpaid after such conversion, as well as a further preferential distribution on such unpaid distributions as provided in Section 3(f), which distributions shall be paid by the Partnership as soon as it is legally and contractually permitted to do so.

(d) After the conversion of Series Two Preferred Units as aforesaid, the Partnership shall deliver to such holder, upon his written request, a certificate of the General Partner certifying the number of Common Units and Preferred Units held by such person immediately after such conversion.

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date (the "Conversion Date") specified in the Conversion Notice (which shall not be earlier than 5 days after mailing of the Conversion Notice nor later than sixty (60) days after such date) or upon the Option Strike Date in the case of a Forced Conversion pursuant to Section 7(b) and the Series Two Preferred Units so presented for conversion shall be deemed converted into Common Units at the close of business on such date, and such conversion shall be in accordance with the Conversion Price in effect on such date (unless such day is not a Business Day, in which event such conversion shall be deemed to have become effective at the close of business on the next succeeding Business Day) as determined in accordance with subsection (a).

(e) No fractions of Common Units shall be issued upon conversion of the Series Two Preferred Units. Instead of any fractional interest in a Common Unit that would otherwise be deliverable upon the conversion of a Series Two Preferred Unit, the Partnership shall pay to the holder of such Series Two Preferred Unit an amount in cash based upon the Current Market Price of Common Units on the Trading Day immediately preceding the date of conversion. If more than one Series Two Preferred Unit shall be surrendered for conversion at one time by the same holder, the number of full Common Units issuable upon conversion thereof shall be computed on the basis of the aggregate number of Series Two Preferred Units so surrendered.

(f) The Assignee of any Limited Partner pursuant to Section 11 of the main part of the Partnership Agreement may exercise the rights of such Limited Partner pursuant to this Section 7, and such Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by the Assignee.

(g) The Conversion Price shall be adjusted from time to time as follows:

(i) If the Partnership shall after the Issue Date (A) pay or make a distribution to holders of its Common Units in Common Units, (B) subdivide its outstanding Common Units into a greater number of Common Units, (C) combine its outstanding Common Units into a smaller number of Common Units or (D) issue any Common Units by reclassification of its Common Units, the Conversion Price in effect at the opening of business on the day following the date fixed for the determination of Common Unit holders entitled to receive such distribution or at the opening of business on the day following the day on which such subdivision, combination or reclassification becomes effective, as the case may be, shall be adjusted so that the holder of any Series Two Preferred Unit thereafter surrendered for conversion shall be entitled to receive the number of Common Units that such holder would have owned or have been entitled to receive after the happening of any of the events described above had such Series Two Preferred Units been converted immediately prior to the record date in the case of a distribution or the effective date in the case of a subdivision, combination, or reclassification. An adjustment made pursuant to this subsection (g)(i) shall become effective immediately after the opening of business on the day next following the record date in the case of a distribution and shall become effective immediately after the opening of business on the day next following the effective date in the case of a subdivision, combination, or reclassification and automatically without any further required action of the Partnership or the Series Two Preferred Unit holders.

(ii) If the Partnership shall issue after the Issue Date rights, options or warrants to all holders of Common Units entitling them to subscribe for or purchase Common Units (or securities convertible into or exchangeable for Common Units) at a price per Common Unit less than the Fair Market Value per Common Unit on the record date for the determination of Common Unit holders entitled to receive such rights, options or warrants, then the

Conversion Price in effect at the opening of business on the day next following such record date shall be adjusted to equal the price determined by multiplying (I) the Conversion Price in effect immediately prior to the opening of business on the day following the record date fixed for such determination by (II) a fraction, the numerator of which shall be the sum of (A) the number of Common Units outstanding on the close of business on the record date fixed for such determination and (B) the number of Common Units that the aggregate proceeds to the Partnership from the exercise of such rights, options or warrants for Common Units would purchase at such Fair Market Value, and the denominator of which shall be the sum of (A) the number of Common Units outstanding on the close of business on the date fixed for such determination and (B) the number of additional Common Units offered for subscription or purchase pursuant to such rights, options or warrants. Such adjustment shall become effective immediately upon the opening of business on the day next following such record date (subject to paragraph (l) below). In determining whether any rights, options or warrants entitle the holders of Common Units to subscribe for or purchase Common Units at less than such Fair Market Value, there shall be taken into account any consideration received by the Partnership upon issuance and upon exercise of such rights, options or warrants, the value of such consideration, if other than cash, to be determined in good faith by the General Partner.

(iii) If the Partnership shall distribute to all holders of its Common Units any Partnership Units (other than Common Units) or evidence of its indebtedness or assets (excluding (x) cash distributions that were taken into account in calculating the distribution payable under Section 3(a), and (y) cash distributions to the extent that after giving effect to such distributions the fair market value of the assets of the Partnership exceed the sum of the liabilities of the Partnership, as determined in good faith by the General Partner) or rights or warrants to subscribe for or purchase any of its securities (excluding those rights and warrants issued to all holders of Common Units entitling them to subscribe for or purchase Common Units or securities convertible into or exchangeable for Common Units, which rights and warrants and

convertible or exchangeable securities are referred to in and treated under subparagraph (ii) above) (any of the foregoing being hereinafter in this subparagraph (iii) called the "Securities"), then in each case the Conversion Price shall be adjusted so that it shall equal the price determined by multiplying (I) the Conversion Price in effect immediately prior to the close of business on the date fixed for the determination of Unit holders entitled to receive such distribution by (II) a fraction, the numerator of which shall be the Fair Market Value per Unit of the Common Units on the record date mentioned below less the then fair market value (as determined by the General Partner in good faith) of the portion of the Units or assets or evidences of indebtedness so distributed or of such rights or warrants applicable to one Common Unit, and the denominator of which shall be the Fair Market Value per Unit of the Common Units on the record date mentioned below. Such adjustment shall become effective immediately upon the opening of business on the day next following the record date for the determination of Unit holders entitled to receive such distribution (subject to paragraph (l) below). For the purposes of this subparagraph (iii), the distribution of a Security, which is distributed not only to the holders of the Common Units on the date fixed for the determination of Unit holders entitled to such distribution of such Security, but also is required to be distributed with each Common Unit delivered to a person converting a Series Two Preferred Unit after such determination date, shall not require an adjustment of the Conversion Price pursuant to this subparagraph (iii); provided that on the date, if any, on which a person converting a Series Two Preferred Unit would no longer be entitled to receive such Security with a Common Unit (other than as a result of the termination of all such Securities), a distribution of such Securities shall be deemed to have occurred, and the Conversion Price shall be adjusted as provided in this subparagraph (iii) (and such day shall be deemed to be "the date fixed for the determination of the Unit holders entitled to receive such distribution" and "the record date" within the meaning of the two preceding sentences).

(iv) Notwithstanding the foregoing, no adjustment shall be made pursuant to the preceding clauses (ii) and

(iii) that would result in any increase in the Conversion Price. No adjustment in the Conversion Price shall be required unless such adjustment would require a cumulative increase or decrease of at least 1% in such price; provided, however, that any adjustments that by reason of this subsection (g)(iv) are not required to be made shall be carried forward and taken into account in any subsequent adjustment until made; and provided, further, that any adjustment shall be required and made in accordance with the provisions of this Section 7 (other than this subsection (g)(iv)) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the holders of Common Units. Notwithstanding any other provisions of this Section 7, the Partnership shall not be required to make any adjustment of the Conversion Price for the issuance of any Common Units pursuant to any employee benefit or compensation plan or other plan providing for the reinvestment of distributions or interest payable on securities of the Partnership and the investment of additional optional amounts in Common Units under such plan (or the issuance of any Common Units to the General Partner in respect of a capital contribution by it resulting from an analogous sale of its securities). All calculations under this Section 7 shall be made to the nearest cent (with $.005 being rounded upward) or to the nearest one-tenth of a Unit (with .05 of a Unit being rounded upward), as the case may be. Anything in this paragraph (g) to the contrary notwithstanding, the Partnership shall be entitled, to the extent permitted by law, to make such adjustments in the Conversion Price (but without adversely affecting the economic value of a Series Two Preferred Unit), in addition to those required by this paragraph (g), as it in its discretion shall determine to be advisable in order that any Series Two Preferred Unit distributions, subdivision of Series Two Preferred Units, reclassification or combination of Series Two Preferred Units, distribution of rights, options or warrants to purchase stock or securities, or a distribution of other assets (other than cash distributions) hereafter made by the Partnership to the holders of the Series Two Preferred Units shall not be taxable.

(h) If the Partnership or the General Partner shall be a party to any transaction (including without limitation a merger, consolidation, unit exchange, self tender offer for all or substantially all Common Units, sale of all or substantially all of the Partnership's assets or recapitalization of the Common Units and excluding any transaction as to which subparagraph (g)(i) of this Section 7 applies) (each of the foregoing being referred to herein as a "Transaction"), in each case as a result of which Common Units shall be exchanged for or converted into the right, or the holders of such Units shall otherwise be entitled, to receive securities or other property (including cash or any combination thereof), each Series Two Preferred Unit shall upon the commencement of the Conversion Period be convertible into the kind and amount of Units or securities and other property (including cash or any combination thereof)(the "Per Series Two Preferred Unit Merger Consideration") receivable upon the consummation of such Transaction by a holder of that number of Common Units into which one Series Two Preferred Unit was convertible immediately prior to such Transaction (unless, in connection with such Transaction, the Series Two Preferred Units had been converted into the right to receive such consideration (and thus, are no longer outstanding)), assuming such holder of Common Units is not a Person with which the Partnership consolidated or into which the Partnership merged or which merged into the Partnership or to which such sale or transfer was made, as the case may be (a "Constituent Person"), or an affiliate of a Constituent Person. In the event that holders of Common Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Transaction, prior to such transaction the General Partner shall give prompt written notice to each Series Two Preferred Unit holder of such election, and each Series Two Preferred Unit holder shall also have the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each Series Two Preferred Unit held by such holder following consummation of such Transaction, and after such election the consideration thereby elected shall be the "Per Series Two Preferred Unit Merger Consideration" for each Series Two Preferred Unit held by such holder or any transferee thereof. If a holder of Series Two Preferred Units fails to make such an election, such holder (and any of its transferees) shall receive upon conversion of each Series Two Preferred Unit held by such holder (or by

any of its transferees) the same Per Series Two Preferred Unit Merger Consideration that a holder of that number of Common Units into which one Series Two Preferred Unit was convertible immediately prior to such Transaction would receive if such Common Unit holder failed to make such an election. The Partnership shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions of this paragraph (h), and it shall not consent or agree to the occurrence of any Transaction until the Partnership has entered into an agreement with the successor or purchasing entity, as the case may be, for the benefit of the holders of the Series Two Preferred Units that will contain provisions enabling the holders of the Series Two Preferred Units that remain outstanding after such Transaction to convert their Series Two Preferred Units into the consideration provided for herein and that shall preserve the distribution preference, conversion, redemption, and other rights set forth in this Certificate.

(i) If:

(i) the Partnership shall declare a distribution on the Common Units (excluding cash distributions to the extent that after giving effect to such distributions the fair market value of the assets of the Partnership exceed the sum of the liabilities of the Partnership, as determined in good faith by the General Partner); or

(ii) the Partnership shall authorize the granting to the holders of the Commo n Units of rights or warrants to subscribe for or purchase any Units of any class or any other rights or warrants; or

(iii) there shall be any reclassification of the Common Units (other than an event to which subparagraph (g)(i) of this Section 7 applies) or any consolidation or merger to which the Partnership is a party and for which approval of any Unit holders of the Partnership is required, or a unit exchange involving the conversion or exchange of Common Units into securities or other property, or a self tender offer by the Partnership for all or substantially all of its outstanding Common Units, or the sale or transfer of all or substantially all of the assets of the Partnership as an entirety and for which approval of any Unit holders of the Partnership is required; or

(iv) if there shall occur the voluntary or involuntary liquidation, dissolution or winding up of the Partnership;

then the Partnership shall cause to be mailed to the holders of the Series Two Preferred Units at their addresses as shown on the records of the Partnership, as promptly as possible, but at least 15 days prior to the applicable date hereinafter specified, a notice stating (A) the date on which a record is to be taken for the purpose of such distribution or granting of rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Units of record to be entitled to such distribution or granting of rights or warrants are to be determined or (B) the date on which such reclassification, consolidation, merger, unit exchange, sale, transfer, liquidation, dissolution or winding up is expected to become effective, and the date as of which it is expected that holders of Common Units of record shall be entitled to exchange their Common Units for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, unit exchange, sale, transfer, liquidation, dissolution or winding up. Failure to give or receive such notice or any defect therein shall not affect the legality or validity of the proceedings described in this Section 7.

(j) In the event that a Cash Business Combination is to be consummated or proposed to the holders of Common Units, the notice referred to in subparagraph (i)(iii) above shall specify such fact and such notice shall be mailed to the holders of the Series Two Preferred Units simultaneously with the mailing of notice to holders of Common Units of the holding of a meeting or written consent or making of elections with respect to the Cash Business Combination. In such event, the holders of Series Two Preferred Units shall be permitted to tender their Series Two Preferred Units for conversion, in accordance with Section 7 hereof, and may condition such tender upon the consummation of such Cash Business Combination. Any such conversion of Series Two Preferred Units shall happen simultaneously with the consummation of the Cash Business Combination such that holders of Series Two Preferred Units receive, at the consummation of the Cash Business Combination, the consideration described in Section 7(h).

(k) Whenever the Conversion Price is adjusted as herein provided, the Partnership shall promptly file in the books and records of the Partnership and provide to

each holder an officer's certificate setting forth the Conversion Price after such adjustment as required by the terms hereof and setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after filing of such certificate, the Partnership shall prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price and the effective date such adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Price to the holders of each Series Two Preferred Unit at such holder's last address as shown on the records of the Partnership.

(l) In any case in which paragraph (g) of this Section 7 provides that an adjustment shall become effective on the day next following the record date for an event, the Partnership may defer until the occurrence of such event (A) issuing to the holder of any Series Two Preferred Unit converted after such record date and before the occurrence of such event the additional Common Units issuable upon such conversion by reason of the adjustment required by such event over and above the Common Units issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount of cash in lieu of any fractional Common Unit.

(m) There shall be no adjustment of the Conversion Price in case of the issuance of any Units in a reorganization, acquisition or other similar transaction except as specifically set forth in this Section 7. If any action would require adjustment of the Conversion Price pursuant to more than one paragraph of this Section 7, only one adjustment shall be made, and such adjustment shall be the amount of adjustment that has the highest absolute value; provided, however, that multiple actions taken at or about the same time shall be subject to separate adjustments.

(n) If the Partnership shall take any action affecting the Common Units, other than action described in this Section 7, that in the opinion of the General Partner would materially adversely affect the conversion rights of the holders of the Series Two Preferred Units, the Conversion Price for the Series Two Preferred Units may be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the General Partner, in its sole discretion, may determine to be equitable in the circumstances.

(8) Voting Rights.

(a) Holders of the Series Two Preferred Units will not have any voting rights, except as set forth below or as otherwise from time to time required by law.

(b) So long as any Series Two Preferred Units remain outstanding, the Partnership shall not, without the affirmative vote of the holders of at least a majority of the Series Two Preferred Units outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class), amend, alter or repeal the provisions of the Partnership Agreement, increase the number of authorized Series Two Preferred Units or create any additional class or series of Preferred Units, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series Two Preferred Units or the holders thereof in their capacity as holders of Series Two Preferred Units; but subject, in any event, to the following provisions:

(i) With respect to the occurrence of any merger, consolidation or other business combination or reorganization, so long as the Series Two Preferred Units remain outstanding with the terms thereof materially unchanged or, if the Partnership is not the surviving entity in such transaction, are exchanged for a security of the surviving entity with terms that are materially the same with respect to rights to distributions, voting, redemption and conversion as the Series Two Preferred Units and without any income, gain or loss expected to be recognized by the holder upon the exchange for federal income tax purposes (and with the terms of the Common Units or such other securities for which the Series Two Preferred Units (or the substitute security therefor) are convertible materially the same with respect to rights to distributions, voting, redemption and conversion), the occurrence of any such event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the holders of the Series Two Preferred Units.

(ii) Any creation or issuance of any Common Units or of any class or series of Preferred Units, in each case ranking junior to the Series Two Preferred Units with respect to payment of distributions,

redemption rights and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the holders of the Series Two Preferred Units.

(iii) Any creation or issuance of any series of Preferred Units (other than an issuance of additional Series Two Preferred Units, as to which a class vote shall be required; provided that no class vote shall be required for any issuance of Series Two Preferred Units in connection with or as contemplated by any of the Source Agreements), or any increase in the amount of authorized Units of such series, in each case ranking on a parity with the Series Two Preferred Units with respect to payment of distributions, voting, redemption and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the holders of the Series Two Preferred Units if such issuance is done (x) in connection with an issuance of Partnership Units in exchange for non-cash assets (including, without limitation, (i) securities, partnership interests, membership interests or other interests in an entity and (ii) real estate, personal property and intangibles), or to the Company following the issuance of securities by it for such non-cash assets and the contribution of such non-cash assets to the Partnership or (y) in connection with a bona fide capital raising transaction or to the Company in consideration of a cash contribution to the Partnership following a sale of preferred stock by the General Partner in a bona fide capital raising transaction.

(iv) Any creation or issuance of any class or series of Preferred Units ranking senior to the Series Two Preferred Units with respect to the payment of distributions, redemption rights and the distribution of assets upon liquidation, dissolution or winding up, to the extent the issuance of such Units was in compliance with the standard set forth in Section 9(c) hereof, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the holders of the Series Two Preferred Units.

(c) In addition to the voting rights granted in paragraph (b) above, the holders of Series Two Preferred Units shall be entitled to vote at any time that the Limited Partners are entitled to vote according to the Partnership Agreement. The Series Two Preferred Units shall be entitled to vote the same number of votes as the Common Units into which they may be converted and shall vote with the Holders of Common Units as a single class with the Common Units.

(d) The foregoing voting provisions will not apply if, at or prior to the time when the act, with respect to which such vote would otherwise be required, will be effected, all outstanding Series Two Preferred Units shall have been converted and/or redeemed.

(9) Ranking. The Series Two Preferred Units shall be deemed to rank:

(a) Senior to any class or series of Units of the Partnership, if such class or series shall be Common Units or if the holders of Series Two Preferred Units shall be entitled to receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Units of such class or series, including Junior Preferred Units ("Junior Units");

(b) On a parity with the Series One Preferred Units, the Series Three Preferred Units and with any other class or series of Units of the Partnership, if the holders of such other class or series of Unit and the Series Two Preferred Units shall be entitled to the receipt of distributions and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid distributions per Unit or liquidation preferences, without preference or priority one over the other ("Parity Units"); and

(c) Junior only to (I) any indebtedness issued by the Partnership and (II) senior preferred units issued only to the General Partner having the same distribution rate, term, preferences and other material terms (including conversion rights) as preferred shares of stock (A) issued only for cash by the General Partner in a public offering, or (B) issued only for cash or property in an arm's length transaction (x) to one or more institutional investors who are (but for the preferred shares so issued) not affiliated with the

Partnership, the General Partner or any Affiliate (as defined in Section 10) thereof and (y) not in connection with any other transaction or transactions with any of such Affiliates and (z) which would be permitted by Section 10 if such preferred shares were Junior Preferred Units, and (C) in either case, the entire cash proceeds (net of any arm's length commissions paid to third parties who are not Affiliates) of which are contributed by the General Partner to the Partnership and used by the Partnership solely for (i) the acquisition of assets to be held in the Partnership's business, (ii) capital expenditures or maintenance expenses in respect of assets held by the Partnership, (iii) other ordinary course expenses of the Partnership, or (iv) repayment of indebtedness of the Partnership (including indebtedness convertible into Junior Preferred Units or Common Units), and (v) none of which proceeds are used (AA) to purchase, redeem, retire or otherwise acquire directly or indirectly any Junior Preferred Units, Common Units, or shares of preferred stock junior to the Series A Preferred Stock of the General Partner or common stock issued by the General Partner, or options, warrants, rights to purchase or any other securities convertible into the foregoing (other than debt repayable pursuant to subclause (iv)) or (BB) to make distributions or to pay dividends in respect of any securities described in subclause (AA). Any references to the term "Affiliate" in this Section 9(c) (including by way of the cross-reference and incorporation in clause (z) of the preceding sentence) shall have the meaning given thereto in the Amended and Restated By-laws of the General Partner as of the date hereof (except that the 5% threshold referred to therein shall be deemed for these purposes to be a 10% threshold).

(10) Junior Preferred Units. The Partnership may, at its option, issue Junior Preferred Units in exchange for arm's length consideration, the adequacy of such consideration to be determined in good faith by the Board of Directors of the General Partner; provided, however, that the Partnership may not, without the consent of holders of a majority of the Series Two Preferred Units, (i) issue Junior Preferred Units to any Affiliate (as such term is defined in the Amended and Restated By-Laws of the General Partner as of the date hereof) of the General Partner or the Partnership, (ii) distribute Junior Preferred Units to any holder of Common Units, (iii) issue Junior Preferred Units ratably to holders of Common Units for cash or any other consideration, or (iv) issue Junior Preferred Units in exchange for Common Units. Notwithstanding the foregoing, in connection with

the General Partner's issuance of preferred shares of stock, the Partnership may issue Junior Preferred Units to the General Partner having the same distribution rate, term, preferences and other material terms as such preferred shares, provided the issuance of such preferred shares would not violate this Section 10 if such shares were Junior Preferred Units and such issuance would comply with the requirements of Section 9 (c) (II) if they were senior preferred shares (but without giving effect to the word "institutional" in clause (B)(x) of Section 9(c)(II)).

(11) Allocation of Nonrecourse Debt. The provisions of that certain Tax Reporting Agreement (including but not limited to paragraphs 3 and 4 thereof) dated the date hereof among the Partnership and such holders are hereby incorporated herein by reference.

(12) Notices. All notices, demand, requests or other communications which may be or are required to be given, served or sent hereunder will be in writing and delivered by certified U.S. mail, return receipt required, with postage prepaid, or by nationally recognized overnight courier service that provides tracking and proof of receipt. Notices shall be deemed delivered upon the earlier of (i) delivery, (ii) refusal of delivery by addressee, (iii) two Business Days after deposit in the U.S. Mails in the case of certified U.S. mail, or (iv) one Business Day after deposit with a nationally recognized overnight courier. Notices to Series Two Preferred Unit holders shall be sent to their address of record with the Partnership. Any Series Two Preferred Unit holder may change its address of record by written notice as given as aforesaid. Notices delivered to the Partnership shall be addressed to Boston Properties Limited Partnership, Attn.: Chief Financial Officer, 8 Arlington Street, Boston, MA 02116 or to such other address as the Partnership may have notified holders in the manner provided in this Section 12. Notices to be delivered to the General Partner shall be addressed to Boston Properties, Inc., Attn: Chief Financial Officer, 8 Arlington Street, Boston, MA 02116, or to such other address as the General Partner may have notified holders in the manner provided in this Section 12.

(13) Section 8.6.C of Partnership Agreement. The provisions of Section 8.6.C of the main part of the Partnership Agreement shall not apply to Series Two Preferred Units tendered or required to be tendered pursuant to Section 5, which shall control over any other provision of the Partnership Agreement. The provisions of Section 8.6.C of the Partnership Agreement also shall not apply to any Common Units that may be issued upon a conversion of Series Two

Preferred Units ("Conversion Units"). For clarity, it is noted that the effect of this provision is that the restriction on the Redemption Right set forth in Section 8.6.C of the main part of the Partnership Agreement shall not apply to Conversion Units such that if a holder of a Conversion Unit presents a Conversion Unit for redemption and the delivery of REIT Shares to such holder is prohibited under the Certificate of Incorporation of the Company because such delivery would cause such holder to violate the Ownership Limit, then (i) the Company may not exercise its rights under Section 8.6.B to acquire such Conversion Unit for the REIT Shares Amount unless the Company waives or modifies the Ownership Limit applicable to such holder and (ii) if the Company does not so waive or modify the Ownership Limit then the Partnership must pay such holder the applicable Cash Amount to redeem such holder's Conversion Unit.

(14) In the event this Certificate of Designation is amended or modified by the parties hereto, the holders of the Series Three Preferred Units issued by the Partnership and the Series A Convertible Redeemable Preferred Stock issued by the General Partner in accordance with the Source Agreements shall each have the right to elect, by vote of a majority in interest of such securities, to adopt amendments or modifications of their respective securities comparable to the amendments or modifications of this Certificate, and in the event of any modification or amendment of such securities, the holders of Series Two Preferred Units shall have the right to elect, by vote of a majority in interests of the Series Two Preferred Units, to adopt amendments or modifications of this Certificate of Designation comparable to amendments and modifications of such securities. The Partnership and the General Partner agree for the benefit of the holders of Series Two Preferred Units that neither of them shall permit the amendment or modification of such other securities without causing this Section 14 to be given full effect, and the Partnership and the General Partner shall take such action as reasonably appropriate or necessary to give full effect to this Section 14.

IN WITNESS WHEREOF, Boston Properties, Inc., as General Partner of the Partnership, has caused this Certificate of Designations to become effective, and the Partnership Agreement is hereby amended by giving effect to the terms set forth herein.

BOSTON PROPERTIES, INC.

By: /s/ William J. Wedge

Name: William J. Wedge
Title: Senior Vice President

Exhibit A to the Certificate of Designations for the Series Two Preferred Units

NOTICE OF ELECTION BY PARTNER TO CONVERT
SERIES TWO PREFERRED UNITS INTO COMMON UNITS

The undersigned Series Two Preferred Unit holder hereby (i) elects to convert the number of Series Two Preferred Units in Boston Properties Limited Partnership (the "Partnership") set forth below into Common Units in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership and the Certificate of Designations relating to the Series Two Preferred Units that is a part thereof; and (ii) directs that any cash in lieu of fractional Common Units that may be deliverable upon such conversion be delivered to the address specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such Series Two Preferred Units, free and clear of the rights or interests of any other person or entity other than the Partnership; (b) has the full right, power, and authority to cause the conversion of such Series Two Preferred Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such conversion.

Name of Series Two Preferred Unit holder: _____
(Please Print: Exact Name as Registered with Partnership)

Date of this Notice:_____

Date the Series Two Preferred Units are to be converted:_____/1/

Number of Series Two Preferred Units to be converted:_____

_____
(Signature of Limited Partner: Sign Exact Name as Registered with Partnership)

_____
(Street Address)

_____
(City) (State) (Zip Code)

Signature Guaranteed by:

_____

_____

/1/ Not earlier than 15 days nor later than 60 days after the date this Notice is deposited in the U.S. mails (certified mail, postage prepaid, return receipt requested) or deposited with a nationally recognized overnight courier guaranteeing next business day delivery.

Exhibit B to the Certificate of Designations for the Series Two Preferred Units

NOTICE OF ELECTION BY PARTNER TO REDEEM
SERIES TWO PREFERRED UNITS FOR CASH

The undersigned Series Two Preferred Unit holder hereby (i) elects to redeem the number of Series Two Preferred Units in Boston Properties Limited Partnership (the "Partnership") set forth below for the redemption price determined in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership and the Certificate of Designations (the "Certificate") relating to the Series Two Preferred Units that is a part thereof; and (ii) directs that such redemption price be delivered by certified check to the address specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such Series Two Preferred Units, free and clear of the rights or interests of any other person or entity other than the Partnership; (b) has the full right, power, and authority to cause the redemption of such Series Two Preferred Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such redemption. The undersigned hereby acknowledges that, except as provided in the Certificate, distributions on the Series Two Preferred Units to be redeemed shall cease to accrue on the redemption date indicated below.

Name of Series Two Preferred Unit holder: _____
(Please Print: Exact Name as Registered with Partnership)

Date of this Notice:_____

Option Strike Date on which the Series Two Preferred Units are to be redeemed:_____

Number of Series Two Preferred Units to be redeemed:_____

_____
(Signature of Limited Partner: Sign Exact Name as Registered with Partnership)

_____
(Street Address)

_____
(City) (State) (Zip Code)

Signature Guaranteed by:

_____

Note: Redemptions are subject to reduction and proration as provided in the Certificate of Designations and the Partnership Agreement in respect of the Series Two Preferred Units.

EXHIBIT 99.25

BOSTON PROPERTIES LIMITED PARTNERSHIP

CERTIFICATE OF DESIGNATIONS

ESTABLISHING AND FIXING THE RIGHTS, LIMITATIONS AND

PREFERENCES OF A SERIES OF PREFERRED UNITS

Reference is made to the Second Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement") of Boston Properties Limited Partnership, a Delaware limited partnership (the "Partnership"), of which this Certificate of Designations (this "Certificate") shall become a part. Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the main part of the Partnership Agreement. Section references are (unless otherwise specified) references to sections in this Certificate.

WHEREAS, Section 14.1.B(3) of the main part of the Partnership Agreement permits the General Partner, without the consent of the Limited Partners, to amend the Partnership Agreement for the purpose of setting forth and reflecting in the Partnership Agreement the designations, rights, powers, duties, and preferences of holders of any additional Partnership Interests issued pursuant to Section 4.2.A of the main part of the Partnership Agreement; and

WHEREAS, the General Partner desires by this Certificate to so amend the Partnership Agreement as of this 12th day of November, 1998 (the "Closing Date").

NOW, THEREFORE, the General Partner has set forth in this Certificate the following description of the preferences and other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of conversion and redemption of a class and series of Partnership Interest to be represented by Partnership Units which shall be referred to as "Series Three Preferred Units":

(1) Designation and Number. A series of Preferred Units, designated the "Series Three Preferred Units," is hereby established.

(2) Definitions. For purposes of this Certificate of Designations, the following terms shall have the meanings indicated:

"Cash Business Combination" means a Transaction in which the fair market value of the aggregate consideration into which the outstanding Common Units are or will be exchanged or converted, or which holders of such Units will be entitled to receive, consists of 40% or less voting common equity. In determining whether a Transaction is a Cash Business Combination, the following will apply: (a) if elections for the type of consideration may be made by the holders of Common Units, it will be assumed that all holders of Common Units elect or will elect consideration other than voting common equity, (b) the determination shall be made in good faith by the General Partner, based on the fair market values of the consideration to be issued in the Transaction as of the date the definitive merger or other agreement relating thereto is entered into, and (c) if

any of the consideration to be issued in the Transaction is a publicly traded security, the fair market value of that security shall be the Current Market Price of such security as of the date the definitive merger or other agreement relating thereto is entered into.

"Closing Date" shall have the meaning set forth in the recitals above.

"Conversion Price" shall mean the conversion price per Common Unit for which the Series Three Preferred Units are convertible, as such Conversion Price may be adjusted pursuant to Section 7 hereof. The initial Conversion Price shall be an amount equal to $38.10 per REIT Share.

"Conversion Date" shall have the meaning set forth in paragraph (d) of Section 7 hereof.

"Conversion Period" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"Conversion Right" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"Current Market Price" of a REIT Share or of a publicly traded security of any other issuer for any day shall mean the last reported sales price, regular way, on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange ("NYSE") or, if such security is not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted for trading or, if not listed or admitted for trading on any national securities exchange, on the Nasdaq National Market or, if such security is not quoted on such Nasdaq National Market, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by Nasdaq or, if bid and asked prices for such security on such day shall not have been reported through Nasdaq, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Chief Executive Officer of the Partnership or the General Partner. "Current Market Price" of a Common Unit as of any day means the Current Market Price of a REIT Share multiplied by the Conversion Factor, as such term is defined in the main part of the Partnership Agreement.

"Distribution Payment Date" shall mean the fifteenth day of February, May, August and November, in each year, commencing on November 16, 1998; provided, however, that if any Distribution Payment Date falls on any day other than a Business Day, the distribution payment due on such Distribution Payment Date shall be paid on the first Business Day immediately following such Distribution Payment Date.

"Distribution Periods" shall mean quarterly distribution periods from and after a Distribution Payment Date and to and excluding the next succeeding Distribution Payment Date (other than the initial Distribution Period, which shall commence on the day after the Closing Date and end on and exclude November 16, 1998).

"Fair Market Value" shall mean the average of the daily Current Market Prices per Common Unit during the ten (10) consecutive Trading Days selected by the Partnership commencing not more than 20 Trading Days before, and ending not later than, the earlier of the day in question and the day before the "ex" date with respect to the issuance or distribution requiring such computation. The term "`ex' date," when used with respect to any issuance or distribution, means the first day on which REIT Shares trade regular way, without the right to receive such issuance or distribution, on the exchange or in the market, as the case may be, used to determine that day's Current Market Price.

"Forced Conversion" has the meaning set forth in Section 7(b) hereof.

"Forced Conversion Amount" shall mean the number of Series Three Preferred Units which the General Partner may require to be converted as provided in paragraph 7(b);

"Forced Conversion Option" shall have the meaning set forth in paragraph (b) of Section 7 hereof.

"Issue Date" shall mean, with respect to a Series Three Preferred Unit, the day after the Closing Date.

"Junior Preferred Units" shall mean any class or series of Partnership Units the holders of which are entitled to the receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, junior in priority to the holders of the Series Three Preferred Units, but senior in priority to the holders of Common Units.

"Junior Units" shall mean the Common Units and any other class or series of Partnership Units constituting junior units within the meaning set forth in paragraph (a) of Section 9 hereof.

"Liquidation Preference" shall have the meaning set forth in paragraph (a) of Section 4 hereof.

"Option Strike Date" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"Parity Units" shall have the meaning set forth in paragraph (b) of Section 9 hereof.

"Preferred Rate" shall mean, at any given time, the rate per annum as to which distributions accrue on each Series Three Preferred Unit, based on the Liquidation Preference, for purposes of determining the Stated Quarterly Distribution in effect at such time, as set forth in the following schedule:

Time Period	Preferred Rate
November 12, 1998 to March 31, 1999	5.0%
April 1, 1999 to December 31, 1999	5.5%
January 1, 2000 to December 31, 2000	5.625%
January 1, 2001 to December 31, 2001	6.0%
January 1, 2002 to December 31, 2002	6.5%
January 1, 2003 to May 12, 2009	7.0%
May 13, 2009 and thereafter	6.0%

"Ratchet Distribution" shall mean for each Distribution Payment Date a distribution payable, if applicable, per Series Three Preferred Unit in respect of the Distribution Period ending on such Distribution Payment Date. The Ratchet Distribution for each Distribution Period shall be equal to the distribution which would have been paid in respect of such Series Three Preferred Unit had (i) such Series Three Preferred Unit been converted into (x) a number of Common Units determined by dividing the Liquidation Preference by the Conversion Price in effect on such Distribution Payment Date and any (y) Other Securities (as defined below) issuable upon such conversion and (ii) there had been paid in respect of each such Common Unit and Other Securities (including any fractional portion thereof to the fourth decimal) a distribution (the "Regular Distribution") equal to the regular, quarterly cash distribution paid to holders of record of Common Units and Other Securities on that record date (the "Reference Record Date") which is closest to the end of the calendar quarter preceding such Distribution Payment Date. For purposes of determining the Ratchet Distribution, in the event that a special cash distribution was paid to holders of Common Units and Other Securities on the Reference Record Date or at any time prior to the Reference Record Date and after the last record date for regular, quarterly cash distributions, then in such event the Ratchet Distribution shall include, in addition to the Regular Distribution paid in respect of the Reference Record Date, the amount of such special cash distribution paid in respect of each Common Unit or Other Security (for clarity, it is noted that the effect of this sentence is to assure that in calculating the Ratchet Distribution the holders of Series Three Preferred Units will benefit from any cash distributions paid in respect of Common Units and Other Securities even if such cash distributions might not be characterized as "regular, quarterly cash distributions"). In the event that a Series Three Preferred Unit is outstanding for only a portion of a Distribution Period, then the Ratchet Distribution with respect to such Series Three Preferred Unit and such Distribution Period shall be determined as provided in the preceding sentence but shall then be adjusted by multiplying such amount by a fraction, the numerator of which equals the number of days such Series Three Preferred Unit had been outstanding during such period and the denominator of which shall equal the total number of days during such Distribution Period. As used herein, the term "Other

Security" means any security in addition to Common Units (including Junior Preferred Units) which may be issuable to a holder of Series Three Preferred Units upon conversion of a Series Three Preferred Unit.

"Redemption Notice" shall have the meaning set forth in paragraph (b) of Section 5 hereof.

"Redemption Right" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"Securities" shall have the meaning set forth in paragraph (g)(iii) of Section 7 hereof.

"Source Agreements" shall mean that certain Master Transaction Agreement dated September 28, 1998 by and among the General Partner, the Partnership and, among others, the holders of the Series Three Preferred Units designated hereby, and each of the other agreements contemplated therein.

"Stated Quarterly Distribution" shall mean for each Distribution Payment Date a distribution payable, if applicable, per each Series Three Preferred Unit in respect of the Distribution Period ending on such Distribution Payment Date. The Stated Quarterly Distribution for each Distribution Period shall equal the sum of the following products for each day in such Distribution Period on which the Series Three Preferred Unit is outstanding: (i) the Preferred Rate in effect on such day divided by 365, multiplied by (ii) the Liquidation Preference.

"Target Amount" shall mean that number of Series Three Preferred Units having a Liquidation Preference equal to one-sixth of the aggregate Liquidation Preference of the Series Three Preferred Units issued under the Source Agreements.

"Trading Day" shall mean any day on which the securities in question are traded on the New York Stock Exchange ("NYSE"), or if such securities are not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading on any national securities exchange, on the Nasdaq National Market, or if such securities are not quoted on such Nasdaq National Market, in the applicable securities market in which the securities are traded.

"Transaction" shall have the meaning set forth in paragraph (h) of Section 7 hereof.

(3) Distributions.

(a) The holders of Series Three Preferred Units shall be entitled to receive, in respect of each Distribution Payment Date, when, as and if authorized and declared by the General Partner out of assets legally available for

that purpose, cumulative preferential distributions payable in cash in an amount per Series Three Preferred Unit equal to the greater of (i) the Stated Quarterly Distribution for such Distribution Payment Date or (ii) the Ratchet Distribution for such Distribution Payment Date. Such distributions shall, with respect to each Series Three Preferred Unit, be cumulative from and including its Issue Date, whether or not in, or with respect to, any Distribution Period or Periods (i) such distributions are declared, (ii) the Partnership is contractually prohibited from paying such distributions or (iii) there shall be assets of the Partnership legally available for the payment of such distributions, and shall be payable quarterly, when, as and if authorized and declared by the General Partner, in arrears on Distribution Payment Dates, commencing on the first Distribution Payment Date after the Issue Date of such Series Three Preferred Units. Distributions are cumulative from the most recent Distribution Payment Date to which distributions have been paid, whether or not, or with respect to, in any Distribution Period or Periods (i) such distributions are declared, (ii) the Partnership is contractually prohibited from paying such distributions or (iii) there shall be assets legally available therefor. Each such distribution shall be payable in arrears to the holders of record of the Series Three Preferred Units, as they appear on the records of the Partnership at the close of business on such record dates, not more than 30 days preceding the applicable Distribution Payment Date (the "Distribution Payment Record Date") (or, in the case of a Distribution Payment Record Date that coincides with a record date for payment of distributions on Common Units, not more than 60 days preceding the applicable Distribution Payment Date), as shall be fixed by the General Partner; provided, however, that with respect to the first Distribution Period, the Distribution Payment Record Date for such period will be on or after the Issue Date. Accrued and unpaid distributions for any past Distribution Periods and any additional amounts as provided in subsection (f) may be authorized and declared and paid at any time, without reference to any regular Distribution Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof (or, in the case of a record date that coincides with a record date for payment of distributions on Common Units, not more than 60 days preceding the applicable payment date thereof), as may be fixed by the General Partner.

(b) The first Distribution Period with respect to the first Series Three Preferred Units issued shall be for the period from on and after the Closing Date to the first Distribution Payment Date of (and excluding) November 16, 1998.

(c) So long as any Series Three Preferred Units are outstanding, no distributions (whether in cash or in kind or upon liquidation of the Partnership), except as described in the immediately following sentence, shall be authorized and declared or paid on any series or class or classes of Parity Units for any period nor shall any Parity Units be redeemed, purchased or otherwise acquired for any consideration or any moneys to be paid to or made available for a sinking fund for the redemption of any Parity Units, directly or indirectly (except by conversion into or exchange for Parity Units or Junior Units), unless full cumulative distributions, including, if applicable, the further preferential distribution provided in subsection (f), have been or contemporaneously are authorized and declared and paid on the Series Three Preferred Units for all Distribution Periods terminating on or prior to the distribution payment date on (or date of purchase, redemption or other acquisition of) such class or series of Parity Units. When distributions are not paid in full upon the Series Three Preferred Units and any other class or classes of Parity Units, all distributions authorized upon the Series Three Preferred Units and any other class or classes of Parity Units shall be authorized and declared ratably in proportion to the respective amounts of distributions accumulated and unpaid on the Series Three Preferred Units and such Parity Units (which shall not include any accrual in respect of unpaid distributions for prior distribution periods if such Parity Units do not have a cumulative distribution).

(d) So long as any Series Three Preferred Units are outstanding, no distributions (other than distributions paid solely in Junior Units, or options, warrants or rights to subscribe for or purchase Junior Units) shall be authorized and declared or paid or other distribution authorized and declared or made upon Junior Units for any period, nor shall any Junior Units be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Units made for purposes of and in compliance with requirements of employee incentive or employee benefit plans of the Partnership or the General Partner or any of their subsidiaries), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any Junior Units) by the Partnership, directly or indirectly (except by conversion into or exchange for Junior Units), unless in each case (i) the full cumulative distributions on all outstanding Series Three Preferred Units, including, if applicable, the further preferential distribution provided in subsection (f), and any other Parity Units of the Partnership shall have been paid for all past Distribution Periods with respect to the Series Three Preferred Units and all past distribution periods with respect to such Parity Units and (ii) sufficient funds shall have been paid for or irrevocably set aside and designated for payment of the

distribution due for the current Distribution Period with respect to the Series Three Preferred Units.

(e) Without limiting the other provisions hereof, no distributions on Series Three Preferred Units (other than liquidating distributions made in accordance with Section 13.2 of the main part of the Partnership Agreement and Section 4 hereof) shall be paid by the Partnership at such time as the terms and provisions of any agreement of the Partnership or its affiliates or subsidiaries, relating to bona fide indebtedness for borrowed money, prohibits such declaration or payment or provides that such declaration or payment would constitute a breach thereof or a default thereunder, or if such declaration or payment shall be restricted or prohibited by law (and such failure to pay distributions on the Series Three Preferred Units shall prohibit other distributions by the Partnership as described in Sections 3(c) and (d)).

(f) Notwithstanding the foregoing, distributions on the Series Three Preferred Units shall accrue whether or not the terms and provisions set forth in Section 3(e) hereof at any time prohibit the current payment of distributions, whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are declared. Accrued but unpaid distributions on the Series Three Preferred Units will accumulate as of the Distribution Payment Date on which they first become payable and a further preferential distribution at the per annum rate then applicable for the period or periods specified in subsection (a) above shall accrue during the period of accumulation and be distributed in respect of such unpaid distributions until the amount thereof and the further preferential amount thereon shall have been distributed in full.

(g) Upon liquidation, dissolution or winding up of the Partnership, no distributions shall be made to any series or class or classes of Junior Units until after payment shall have been made in full to the holders of the Series Three Preferred Units, as provided in Section 4(a).

(h) Any distribution made on the Series Three Preferred Units shall first be credited against the further preferential distribution provided in subsection (f) above and then against the earliest accrued but unpaid distribution due with respect to such Series Three Preferred Units which remains payable. Other than liquidating distributions described in Section 4, the Series Three Preferred Units shall be entitled only to the distributions on the Series Three Preferred Units as described in this Section 3.

(4) Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Partnership, whether voluntary or involuntary, before any payment or distribution of the assets of the Partnership (whether capital or surplus) shall be made to the holders of Junior Units, the holders of the Series Three Preferred Units shall be entitled to receive Fifty Dollars ($50.00) per Series Three Preferred Unit (the "Liquidation Preference") or, if greater, the amount which each holder would receive in respect of the Common Units and Other Securities and property it would receive upon conversion of its Series Three Preferred Units if all Series Three Preferred Units were converted pursuant to Section 7 immediately prior to the distribution of liquidation proceeds under the Partnership Agreement, plus an amount equal to all distributions (whether or not earned or declared) accrued and unpaid thereon pursuant to Section 3 to the date of final distribution to such holder; but such holders of Series Three Preferred Units shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Partnership, the assets of the Partnership, or proceeds thereof, distributable among the holders of Series Three Preferred Units shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Units, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series Three Preferred Units and any such other Parity Units ratably in accordance with the respective amounts that would be payable on such Series Three Preferred Units and any such other Parity Units if all amounts payable thereon were paid in full.

(b) Upon any liquidation, dissolution or winding up of the Partnership, after payment shall have been made in full to the holders of the Series Three Preferred Units and Parity Units, as provided in this Section 4, any series or class or classes of Junior Units shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed.

(c) After payment of the full amount of the liquidating distributions to which they are entitled pursuant to Sections 4(a) and (b), the holders of Series Three Preferred Units will have no right or claim to any of the remaining assets of the Partnership.

(d) The consolidation or merger of the Partnership with or into any other corporation, partnership, trust or entity or of any other corporation, partnership, trust or entity with or into the Partnership, or an exchange of Units or partnership interests, or the sale, lease or conveyance of all

or substantially all of the property or business of the Partnership (unless the net proceeds of any of the foregoing transactions shall be distributed to the holders of Units rather than reinvested), shall not be deemed to constitute a liquidation, dissolution or winding up of the Partnership.

(5) Redemption.

(a) Subject to adjustment as provided in this Section 5, on each of May 12, 2009; May 12, 2010; May 12, 2011; May 14, 2012; May 14, 2013; and May 12, 2014 (each an "Option Strike Date") (i) each of the Series Three Preferred Unit holders, upon giving prior written notice as provided below, shall have the right (the "Redemption Right") to require that the Partnership redeem for cash, at a redemption price of $50 per Series Three Preferred Unit, Series Three Preferred Units held by such holder; provided that the maximum number of Series Three Preferred Units that may be required to be redeemed from all such holders is equal to the Target Amount; provided, further, that a holder may not exercise the Redemption Right for less than one thousand (1,000) Series Three Preferred Units or, if such holder holds less than one thousand Series Three Preferred Units, all of the Series Three Preferred Units held by such holder; and (ii) the General Partner, upon giving prior written notice as provided below, shall have the Redemption Right to require the redemption for cash, at a redemption price of $50 per Series Three Preferred Unit, of a number of Series Three Preferred Units equal to, but not in excess of, the Target Amount (in the aggregate from all holders); provided, however, that the General Partner may not require the redemption by the Partnership on any Option Strike Date of more than the lesser of (A) the Target Amount in respect of such Option Strike Date or (B) such number of Series Three Preferred Units as shall have an aggregate Liquidation Preference equal to the excess of (i) the aggregate Liquidation Preference of the sum of the Target Amounts for all prior Option Strike Dates and the currently applicable Option Strike Date over (ii) the aggregate Liquidation Preference of all Series Three Preferred Units previously converted (including Forced Conversions), noticed for conversion on such Option Strike Date, previously redeemed, and noticed for redemption on such Option Strike Date.

The exercise of a Redemption Right on any Option Strike Date shall not be cumulative (i.e., the Target Amount with respect to any Option Strike Date is the maximum number of Series Three Preferred Units subject to mandatory redemption by either the Partnership or the holders of Series Three Preferred Units on each Option Strike Date); any Series Three Preferred Units that are not converted pursuant to Section 7 or redeemed

pursuant to this Section 5 on or before May 12, 2014 shall remain outstanding and shall have all of the rights and preferences set forth in this Certificate except that the provisions of this Section 5 shall not apply to any Series Three Preferred Units outstanding after such date.

(b) In order to exercise its Redemption Right, a holder of Series Three Preferred Units shall deliver a notice (a "Redemption Notice," such term to also include the notice required to be delivered by the General Partner upon exercise of its Redemption Right) in the form attached hereto as Exhibit B to the Partnership (with a copy to the General Partner) not less than 40 nor more than 70 days prior to an Option Strike Date. If a holder of Series Three Preferred Units who has delivered a Redemption Notice pursuant to this Section 5 converts the Units tendered for redemption prior to the redemption date, the Redemption Notice shall be deemed revoked. The General Partner may exercise its Redemption Right by delivering in writing a Redemption Notice, containing the information provided in subsection (e), to each holder of record of Series Three Preferred Units, not less than 30 nor more than 70 days prior to an Option Strike Date.

If, pursuant to the exercise of a Redemption Right by holders of the Series Three Preferred Units, with such redemption to be effective on an Option Strike Date, holders tender for redemption a number of Series Three Preferred Units having an aggregate Liquidation Preference greater than the Target Amount, the Partnership may redeem all such Units tendered for redemption or a lesser number of Units, as the General Partner determines in its sole discretion, but not less than the Target Amount; provided, however, that if the Partnership does not redeem all Series Three Preferred Units so tendered for redemption, the Partnership shall redeem Units ratably from each tendering holder in proportion to the respective number of Units tendered. If the holders have tendered for redemption a number of Series Three Preferred Units less than the Target Amount and the General Partner delivers a Redemption Notice to redeem a number of Series Three Preferred Units greater than the number of Units tendered for redemption by the holders, the Partnership shall first redeem the Series Three Preferred Units of those holders exercising their Redemption Right pursuant to this Section 5 and shall then redeem, on a pro rata basis, Series Three Preferred Units from all holders who hold Units after giving effect to such redemption; provided, however, that in such case, (i) the General Partner shall deliver a separate notice at least 30 days prior to the Option Strike Date, containing the information provided in subsection (e), to all holders of the Series Three Preferred Units to be so redeemed indicating

the number of Units to be so redeemed, and (ii) the total number of Units to be redeemed (upon notice by the General Partner and the holders, collectively) shall not exceed the Target Amount.

If the General Partner delivers a Redemption Notice to the holders of the Series Three Preferred Units, the holders shall have the right, subject to Section 7(a), to convert their Series Three Preferred Units into Common Units, pursuant to Section 7, on or before the Option Strike Date. To the extent that such Series Three Preferred Units are so converted, the right of the General Partner to require the redemption of Series Three Preferred Units shall be reduced by the aggregate Liquidation Preference of the Series Three Preferred Units so converted (and the reduction in the number of Series Three Preferred Units to be redeemed from each holder shall be allocated first to the holders who so elected to convert their Units and second pro rata among all other holders).

Within two Business Days of a redemption of Series Three Preferred Units, the Partnership shall pay the redemption price by certified check to or on the order of those holders whose Series Three Preferred Units have been redeemed.

(c) Immediately prior to any redemption of Series Three Preferred Units and as a condition to such redemption, the Partnership shall pay, in cash, all accumulated and unpaid distributions, including the further preferential distribution provided in Section 3(f), through the Option Strike Date in respect of all Series Three Preferred Units, including those Series Three Preferred Units to be redeemed. Unless full cumulative distributions on all Series Three Preferred Units have been paid, the Partnership may not require the Series Three Preferred Units to be redeemed.

(d) The Assignee of any Limited Partner pursuant to Section 11 of the main part of the Partnership Agreement may exercise the rights of such Limited Partner pursuant to this Section 5, and such Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by the Assignee. In connection with any exercise of such rights by an Assignee of a Limited Partner, the cash amount shall be paid by the Partnership directly to such Assignee and not to such Limited Partner.

(e) A Redemption Notice shall be provided in the manner provided in Section 12. Any defect in a Redemption Notice or in the mailing thereof to any particular holder, the Partnership or the General Partner shall not affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice that was

mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date of deemed delivery provided in Section 12, whether or not the holder receives the notice. Each of the General Partner's Redemption Notices shall state, as appropriate: (1) the Option Strike Date; (2) the number of Series Three Preferred Units to be redeemed in the aggregate from all holders and, if fewer than all the Series Three Preferred Units held by such holder are to be redeemed, the number of such Series Three Preferred Units to be redeemed from such holder; and (3) that distributions on the Series Three Preferred Units to be redeemed shall cease to accrue on such Option Strike Date except as otherwise provided herein. Notice having been delivered as aforesaid, from and after the Option Strike Date (unless the Partnership shall fail to pay the redemption price on the date required), (i) except as otherwise provided herein, distributions on the Series Three Preferred Units so called for redemption shall cease to accrue, (ii) said Units shall no longer be deemed to be outstanding, and all rights of the holders thereof as holders of Series Three Preferred Units of the Partnership shall cease (except the right to receive the redemption price and the amounts required to be paid under subsection (c)).

After the redemption of Series Three Preferred Units as aforesaid, the Partnership shall deliver to such holder, upon his written request, a certificate of the General Partner certifying the number of Common Units and Series Three Preferred Units held by such person immediately after such redemption. The Partnership shall also advise each holder as to the number of Series Three Preferred Units redeemed and the number of Series Three Preferred Units which remain outstanding.

(f) Each Series Three Preferred Unit holder covenants and agrees with the Partnership that all Series Three Preferred Units delivered for redemption pursuant to this Section 5 shall be delivered to the Partnership free and clear of all liens, and, notwithstanding anything contained herein to the contrary, the Partnership shall not be under any obligation to acquire Series Three Preferred Units which are subject to any liens.

(6) The rights of each Series Three Preferred Unit holder pursuant to this Certificate arise solely from its ownership as a Limited Partner of Partnership Interests in the Partnership and not from it being a creditor of the Partnership and none of such rights with respect to any required redemption shall constitute a "claim" as such term is defined in Section 101 of the United States Bankruptcy Code as in effect as of the date of this Certificate; provided, however, that any rights in respect of such Series Three Preferred Units shall constitute equity interests of each Partner hereunder, it being agreed and understood that no

Partner is waiving any equity interest it has in the Partnership or any rights to assert any such interests in any bankruptcy proceeding or otherwise.

(7) Conversion. Holders of the Series Three Preferred Units shall have the right (the "Conversion Right") to convert all or a portion of such Units into Common Units (provided, however, that a holder may not exercise the Conversion Right for less than one thousand (1,000) Series Three Preferred Units or, if such holder holds less than one thousand Series Three Preferred Units, all of the Series Three Preferred Units held by such holder), and the General Partner shall have the right on each Option Strike Date to cause a conversion of Series Three Preferred Units into Common Units, subject, in each case, to the following conditions and procedures:

(a) Subject to and upon compliance with the provisions of this Section 7, a holder of Series Three Preferred Units shall have the right, at his or her option, at any time and from time to time during the period on or after the earlier of (i) December 31, 2002 and (ii) the effective time of a Cash Business Combination (the period beginning on and after the earlier of such dates, the "Conversion Period"), to convert such Units into the number of fully paid and non-assessable Common Units obtained by dividing the aggregate Liquidation Preference of such Series Three Preferred Units by the Conversion Price as in effect as of such time (i.e. after adjustment as described in subsection (g)) by delivering a Conversion Notice in the form attached hereto as Exhibit A within the time period specified in paragraph (d) below and in the manner provided in Section 12; provided, however, that the right to deliver a conversion notice with respect to Series Three Preferred Units called or tendered for redemption pursuant to Section 5 hereof shall terminate on that day which is the fifth business day prior to the applicable Option Strike Date on which such Units are to be redeemed, unless the Partnership shall default in making any cash payment required upon a redemption on such date as provided in Section 5 hereof. A conversion of Series Three Preferred Units specified in the Conversion Notice shall occur automatically at the close of business on the applicable Conversion Date without any action on the part of the holders of Series Three Preferred Units, and immediately after the close of business on the Conversion Date the holders of Series Three Preferred Units who had all or a portion of their Series Three Preferred Units converted shall be credited on the books and records of the Partnership with the issuance as of the opening of business on the next day of the Common Units issuable upon such conversion.

(b) If, as of an applicable Option Strike Date, the Target Amount for such Option Strike Date has not been redeemed and/or converted (or noticed for conversion and/or redemption on such Option Strike Date) as a result of Series Three Preferred Unit holders and/or the General Partner exercising Redemption Rights pursuant to Section 5 and/or such holders exercising their conversion rights pursuant to this Section 7, the Partnership, at the election of the General Partner and subject to and upon compliance with the provisions of this Section 7, may convert (a "Forced Conversion") not more than the lesser of (A) the Target Amount in respect of such Option Strike Date or (B) such number of Series Three Preferred Units as shall have an aggregate Liquidation Preference equal to the excess of (i) the aggregate Liquidation Preference of the sum of the Target Amounts for all prior Option Strike Dates and the currently applicable Option Strike Date over (ii) the aggregate Liquidation Preference of all Series Three Preferred Units previously converted, noticed for conversion by the holders on such Option Strike Date, previously redeemed, and noticed for redemption on such Option Strike Date (the "Forced Conversion Amount") of Series Three Preferred Units into a number of Common Units determined in accordance with the Conversion Price in effect on such date as determined in accordance with subsection (a) by transmitting for delivery a Conversion Notice, in the manner prescribed in Section 12 within one business day after the applicable Option Strike Date, to the holders of the Series Three Preferred Units which are to be so converted (the "Forced Conversion Option") ratably in proportion to the Series Three Preferred Units then outstanding from the holders thereof (after giving effect to the redemptions and conversions otherwise noticed to occur on such Option Strike Date); provided, further, however, that such Forced Conversion Option may only be exercised by the Partnership if the value of the REIT Shares, calculated on their weighted average closing price during the 10 Trading Days prior to the second Trading Day preceding the exercise of the Forced Conversion Option, is equal to or greater than 110% of the Conversion Price.

(c) Immediately prior to any conversion of Series Three Preferred Units, the Partnership shall pay, in cash, all accumulated and unpaid distributions including the further preferential distributions provided in Section 3(f) through the Conversion Date on all Series Three Preferred Units. A holder of Series Three Preferred Units shall have no right with respect to any Series Three Preferred Units so converted to receive any distributions paid after the Conversion Date with respect to such Series Three Preferred Units and his interest in the Partnership as to such converted Units shall be terminated; provided, however, that in the event the Partnership is legally or contractually prohibited from paying, or

fails for any other reason to pay, such accumulated and unpaid distributions prior to any conversion and such holder elects to continue with and permit such conversion after notice from the Partnership of such inability or failure, such holder shall still be entitled to receive all such accumulated and unpaid distributions, if any, that remain unpaid after such conversion, as well as a further preferential distribution on such unpaid distributions as provided in Section 3(f), which distributions shall be paid by the Partnership as soon as it is legally and contractually permitted to do so.

(d) After the conversion of Series Three Preferred Units as aforesaid, the Partnership shall deliver to such holder, upon his written request, a certificate of the General Partner certifying the number of Common Units and Preferred Units held by such person immediately after such conversion.

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date (the "Conversion Date") specified in the Conversion Notice (which shall not be earlier than 5 days after mailing of the Conversion Notice nor later than sixty (60) days after such date) or upon the Option Strike Date in the case of a Forced Conversion pursuant to Section 7(b) and the Series Three Preferred Units so presented for conversion shall be deemed converted into Common Units at the close of business on such date, and such conversion shall be in accordance with the Conversion Price in effect on such date (unless such day is not a Business Day, in which event such conversion shall be deemed to have become effective at the close of business on the next succeeding Business Day) as determined in accordance with subsection (a).

(e) No fractions of Common Units shall be issued upon conversion of the Series Three Preferred Units. Instead of any fractional interest in a Common Unit that would otherwise be deliverable upon the conversion of a Series Three Preferred Unit, the Partnership shall pay to the holder of such Series Three Preferred Unit an amount in cash based upon the Current Market Price of Common Units on the Trading Day immediately preceding the date of conversion. If more than one Series Three Preferred Unit shall be surrendered for conversion at one time by the same holder, the number of full Common Units issuable upon conversion thereof shall be computed on the basis of the aggregate number of Series Three Preferred Units so surrendered.

(f) The Assignee of any Limited Partner pursuant to Section 11 of the main part of the Partnership Agreement may exercise the rights of such

Limited Partner pursuant to this Section 7, and such Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by the Assignee.

(g) The Conversion Price shall be adjusted from time to time as follows:

(i) If the Partnership shall after the Issue Date (A) pay or make a distribution to holders of its Common Units in Common Units, (B) subdivide its outstanding Common Units into a greater number of Common Units, (C) combine its outstanding Common Units into a smaller number of Common Units or (D) issue any Common Units by reclassification of its Common Units, the Conversion Price in effect at the opening of business on the day following the date fixed for the determination of Common Unit holders entitled to receive such distribution or at the opening of business on the day following the day on which such subdivision, combination or reclassification becomes effective, as the case may be, shall be adjusted so that the holder of any Series Three Preferred Unit thereafter surrendered for conversion shall be entitled to receive the number of Common Units that such holder would have owned or have been entitled to receive after the happening of any of the events described above had such Series Three Preferred Units been converted immediately prior to the record date in the case of a distribution or the effective date in the case of a subdivision, combination, or reclassification. An adjustment made pursuant to this subsection (g)(i) shall become effective immediately after the opening of business on the day next following the record date in the case of a distribution and shall become effective immediately after the opening of business on the day next following the effective date in the case of a subdivision, combination, or reclassification and automatically without any further required action of the Partnership or the Series Three Preferred Unit holders.

(ii) If the Partnership shall issue after the Issue Date rights, options or warrants to all holders of Common Units entitling them to subscribe for or purchase Common Units (or securities convertible into or exchangeable for Common Units) at a price per Common Unit less than the Fair Market Value per Common Unit on the record date for the determination of Common Unit holders entitled to receive such rights, options or warrants, then the Conversion Price in effect at the opening of business on the day next following such record date shall be adjusted to equal the price determined by multiplying (I) the Conversion Price in effect

immediately prior to the opening of business on the day following the record date fixed for such determination by (II) a fraction, the numerator of which shall be the sum of (A) the number of Common Units outstanding on the close of business on the record date fixed for such determination and (B) the number of Common Units that the aggregate proceeds to the Partnership from the exercise of such rights, options or warrants for Common Units would purchase at such Fair Market Value, and the denominator of which shall be the sum of (A) the number of Common Units outstanding on the close of business on the date fixed for such determination and (B) the number of additional Common Units offered for subscription or purchase pursuant to such rights, options or warrants. Such adjustment shall become effective immediately upon the opening of business on the day next following such record date (subject to paragraph (l) below). In determining whether any rights, options or warrants entitle the holders of Common Units to subscribe for or purchase Common Units at less than such Fair Market Value, there shall be taken into account any consideration received by the Partnership upon issuance and upon exercise of such rights, options or warrants, the value of such consideration, if other than cash, to be determined in good faith by the General Partner.

(iii) If the Partnership shall distribute to all holders of its Common Units any Partnership Units (other than Common Units) or evidence of its indebtedness or assets (excluding cash distributions to the extent that after giving effect to such distributions the fair market value of the assets of the Partnership exceed the sum of the liabilities of the Partnership, as determined in good faith by the General Partner) or rights or warrants to subscribe for or purchase any of its securities (excluding those rights and warrants issued to all holders of Common Units entitling them to subscribe for or purchase Common Units or securities convertible into or exchangeable for Common Units, which rights and warrants and convertible or exchangeable securities are referred to in and treated under subparagraph (ii) above) (any of the foregoing being hereinafter in this subparagraph (iii) called the "Securities"), then in each case the Conversion Price shall be adjusted so that it shall equal the price determined by multiplying (I) the Conversion Price in effect immediately prior to the close of business on the date fixed for the determination of Unit holders entitled to receive such distribution by (II) a fraction, the numerator of which shall be the Fair Market Value per Unit of the Common Units on the record

date mentioned below less the then fair market value (as determined by the General Partner in good faith) of the portion of the Units or assets or evidences of indebtedness so distributed or of such rights or warrants applicable to one Common Unit, and the denominator of which shall be the Fair Market Value per Unit of the Common Units on the record date mentioned below. Such adjustment shall become effective immediately upon the opening of business on the day next following the record date for the determination of Unit holders entitled to receive such distribution (subject to paragraph (l) below). For the purposes of this subparagraph (iii), the distribution of a Security, which is distributed not only to the holders of the Common Units on the date fixed for the determination of Unit holders entitled to such distribution of such Security, but also is required to be distributed with each Common Unit delivered to a person converting a Series Three Preferred Unit after such determination date, shall not require an adjustment of the Conversion Price pursuant to this subparagraph (iii); provided that on the date, if any, on which a person converting a Series Three Preferred Unit would no longer be entitled to receive such Security with a Common Unit (other than as a result of the termination of all such Securities), a distribution of such Securities shall be deemed to have occurred, and the Conversion Price shall be adjusted as provided in this subparagraph (iii) (and such day shall be deemed to be "the date fixed for the determination of the Unit holders entitled to receive such distribution" and "the record date" within the meaning of the two preceding sentences).

(iv) Notwithstanding the foregoing, no adjustment shall be made pursuant to the preceding clauses (ii) and (iii) that would result in any increase in the Conversion Price. No adjustment in the Conversion Price shall be required unless such adjustment would require a cumulative increase or decrease of at least 1% in such price; provided, however, that any adjustments that by reason of this subsection (g)(iv) are not required to be made shall be carried forward and taken into account in any subsequent adjustment until made; and provided, further, that any adjustment shall be required and made in accordance with the provisions of this Section 7 (other than this subsection (g)(iv)) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the holders of Common Units. Notwithstanding any other provisions of this Section 7, the Partnership shall not be required to make any adjustment of the Conversion Price for the issuance of any Common Units pursuant

to any employee benefit or compensation plan or other plan providing for the reinvestment of distributions or interest payable on securities of the Partnership and the investment of additional optional amounts in Common Units under such plan (or the issuance of any Common Units to the General Partner in respect of a capital contribution by it resulting from an analogous sale of its securities). All calculations under this Section 7 shall be made to the nearest cent (with $.005 being rounded upward) or to the nearest one-tenth of a Unit (with .05 of a Unit being rounded upward), as the case may be. Anything in this paragraph (g) to the contrary notwithstanding, the Partnership shall be entitled, to the extent permitted by law, to make such adjustments in the Conversion Price (but without adversely affecting the economic value of a Series Three Preferred Unit), in addition to those required by this paragraph (g), as it in its discretion shall determine to be advisable in order that any Series Three Preferred Unit distributions, subdivision of Series Three Preferred Units, reclassification or combination of Series Three Preferred Units, distribution of rights, options or warrants to purchase stock or securities, or a distribution of other assets (other than cash distributions) hereafter made by the Partnership to the holders of the Series Three Preferred Units shall not be taxable.

(h) If the Partnership or the General Partner shall be a party to any transaction (including without limitation a merger, consolidation, unit exchange, self tender offer for all or substantially all Common Units, sale of all or substantially all of the Partnership's assets or recapitalization of the Common Units and excluding any transaction as to which subparagraph (g)(i) of this Section 7 applies) (each of the foregoing being referred to herein as a "Transaction"), in each case as a result of which Common Units shall be exchanged for or converted into the right, or the holders of such Units shall otherwise be entitled, to receive securities or other property (including cash or any combination thereof), each Series Three Preferred Unit shall upon the commencement of the Conversion Period be convertible into the kind and amount of Units or securities and other property (including cash or any combination thereof) (the "Per Series Three Preferred Unit Merger Consideration") receivable upon the consummation of such Transaction by a holder of that number of Common Units into which one Series Three Preferred Unit was convertible immediately prior to such Transaction (unless, in connection with such Transaction, the Series Three Preferred Units had been converted into the right to receive such consideration (and thus, are no longer outstanding)), assuming such holder of Common Units is not a Person with which the Partnership consolidated or into which the

Partnership merged or which merged into the Partnership or to which such sale or transfer was made, as the case may be (a "Constituent Person"), or an affiliate of a Constituent Person. In the event that holders of Common Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Transaction, prior to such transaction the General Partner shall give prompt written notice to each Series Three Preferred Unit holder of such election, and each Series Three Preferred Unit holder shall also have the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each Series Three Preferred Unit held by such holder following consummation of such Transaction, and after such election the consideration thereby elected shall be the "Per Series Three Preferred Unit Merger Consideration" for each Series Three Preferred Unit held by such holder or any transferee thereof. If a holder of Series Three Preferred Units fails to make such an election, such holder (and any of its transferees) shall receive upon conversion of each Series Three Preferred Unit held by such holder (or by any of its transferees) the same Per Series Three Preferred Unit Merger Consideration that a holder of that number of Common Units into which one Series Three Preferred Unit was convertible immediately prior to such Transaction would receive if such Common Unit holder failed to make such an election.

The Partnership shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions of this paragraph (h), and it shall not consent or agree to the occurrence of any Transaction until the Partnership has entered into an agreement with the successor or purchasing entity, as the case may be, for the benefit of the holders of the Series Three Preferred Units that will contain provisions enabling the holders of the Series Three Preferred Units that remain outstanding after such Transaction to convert their Series Three Preferred Units into the consideration provided for herein and that shall preserve the distribution preference, conversion, redemption, and other rights set forth in this Certificate.

(i) If:

(i) the Partnership shall declare a distribution on the Common Units (excluding cash distributions to the extent that after giving effect to such distributions the fair market value of the assets of the Partnership exceed the sum of the liabilities of the Partnership, as determined in good faith by the General Partner); or

(ii) the Partnership shall authorize the granting to the holders of the Common Units of rights or warrants to subscribe for or purchase any Units of any class or any other rights or warrants; or

(iii) there shall be any reclassification of the Common Units (other than an event to which subparagraph (g)(i) of this Section 7 applies) or any consolidation or merger to which the Partnership is a party and for which approval of any Unit holders of the Partnership is required, or a unit exchange involving the conversion or exchange of Common Units into securities or other property, or a self tender offer by the Partnership for all or substantially all of its outstanding Common Units, or the sale or transfer of all or substantially all of the assets of the Partnership as an entirety and for which approval of any Unit holders of the Partnership is required; or

(iv) if there shall occur the voluntary or involuntary liquidation, dissolution or winding up of the Partnership;

then the Partnership shall cause to be mailed to the holders of the Series Three Preferred Units at their addresses as shown on the records of the Partnership, as promptly as possible, but at least 15 days prior to the applicable date hereinafter specified, a notice stating (A) the date on which a record is to be taken for the purpose of such distribution or granting of rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Units of record to be entitled to such distribution or granting of rights or warrants are to be determined or (B) the date on which such reclassification, consolidation, merger, unit exchange, sale, transfer, liquidation, dissolution or winding up is expected to become effective, and the date as of which it is expected that holders of Common Units of record shall be entitled to exchange their Common Units for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, unit exchange, sale, transfer, liquidation, dissolution or winding up. Failure to give or receive such notice or any defect therein shall not affect the legality or validity of the proceedings described in this Section 7.

(j) In the event that a Cash Business Combination is to be consummated or proposed to the holders of Common Units, the notice referred to in subparagraph (i)(iii) above shall specify such fact and such notice shall be mailed to the holders of the Series Three Preferred Units simultaneously with the mailing of notice to holders of Common Units of the holding of a meeting or written consent or making of elections with respect to the Cash Business Combination. In such event, the holders of

Series Three Preferred Units shall be permitted to tender their Series Three Preferred Units for conversion, in accordance with Section 7 hereof, and may condition such tender upon the consummation of such Cash Business Combination. Any such conversion of Series Three Preferred Units shall happen simultaneously with the consummation of the Cash Business Combination such that holders of Series Three Preferred Units receive, at the consummation of the Cash Business Combination, the consideration described in Section 7(h).

(k) Whenever the Conversion Price is adjusted as herein provided, the Partnership shall promptly file in the books and records of the Partnership and provide to each holder an officer's certificate setting forth the Conversion Price after such adjustment as required by the terms hereof and setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after filing of such certificate, the Partnership shall prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price and the effective date such adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Price to the holders of each Series Three Preferred Unit at such holder's last address as shown on the records of the Partnership.

(l) In any case in which paragraph (g) of this Section 7 provides that an adjustment shall become effective on the day next following the record date for an event, the Partnership may defer until the occurrence of such event (A) issuing to the holder of any Series Three Preferred Unit converted after such record date and before the occurrence of such event the additional Common Units issuable upon such conversion by reason of the adjustment required by such event over and above the Common Units issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount of cash in lieu of any fractional Common Unit.

(m) There shall be no adjustment of the Conversion Price in case of the issuance of any Units in a reorganization, acquisition or other similar transaction except as specifically set forth in this Section 7. If any action would require adjustment of the Conversion Price pursuant to more than one paragraph of this Section 7, only one adjustment shall be made, and such adjustment shall be the amount of adjustment that has the highest absolute value; provided, however, that multiple actions taken at or about the same time shall be subject to separate adjustments.

(n) If the Partnership shall take any action affecting the Common Units, other than action described in this Section 7, that in the opinion of the General Partner would materially adversely affect the conversion rights of the holders of the Series Three Preferred Units, the Conversion Price for the Series Three Preferred Units may be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the General Partner, in its sole discretion, may determine to be equitable in the circumstances.

(8) Voting Rights.

(a) Holders of the Series Three Preferred Units will not have any voting rights, except as set forth below or as otherwise from time to time required by law.

(b) So long as any Series Three Preferred Units remain outstanding, the Partnership shall not, without the affirmative vote of the holders of at least a majority of the Series Three Preferred Units outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class), amend, alter or repeal the provisions of the Partnership Agreement, increase the number of authorized Series Three Preferred Units or create any additional class or series of Preferred Units, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series Three Preferred Units or the holders thereof in their capacity as holders of Series Three Preferred Units; but subject, in any event, to the following provisions:

(i) With respect to the occurrence of any merger, consolidation or other business combination or reorganization, so long as the Series Three Preferred Units remain outstanding with the terms thereof materially unchanged or, if the Partnership is not the surviving entity in such transaction, are exchanged for a security of the surviving entity with terms that are materially the same with respect to rights to distributions, voting, redemption and conversion as the Series Three Preferred Units and without any income, gain or loss expected to be recognized by the holder upon the exchange for federal income tax purposes (and with the terms of the Common Units or such other securities for which the Series Three Preferred Units (or the substitute security therefor) are convertible materially the same with respect to rights to distributions, voting, redemption and conversion), the occurrence of any such event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the holders of the Series Three Preferred Units.

(ii) Any creation or issuance of any Common Units or of any class or series of Preferred Units, in each case ranking junior to the Series Three Preferred Units with respect to payment of distributions, redemption rights and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the holders of the Series Three Preferred Units.

(iii) Any creation or issuance of any series of Preferred Units (other than an issuance of additional Series Three Preferred Units, as to which a class vote shall be required; provided that no class vote shall be required for any issuance of Series Three Preferred Units in connection with or as contemplated by any of the Source Agreements), or any increase in the amount of authorized Units of such series, in each case ranking on a parity with the Series Three Preferred Units with respect to payment of distributions, voting, redemption and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the holders of the Series Three Preferred Units if such issuance is done (x) in connection with an issuance of Partnership Units in exchange for non-cash assets (including, without limitation, (i) securities, partnership interests, membership interests or other interests in an entity and (ii) real estate, personal property and intangibles), or to the Company following the issuance of securities by it for such non-cash assets and the contribution of such non-cash assets to the Partnership or (y) in connection with a bona fide capital raising transaction or to the Company in consideration of a cash contribution to the Partnership following a sale of preferred stock by the General Partner in a bona fide capital raising transaction.

(iv) Any creation or issuance of any class or series of Preferred Units ranking senior to the Series Three Preferred Units with respect to the payment of distributions, redemption rights and the distribution of assets upon liquidation, dissolution or winding up, to the extent the issuance of such Units was in compliance with the standard set forth in Section 9(c) hereof, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the holders of the Series Three Preferred Units.

(c) In addition to the voting rights granted in paragraph (b) above, the holders of Series Three Preferred Units shall be entitled to vote at any time that the Limited Partners are entitled to vote according to the Partnership Agreement. The Series Three Preferred Units shall be entitled to vote the same number of votes as the Common Units into which they may be converted and shall vote with the Holders of Common Units as a single class with the Common Units.

(d) The foregoing voting provisions will not apply if, at or prior to the time when the act, with respect to which such vote would otherwise be required, will be effected, all outstanding Series Three Preferred Units shall have been converted and/or redeemed.

(9) Ranking. The Series Three Preferred Units shall be deemed to rank:

(a) Senior to any class or series of Units of the Partnership, if such class or series shall be Common Units or if the holders of Series Three Preferred Units shall be entitled to receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Units of such class or series, including Junior Preferred Units ("Junior Units");

(b) On a parity with the Series One Preferred Units, the Series Two Preferred Units and with any other class or series of Units of the Partnership, if the holders of such other class or series of Unit and the Series Three Preferred Units shall be entitled to the receipt of distributions and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid distributions per Unit or liquidation preferences, without preference or priority one over the other ("Parity Units"); and

(c) Junior only to (I) any indebtedness issued by the Partnership and (II) senior preferred units issued only to the General Partner having the same distribution rate, term, preferences and other material terms (including conversion rights) as preferred shares of stock (A) issued only for cash by the General Partner in a public offering, or (B) issued only for cash or property in an arm's length transaction (x) to one or more institutional investors who are (but for the preferred shares so issued) not affiliated with the Partnership, the General Partner or any Affiliate (as defined in Section 10) thereof and (y) not in connection with any other transaction or transactions with any of such Affiliates and (z) which would be permitted by Section 10 if such preferred shares were Junior Preferred Units, and (C) in either case, the entire cash proceeds (net of any arm's length commissions paid to third parties who are not Affiliates) of which

are contributed by the General Partner to the Partnership and used by the Partnership solely for (i) the acquisition of assets to be held in the Partnership's business, (ii) capital expenditures or maintenance expenses in respect of assets held by the Partnership, (iii) other ordinary course expenses of the Partnership, or (iv) repayment of indebtedness of the Partnership (including indebtedness convertible into Junior Preferred Units or Common Units), and (v) none of which proceeds are used (AA) to purchase, redeem, retire or otherwise acquire directly or indirectly any Junior Preferred Units or Common Units, or shares of preferred stock junior to the Series A Preferred Stock of the General Partner, or common stock of the General Partner, or options, warrants, rights to purchase or any other securities convertible into the foregoing (other than debt repayable pursuant to subclause (iv)) or (BB) to make distributions or to pay dividends in respect of any securities described in subclause (AA). Any references to the term "Affiliate" in this Section 9(c) (including by way of the cross-reference and incorporation in clause (z) of the preceding sentence) shall have the meaning given thereto in the Amended and Restated By-laws of the General Partner as of the date hereof (except that the 5% threshold referred to therein shall be deemed for these purposes to be a 10% threshold).

(10) Junior Preferred Units. The Partnership may, at its option, issue Junior Preferred Units in exchange for arm's length consideration, the adequacy of such consideration to be determined in good faith by the Board of Directors of the General Partner; provided, however, that the Partnership may not, without the consent of holders of a majority of the Series Three Preferred Units, (i) issue Junior Preferred Units to any Affiliate (as such term is defined in the Amended and Restated By-Laws of the General Partner as of the date hereof) of the General Partner or the Partnership, (ii) distribute Junior Preferred Units to any holder of Common Units, (iii) issue Junior Preferred Units ratably to holders of Common Units for cash or any other consideration, or (iv) issue Junior Preferred Units in exchange for Common Units. Notwithstanding the foregoing, in connection with the General Partner's issuance of preferred shares of stock, the Partnership may issue Junior Preferred Units to the General Partner having the same distribution rate, term, preferences and other material terms as such preferred shares, provided the issuance of such preferred shares would not violate this Section 10 if such shares were Junior Preferred Units and such issuance would comply with the requirements of Section 9 (c) (II) if they were senior preferred shares (but without giving effect to the word "institutional" in clause (B)(x) of Section 9(c)(II)).

(11) Allocation of Nonrecourse Debt. The provisions of that certain Tax Reporting Agreement (including but not limited to paragraphs 3 and 4 thereof) dated the

date hereof among the Partnership and such holders are hereby incorporated herein by reference.

(12) Notices. All notices, demand, requests or other communications which may be or are required to be given, served or sent hereunder will be in writing and delivered by certified U.S. mail, return receipt required, with postage prepaid, or by nationally recognized overnight courier service that provides tracking and proof of receipt. Notices shall be deemed delivered upon the earlier of (i) delivery, (ii) refusal of delivery by addressee, (iii) two Business Days after deposit in the U.S. Mails in the case of certified U.S. mail, or (iv) one Business Day after deposit with a nationally recognized overnight courier. Notices to Series Three Preferred Unit holders shall be sent to their address of record with the Partnership. Any Series Three Preferred Unit holder may change its address of record by written notice as given as aforesaid. Notices delivered to the Partnership shall be addressed to Boston Properties Limited Partnership, Attn.: Chief Financial Officer, 8 Arlington Street, Boston, MA 02116 or to such other address as the Partnership may have notified holders in the manner provided in this Section 12. Notices to be delivered to the General Partner shall be addressed to Boston Properties, Inc., Attn: Chief Financial Officer, 8 Arlington Street, Boston, MA 02116, or to such other address as the General Partner may have notified holders in the manner provided in this Section 12.

(13) Section 8.6.C of Partnership Agreement. The provisions of Section 8.6.C of the main part of the Partnership Agreement shall not apply to Series Three Preferred Units tendered or required to be tendered pursuant to Section 5, which shall control over any other provision of the Partnership Agreement. The provisions of Section 8.6.C of the Partnership Agreement also shall not apply to any Common Units that may be issued upon a conversion of Series Three Preferred Units ("Conversion Units"). For clarity, it is noted that the effect of this provision is that the restriction on the Redemption Right set forth in Section 8.6.C of the main part of the Partnership Agreement shall not apply to Conversion Units such that if a holder of a Conversion Unit presents a Conversion Unit for redemption and the delivery of REIT Shares to such holder is prohibited under the Certificate of Incorporation of the Company because such delivery would cause such holder to violate the Ownership Limit, then (i) the Company may not exercise its rights under Section 8.6.B to acquire such Conversion Unit for the REIT Shares Amount unless the Company waives or modifies the Ownership Limit applicable to such holder and (ii) if the Company does not so waive or modify the Ownership Limit then the Partnership must pay such holder the applicable Cash Amount to redeem such holder's Conversion Unit.

(14) In the event this Certificate of Designations is amended or modified by the parties hereto, the holders of the Series Two Preferred Units issued by the

Partnership and the Series A Preferred Stock issued by the General Partner in accordance with the Source Agreements shall each have the right to elect, by vote of a majority-in-interest of such securities, to adopt amendments or modifications of their respective securities comparable to the amendments or modifications of this Certificate, and in the event of any modification or amendment of such securities, the holders of Series Three Preferred Units shall have the right to elect, by vote of a majority-in-interest of the Series Three Preferred Units, to adopt amendments or modifications of this Certificate of Designations comparable to amendments and modifications of such securities. The Partnership and the General Partner agree for the benefit of the holders of Series Three Preferred Units that neither of them shall permit the amendment or modification of such other securities without causing this Section 14 to be given full effect, and the Partnership and the General Partner shall take such action as is reasonably appropriate or necessary to give full effect to this Section 14.

IN WITNESS WHEREOF, Boston Properties, Inc., as General Partner of the Partnership, has caused this Certificate of Designations to become effective, and the Partnership Agreement is hereby amended by giving effect to the terms set forth herein.

BOSTON PROPERTIES, INC.

By: /s/ William J. Wedge

Name: William J. Wedge
Title: Senior Vice President

Exhibit A to the Certificate of Designations for the
Series Three Preferred Units

NOTICE OF ELECTION BY PARTNER TO CONVERT
SERIES THREE PREFERRED UNITS INTO COMMON UNITS

The undersigned Series Three Preferred Unit holder hereby (i) elects to convert the number of Series Three Preferred Units in Boston Properties Limited Partnership (the "Partnership") set forth below into Common Units in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership and the Certificate of Designations relating to the Series Three Preferred Units that is a part thereof; and (ii) directs that any cash in lieu of fractional Common Units that may be deliverable upon such conversion be delivered to the address specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such Series Three Preferred Units, free and clear of the rights or interests of any other person or entity other than the Partnership; (b) has the full right, power, and authority to cause the conversion of such Series Three Preferred Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such conversion.

Name of Series Three Preferred Unit holder: _____
(Please Print: Exact Name as Registered with Partnership)

Date of this Notice: _____

Date the Series Three Preferred Units are to be converted: _____/1/

Number of Series Three Preferred Units to be converted: _____

_____
(Signature of Limited Partner: Sign Exact Name as Registered with Partnership)

_____
(Street Address)

_____
(City) (State) (Zip Code)

Signature Guaranteed by:

_____

- ----------

/1/ Not earlier than 15 days nor later than 60 days after the date this Notice is deposited in the U.S. mails (certified mail, postage prepaid, return receipt requested) or deposited with a nationally recognized overnight courier guaranteeing next business day delivery.

Exhibit B to the Certificate of Designations for the
Series Three Preferred Units

NOTICE OF ELECTION BY PARTNER TO REDEEM
SERIES THREE PREFERRED UNITS FOR CASH

The undersigned Series Three Preferred Unit holder hereby (i) elects to redeem the number of Series Three Preferred Units in Boston Properties Limited Partnership (the "Partnership") set forth below for the redemption price determined in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership and the Certificate of Designations (the "Certificate") relating to the Series Three Preferred Units that is a part thereof; and (ii) directs that such redemption price be delivered by certified check to the address specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such Series Three Preferred Units, free and clear of the rights or interests of any other person or entity other than the Partnership; (b) has the full right, power, and authority to cause the redemption of such Series Three Preferred Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such redemption. The undersigned hereby acknowledges that, except as provided in the Certificate, distributions on the Series Three Preferred Units to be redeemed shall cease to accrue on the redemption date indicated below.

Name of Series Three Preferred Unit holder: _____
(Please Print: Exact Name as
Registered with Partnership)

Date of this Notice: _____

Option Strike Date on which the
Series Three Preferred Units are to be redeemed: _____

Number of Series Three Preferred Units to be converted: _____

_____
(Signature of Limited Partner: Sign Exact
Name as Registered with Partnership)

_____
(Street Address)

_____
(City) (State) (Zip Code)

Signature Guaranteed by:

_____

Note: Redemptions are subject to reduction and proration as provided in the Certificate of Designations and the Partnership Agreement in respect of the Series Three Preferred Units.

EXHIBIT 99.26

FORM OF

CERTIFICATE OF DESIGNATIONS

OF

THE SERIES A CONVERTIBLE REDEEMABLE PREFERRED STOCK

OF

BOSTON PROPERTIES, INC.

_____

Boston Properties, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), does hereby certify:

That, pursuant to authority conferred upon the Board of Directors of the Corporation by the Amended and Restated Certificate of Incorporation of said Corporation, and pursuant to the provisions of Section 151 the Delaware General Corporation Law, said Board of Directors, at a meeting duly held on September __, 1998, adopted a resolution providing for the designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, of a series of preferred stock, which resolution is as follows:

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Corporation in accordance with the provisions of the Amended and Restated Certificate of Incorporation of the Corporation, a series of preferred stock of the Corporation designated as Series A Convertible Redeemable Preferred Stock be, and it hereby is, created and authorized, and the issuance thereof is provided for, and that the designation and number of shares, and relative rights, preferences and powers thereof, shall be as set forth in the form appended hereto as Exhibit A.

IN WITNESS WHEREOF, Boston Properties, Inc. has caused this certificate to be executed in its name and on its behalf by its _____ as of this ___ day of _____, 1998.

BOSTON PROPERTIES, INC.

By:

Name:
Title:

EXHIBIT A

(1) Designation and Number. A series of Preferred Stock, designated the "Series A Convertible Redeemable Preferred Stock" (the "Series A Preferred Stock") is hereby established. The number of shares of Series A Preferred Stock hereby authorized shall be two million (2,000,000).

(2) Definitions. For purposes of the Series A Preferred Stock, the following terms shall have the meanings indicated:

"Cash Business Combination" means a Transaction in which the fair market value of the aggregate consideration into which the outstanding shares of Common Stock are or will be exchanged or converted, or which holders of such shares will be entitled to receive, consists of 40% or less voting common equity. In determining whether a Transaction is a Cash Business Combination, the following will apply: (a) if elections for the type of consideration may be made by the holders of Common Stock, it will be assumed that all holders of Common Stock elect or will elect consideration other than voting common equity, (b) the determination shall be made in good faith by the Board of Directors, based on the fair market values of the consideration to be issued in the Transaction as of the date the definitive merger or other agreement relating thereto is entered into, and (c) if any of the consideration to be issued in the Transaction is a publicly traded security, the fair market value of that security shall be the Current Market Price of such security as of the date the definitive merger or other agreement relating thereto is entered into.

"Common Stock" shall mean the common stock, par value $.01 per share, of the Corporation.

"Conversion Price" shall mean the conversion price per share of Common Stock for which each share of Series A Preferred Stock is convertible, as such Conversion Price may be adjusted pursuant to Section 7 hereof. The initial Conversion Price shall be an amount equal to $38.10.

"Conversion Date" shall have the meaning set forth in paragraph (d) of Section 7 hereof.

"Conversion Period" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"Conversion Right" shall have the meaning set forth in paragraph (a) of Section 7 hereof.

"Current Market Price" of a share of Common Stock or of a publicly traded security of any other issuer for any day shall mean the last reported sales price, regular way, on

such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange ("NYSE") or, if such security is not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted for trading or, if not listed or admitted for trading on any national securities exchange, on the Nasdaq National Market or, if such security is not quoted on such Nasdaq National Market, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by Nasdaq or, if bid and asked prices for such security on such day shall not have been reported through Nasdaq, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Chief Executive Officer of the Corporation.

"Dividend Payment Date" shall mean the fifteenth day of February, May, August and November, in each year, commencing on _____, 199_; provided, however, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the first Business Day immediately following such Dividend Payment Date.

"Dividend Periods" shall mean quarterly dividend periods from and after a Dividend Payment Date and to and excluding the next succeeding Dividend Payment Date (other than the initial Dividend Period, which shall commence on the day after the Issue Date and end on and exclude _____, 199_)

"Fair Market Value" shall mean the average of the daily Current Market Prices per share of Common Stock during the ten (10) consecutive Trading Days selected by the Corporation commencing not more than 20 Trading Days before, and ending not later than, the earlier of the day in question and the day before the "ex" date with respect to the issuance or distribution requiring such computation. The term "`ex' date," when used with respect to any issuance or distribution, means the first day on which shares of Common Stock trade regular way, without the right to receive such issuance or distribution, on the exchange or in the market, as the case may be, used to determine that day's Current Market Price.

"Forced Conversion" has the meaning set forth in Section 7(b) hereof.

"Forced Conversion Amount" shall mean the number of shares of Series A Preferred Stock which the Corporation may require to be converted as provided in paragraph 7(b).

"Forced Conversion Option" shall have the meaning set forth in paragraph (b) of Section 7 hereof.

"Issue Date" shall mean _____, 199_ [the date the shares are purchased].

"Junior Preferred Stock" shall mean any class or series of capital stock of the Corporation the holders of which are entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, junior in priority to the holders of the Series A Preferred Stock, but senior in priority to the holders of Common Stock.

"Junior Stock" shall mean the Common Stock and any other class or series of capital stock of the Corporation constituting junior stock within the meaning set forth in paragraph (a) of Section 9 hereof.

"Liquidation Preference" shall have the meaning set forth in paragraph (a) of Section 4 hereof.

"Option Strike Date" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"Parity Stock" shall have the meaning set forth in paragraph (b) of Section 9 hereof.

"Partnership" shall mean Boston Properties Limited Partnership, a Delaware limited partnership, or any successor entity.

"Preferred Rate" shall mean, at any given time, the rate per annum as to which dividends accrue on each share of Series A Preferred Stock, based on the Liquidation Preference, for purposes of determining the Stated Quarterly Dividend in effect at such time, as set forth in the following schedule:

Time Period	Preferred Rate
[Issue Date] to March 31, 1999	5.0%
April 1, 1999 to December 31, 1999	5.5%
January 1, 2000 to December 31, 2000	5.625%
January 1, 2001 to December 31, 2001	6.0%
January 1, 2002 to December 31, 2002	6.5%
January 1, 2003 to _____, 2009 [up to the midpoint of year 11]	7.0%
_____, 2009 and thereafter	6.0%

"Ratchet Dividend" shall mean for each Dividend Payment Date a dividend payable, if applicable, per share of Series A Preferred Stock in respect of the Dividend Period ending on such Dividend Payment Date. The Ratchet Dividend for each Dividend Period shall be equal to the dividend which would have been paid in respect of such share of Series A Preferred Stock had (i) such share of Series A Preferred Stock been converted into (x) a number of shares of Common Stock determined by dividing the Liquidation Preference by the Conversion Price in effect on such Dividend Payment Date and any (y) Other Securities (as defined below) issuable upon such conversion and (ii) there had been paid in respect of each such share of Common Stock and Other Securities (including any fractional portion thereof to the fourth decimal) a dividend (the "Regular Dividend") equal to the regular, quarterly cash dividend paid to holders

of record of Common Stock and Other Securities on that record date (the "Reference Record Date") which is closest to the end of the calendar quarter preceding such Dividend Payment Date. For purposes of determining the Ratchet Dividend, in the event that a special cash dividend or distribution was paid to holders of Common Stock and Other Securities on the Reference Record Date or at any time prior to the Reference Record Date and after the last record date for regular, quarterly cash dividends, then in such event the Ratchet Dividend shall include, in addition to the Regular Dividend paid in respect of the Reference Record Date, the amount of such special cash dividend or distribution paid in respect of each share of Common Stock or Other Security (for clarity, it is noted that the effect of this sentence is to assure that in calculating the Ratchet Dividend the holders of Series A Preferred Stock will benefit from any cash dividends or distributions paid in respect of Common Stock and Other Securities even if such cash dividends or distributions might not be characterized as "regular, quarterly cash dividends"). In the event that a share of Series A Preferred Stock is outstanding for only a portion of a Dividend Period, then the Ratchet Dividend with respect to such share of Series A Preferred Stock and such Dividend Period shall be determined as provided in the preceding sentence but shall then be adjusted by multiplying such amount by a fraction, the numerator of which equals the number of days such share of Series A Preferred Stock had been outstanding during such period and the denominator of which shall equal the total number of days during such Dividend Period. As used herein, the term "Other Security" means any security in addition to Common Stock (including Junior Preferred Stock) which may be issuable to a holder of Series A Preferred Stock upon conversion of a share of Series A Preferred Stock.

"Redemption Notice" shall have the meaning set forth in paragraph (b) of Section 5 hereof.

"Redemption Right" shall have the meaning set forth in paragraph (a) of Section 5 hereof.

"Securities" shall have the meaning set forth in paragraph (g)(iii) of Section 7 hereof.

"Series A Preferred Nominee" shall have the meaning set forth in Section 3(j).

"Series A Preferred Stock" shall have the meaning set forth in Section 1 hereof.

"Source Agreements" shall mean that certain Master Transaction Agreement dated September __, 1998 by and among the Corporation, the Partnership and certain other parties listed therein, and each of the other agreements contemplated therein.

"Stated Quarterly Dividend" shall mean for each Dividend Payment Date a dividend payable, if applicable, per share of Series A Preferred Stock in respect of the Dividend Period ending on such Dividend Payment Date. The Stated Quarterly Dividend for

each Dividend Period shall equal the sum of the following products for each day in such Dividend Period on which the share of Series A Preferred Stock is outstanding: (i) the Preferred Rate in effect on such day divided by 365, multiplied by (ii) the Liquidation Preference.

"Target Amount" shall mean that number of shares of Series A Preferred Stock having a Liquidation Preference equal to one-sixth of the aggregate Liquidation Preference of the Series A Preferred Stock created hereby and issued on the Issue Date.

"Trading Day" shall mean any day on which the securities in question are traded on the New York Stock Exchange ("NYSE"), or if such securities are not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading on any national securities exchange, on the Nasdaq National Market, or if such securities are not quoted on such Nasdaq National Market, in the applicable securities market in which the securities are traded.

"Transaction" shall have the meaning set forth in paragraph (h) of Section 7 hereof.

(3) Dividends.

(a) The holders of Series A Preferred Stock shall be entitled to receive, in respect of each Dividend Payment Date, when, as and if authorized and declared by the Board of Directors out of assets legally available for that purpose, cumulative preferential dividends payable in cash in an amount per share of Series A Preferred Stock equal to the greater of (i) the Stated Quarterly Dividend for such Dividend Payment Date or (ii) the Ratchet Dividend for such Dividend Payment Date. Such dividends shall, with respect to each share of Series A Preferred Stock, be cumulative from and including the Issue Date, whether or not in, or with respect to, any Dividend Period or Periods (i) such dividends are declared, (ii) the Corporation is contractually prohibited from paying such dividends or (iii) there shall be assets of the Corporation legally available for the payment of such dividends, and shall be payable quarterly, when, as and if authorized and declared by the Board of Directors, in arrears on Dividend Payment Dates, commencing on the first Dividend Payment Date after the Issue Date. Dividends are cumulative from the most recent Dividend Payment Date to which dividends have been paid, whether or not in, or with respect to, any Dividend Period or Periods (i) such dividends are declared, (ii) the Corporation is contractually prohibited from paying such dividends or (iii) there shall be assets legally available therefor. Each such dividend shall be payable in arrears to the holders of record of the Series A Preferred Stock, as they appear on the stock records of the Corporation at the close of business on such record dates, not more than 30 days preceding the applicable Dividend Payment Date (the "Dividend Payment Record Date") (or, in the case of a Dividend Payment

Record Date that coincides with a record date for payment of dividends on Common Stock, not more than 60 days preceding the applicable Dividend Payment Date), as shall be fixed by the Board of Directors; provided, however, that with respect to the first Dividend Period, the Dividend Payment Record Date for such period will be on or after the Issue Date. Accrued and unpaid dividends for any past Dividend Periods and any additional amounts as provided in subsection (f) may be authorized and declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof (or, in the case of a record date that coincides with a record date for payment of dividends on Common Stock, not more than 60 days preceding the applicable payment date thereof), as may be fixed by the Board of Directors.

(b) The first Dividend Period with respect to the Series A Preferred Stock shall be for the period from on and after the Issue Date to the first Dividend Payment Date of (and excluding) _____, 199_.

(c) So long as any shares of Series A Preferred Stock are outstanding, no dividends (whether in cash or in kind or upon liquidation of the Corporation), except as described in the immediately following sentence, shall be authorized and declared or paid on any series or class or classes of Parity Stock for any period nor shall any shares of Parity Stock be redeemed, purchased or otherwise acquired for any consideration or any moneys to be paid to or made available for a sinking fund for the redemption of any shares of Parity Stock, directly or indirectly (except by conversion into or exchange for shares of Parity Stock or Junior Stock), unless full cumulative dividends, including, if applicable, the further preferential dividend provided in subsection (f), have been or contemporaneously are authorized and declared and paid on the Series A Preferred Stock for all Dividend Periods terminating on or prior to the dividend payment date on (or date of purchase, redemption or other acquisition of) such class or series of Parity Stock. When dividends are not paid in full upon the Series A Preferred Stock and any other class or classes of Parity Stock, all dividends authorized upon the Series A Preferred Stock and any other class or classes of Parity Stock shall be authorized and declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series A Preferred Stock and such Parity Stock (which shall not include any accrual in respect of unpaid dividends for prior dividend periods if such Parity Stock does not have a cumulative dividend).

(d) So long as any shares of Series A Preferred Stock are outstanding, no dividends (other than dividends or distributions paid solely in shares of Junior Stock, or options, warrants or rights to subscribe for or purchase shares of Junior Stock) shall be authorized and declared or paid or other distribution authorized and declared or made upon shares of Junior Stock for any period, nor shall any

shares of Junior Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Stock made for purposes of and in compliance with requirements of employee incentive or employee benefit plans of the Corporation or any of its subsidiaries), for any consideration (or any moneys to be paid to or made available for a sinking fund for the redemption of any shares of Junior Stock) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Stock), unless in each case (i) the full cumulative dividends on all outstanding shares of Series A Preferred Stock, including, if applicable, the further preferential dividend provided in subsection (f), and any other Parity Stock of the Corporation shall have been paid for all past Dividend Periods with respect to the Series A Preferred Stock and all past dividend periods with respect to such Parity Stock and (ii) sufficient funds shall have been paid for or irrevocably set aside and designated for payment of the dividend due for the current Dividend Period with respect to the Series A Preferred Stock.

(e) Without limiting the other provisions hereof, no dividends on shares of Series A Preferred Stock (other than liquidating distributions made in accordance with Section 4 hereof) shall be paid by the Corporation at such time as the terms and provisions of any agreement of the Corporation or its affiliates or subsidiaries, relating to bona fide indebtedness for borrowed money, prohibits such declaration or payment or provides that such declaration or payment would constitute a breach thereof or a default thereunder, or if such declaration or payment shall be restricted or prohibited by law (and such failure to pay dividends on the Series A Preferred Stock shall prohibit other dividends and distributions by the Corporation as described in Sections 3(c) and (d)).

(f) Notwithstanding the foregoing, dividends on the Series A Preferred Stock shall accrue whether or not the terms and provisions set forth in Section 3(e) hereof at any time prohibit the current payment of dividends, whether or not the Corporation has earnings, whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared. Accrued but unpaid dividends on the Series A Preferred Stock will accumulate as of the Dividend Payment Date on which they first become payable and a further preferential dividend at the per annum rate then applicable for the period or periods specified in subsection (a) above shall accrue during the period of accumulation and be paid in respect of such unpaid dividends until the amount thereof and the further preferential amount thereon shall have been paid in full.

(g) Upon liquidation, dissolution or winding up of the Corporation, no dividends shall be paid to any series or class or classes of Junior Stock until after payment shall have been made in full to the holders of the Series A Preferred Stock, as provided in Section 4(a).

(h) Any dividend made on the Series A Preferred Stock shall first be credited against the further preferential dividend provided in subsection (f) above and then against the earliest accrued but unpaid dividend due with respect to such Series A Preferred Stock which remains payable. The only dividends to which the Series A Preferred Stock shall be entitled are those described in this Section 3.

(j) The holders of Series A Preferred Stock will be eligible to nominate, and to have appointed, one director to the Company's Board of Directors, subject to the following conditions, qualifications and procedures:

(I) The provisions of this subparagraph (j) shall only apply for so long as The Prudential Insurance Company of America ("Prudential"), directly or indirectly through affiliates, beneficially owns 2,000,000 shares of Series A Preferred Stock (subject to adjustment in the event of a stock split or reverse stock split in the Series A Preferred Stock). As used in the preceding sentence, "beneficially owns" has the meaning ascribed thereto in Rule 13d-3, as in effect on the date hereof, under the Securities Exchange Act of 1934, except that it shall not include "shared" voting or investment power (i.e., Prudential will be deemed to beneficially own the Series A Preferred Stock only if it and its affiliates have sole voting or investment power with respect thereto). The provisions of this subparagraph (j) shall not benefit any subsequent transferee of the Series A Preferred Stock except for affiliates of Prudential (i.e., transferees that are controlled by, control or are under common control with Prudential), and in any event only if Prudential or such affiliate is deemed to beneficially own the shares of Series A Preferred Stock acquired by such affiliate. As a condition to implementation of the rights of the holders of Series A Preferred Stock set forth in this subparagraph (j), the Corporation may require certification by Prudential that the condition set forth in this clause (I) is met.

(II) If and for so long as an aggregate of six quarterly dividends payable on the Series A Preferred Stock are in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not (i) such dividends are declared, (ii) the Corporation is contractually prohibited from paying such dividends or (iii) there shall be assets of the Corporation legally available for the payment of such dividends, the number of directors then constituting the Board of Directors shall be increased by one and the Board of Directors shall appoint a Series A Preferred Nominee to fill the vacancy thus created. A "Series A Preferred Nominee" means a person that the holders of a majority of the Series A Preferred Stock, by written consent of such

holders or by vote at a special meeting of the holders of Series A Preferred Stock, have formally nominated to be appointed to the Board of Directors to fill such vacancy, provided that the Board of Directors shall only be obligated to appoint a Series A Preferred Nominee to fill such vacancy if:

(A) The holders of Series A Preferred Stock nominate three Series A Preferred Nominees, from which the Board of Directors may select one such person to fill such vacancy, and

(B) Each Series A Preferred Nominee (other than any Series A Preferred Nominee that is an employee of Prudential or an affiliate of Prudential) is reasonably acceptable to the Board of Directors, and

(C) Each such Series A Preferred Nominee submits to the Board of Directors a duly-executed, binding and enforceable letter of resignation from the Board, to be effective immediately upon the date on which all arrears in dividends on the Series A Preferred Stock shall have been paid and dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment.

(III) Whenever all arrears in dividends on the Series A Preferred Stock shall have been paid and full dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Series A Preferred Stock to have a Series A Preferred Nominee appointed to, and remain on, the Board of Directors shall cease (but subject always to the same provision for the vesting of the rights set forth in this subparagraph (j) in the case of any similar future arrearages in six quarterly dividends), and the term of office of the Series A Preferred Nominee that was appointed to the Board of Directors shall forthwith terminate and the number directors constituting the Board of Directors shall be reduced accordingly.

(IV) At any time after the rights of the holders of Series A Preferred Stock set forth in this subparagraph (j) shall be in effect, the Secretary of the Corporation shall upon the written request of any holder of Series A Preferred Stock (addressed to the Secretary at the principal office of the Corporation), call a special meeting of the holders of the Series A Preferred Stock for the election of three Series A Preferred Nominees.

(V) The Series A Preferred Nominee that is appointed to the Board of Directors shall hold office until the next annual meeting of the stockholders if such office shall not have previously terminated as above

provided. At such annual meeting, the holders of the Series A Preferred Stock may (i) reelect such Series A Preferred Nominee by majority consent or vote or (ii) repeat the procedures described above to have a successor appointed by the Board of Directors. If any vacancy shall occur in the office reserved for the Series A Preferred Nominee, a successor shall be appointed by the Board of Directors after repeating the procedures described above.

(4) Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to the holders of Junior Stock, the holders of the Series A Preferred Stock shall be entitled to receive Fifty Dollars ($50.00) per share of Series A Preferred Stock (the "Liquidation Preference") or, if greater, the amount which each holder would receive in respect of the Common Stock and Other Securities and property it would receive upon conversion of its shares of Series A Preferred Stock if all shares of Series A Preferred Stock were converted pursuant to Section 7 immediately prior to the distribution of liquidation proceeds, plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon pursuant to Section 3 to the date of final distribution to such holder; but such holders of Series A Preferred Stock shall not be entitled to any further payment. If, upon any such liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of Series A Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other Parity Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of such Series A Preferred Stock and any such other Parity Stock ratably in accordance with the respective amounts that would be payable on such Series A Preferred Stock and any such other Parity Stock if all amounts payable thereon were paid in full.

(b) Upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of the Series A Preferred Stock and Parity Stock, as provided in this Section 4, any series or class or classes of Junior Stock shall, subject to any respective terms and provisions applying thereto, be entitled to receive any and all assets remaining to be paid or distributed.

(c) After payment of the full amount of the liquidating distributions to which they are entitled pursuant to Sections 4(a) and (b), the holders of Series A Preferred Stock will have no right or claim to any of the remaining assets of the Corporation.

(d) The consolidation or merger of the Corporation with or into any other corporation, partnership, trust or entity or of any other corporation, partnership, trust or entity with or into the Corporation, or an exchange of capital stock, or the sale, lease or conveyance of all or substantially all of the property or business of the Corporation (unless the net proceeds of any of the foregoing transactions shall be distributed to the holders of capital stock rather than reinvested), shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation.

(5) Redemption.

(a) Subject to adjustment as provided in this Section 5, on each of [each of those Business Days which is six months after the tenth, eleventh, twelfth, thirteenth, fourteenth and fifteenth anniversary of the Closing Date of the transactions contemplated in the Master Transaction Agreement] (each an "Option Strike Date") (i) each of the holders of Series A Preferred Stock, upon giving prior written notice as provided below, shall have the right (the "Redemption Right") to require that the Corporation redeem for cash, at a redemption price of $50 per share of Series A Preferred Stock, shares of Series A Preferred Stock held by such holder; provided that the maximum number of shares of Series A Preferred Stock that may be required to be redeemed from all such holders is equal to the Target Amount; provided, further, that a holder may not exercise the Redemption Right for less than one thousand (1,000) shares of Series A Preferred Stock or, if such holder holds less than one thousand shares of Series A Preferred Stock, all of the shares of Series A Preferred Stock held by such holder; and (ii) the Corporation, upon giving prior written notice as provided below, shall have the Redemption Right to require the redemption for cash, at a redemption price of $50 per share of Series A Preferred Stock, of a number of shares of Series A Preferred Stock equal to, but not in excess of, the Target Amount (in the aggregate from all holders); provided, however, that the Corporation may not require the redemption on any Option Strike Date of more than the lesser of (A) the Target Amount in respect of such Option Strike Date or (B) such number of shares of Series A Preferred Stock as shall have an aggregate Liquidation Preference equal to the excess of (i) the aggregate Liquidation Preference of the sum of the Target Amounts for all prior Option Strike Dates and the currently applicable Option Strike Date over (ii) the aggregate Liquidation Preference of all shares of Series A Preferred Stock previously converted (including Forced Conversions), noticed for conversion on such Option Strike Date, previously redeemed, and noticed for redemption on such Option Strike Date.

The exercise of a Redemption Right on any Option Strike Date shall not be cumulative (i.e., the Target Amount with respect to any Option Strike Date is the maximum number of shares of Series A Preferred Stock subject to

mandatory redemption by either the Corporation or the holders of Series A Preferred Stock on each Option Strike Date); any shares of Series A Preferred Stock that are not converted pursuant to Section 7 or redeemed pursuant to this Section 5 on or before _____ [the last Option Strike Date] shall remain outstanding and shall have all of the rights and preferences set forth in this Certificate except that the provisions of this Section 5 shall not apply to any shares of Series A Preferred Stock outstanding after such date.

(b) In order to exercise its Redemption Right, a holder of Series A Preferred Stock shall deliver a notice (a "Redemption Notice," such term to also include the notice required to be delivered by the Corporation upon exercise of its Redemption Right) in the form attached hereto as Exhibit B to the Corporation not less than 40 nor more than 70 days prior to an Option Strike Date. If a holder of Series A Preferred Stock who has delivered a Redemption Notice pursuant to this Section 5 converts the shares tendered for redemption prior to the redemption date, the Redemption Notice shall be deemed revoked. The Corporation may exercise its Redemption Right by delivering in writing a Redemption Notice, containing the information provided in subsection (d), to each holder of record of Series A Preferred Stock, not less than 30 nor more than 70 days prior to an Option Strike Date.

If, pursuant to the exercise of a Redemption Right by holders of the Series A Preferred Stock, with such redemption to be effective on an Option Strike Date, holders tender for redemption a number of shares of Series A Preferred Stock having an aggregate Liquidation Preference greater than the Target Amount, the Corporation may redeem all such shares tendered for redemption or a lesser number of shares, as the Corporation determines in its sole discretion, but not less than the Target Amount; provided, however, that if the Corporation does not redeem all shares of Series A Preferred Stock so tendered for redemption, the Corporation shall redeem shares ratably from each tendering holder in proportion to the respective number of shares tendered. If the holders have tendered for redemption a number of shares of Series A Preferred Stock less than the Target Amount and the Corporation delivers a Redemption Notice to redeem a number of shares of Series A Preferred Stock greater than the number of shares tendered for redemption by the holders, the Corporation shall first redeem the shares of Series A Preferred Stock of those holders exercising their Redemption Right pursuant to this Section 5 and shall then redeem, on a pro rata basis, shares of Series A Preferred Stock from all holders who hold shares after giving effect to such redemption; provided, however, that in such case, (i) the Corporation shall deliver a separate notice at least 30 days prior to the Option Strike Date, containing the information provided in subsection (d), to all holders of the shares of Series A Preferred Stock to be so redeemed indicating the number of shares to be so redeemed, and (ii) the total number of shares to be

redeemed (upon notice by the Corporation and the holders, collectively) shall not exceed the Target Amount.

If the Corporation delivers a Redemption Notice to the holders of the Series A Preferred Stock, the holders shall have the right, subject to Section 7(a), to convert their shares of Series A Preferred Stock into Common Stock, pursuant to Section 7, on or before the Option Strike Date. To the extent that such shares of Series A Preferred Stock are so converted, the right of the Corporation to require the redemption of Series A Preferred Stock shall be reduced by the aggregate Liquidation Preference of the shares of Series A Preferred Stock so converted (and the reduction in the number of shares of Series A Preferred Stock to be redeemed from each holder shall be allocated first to the holders who so elected to convert their shares and second pro rata among all other holders).

Within two Business Days of a redemption of Series A Preferred Stock, the Corporation shall pay the redemption price by certified check to or on the order of those holders whose shares of Series A Preferred Stock have been redeemed.

(c) Immediately prior to any redemption of Series A Preferred Stock and as a condition to such redemption, the Corporation shall pay, in cash, all accumulated and unpaid dividends, including the further preferential dividend provided in Section 3(f), through the Option Strike Date in respect of all shares of Series A Preferred Stock, including those shares to be redeemed. Unless full cumulative dividends on all shares of Series A Preferred Stock have been paid, the Corporation may not require the shares of Series A Preferred Stock to be redeemed.

(d) A Redemption Notice shall be provided in the manner provided in Section 11. Any defect in a Redemption Notice or in the mailing thereof to any particular holder or the Corporation shall not affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice that was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date of deemed delivery provided in Section 11, whether or not the holder receives the notice. Each of the Corporation's Redemption Notices shall state, as appropriate: (1) the Option Strike Date; (2) the number of shares of Series A Preferred Stock to be redeemed in the aggregate from all holders and, if fewer than all the shares of Series A Preferred Stock held by such holder are to be redeemed, the number of such shares of Series A Preferred Stock to be redeemed from such holder; and (3) that dividends on the shares of Series A Preferred Stock to be redeemed shall cease to accrue on such Option Strike Date except as otherwise provided herein. Notice having been delivered as aforesaid, from and after the Option Strike Date (unless the Corporation shall fail to pay the redemption price on the date

required), (i) except as otherwise provided herein, dividends on the shares of Series A Preferred Stock so called for redemption shall cease to accrue, (ii) said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as holders of Series A Preferred Stock of the Corporation shall cease (except the right to receive the redemption price and the amounts required to be paid under subsection (c)).

After the redemption of Series A Preferred Stock as aforesaid, the Corporation shall deliver to such holder, upon his written request, a certificate of the Corporation certifying the number of shares of Common Stock and Series A Preferred Stock held by such person immediately after such redemption. The Corporation shall also advise each holder as to the number of shares of Series A Preferred Stock redeemed and the number of shares of Series A Preferred Stock which remain outstanding.

(e) Each holder of Series A Preferred Stock covenants and agrees with the Corporation that all shares of Series A Preferred Stock delivered for redemption pursuant to this Section 5 shall be delivered to the Corporation free and clear of all liens, and, notwithstanding anything contained herein to the contrary, the Corporation shall not be under any obligation to acquire shares of Series A Preferred Stock which are subject to any liens.

(6) Intentionally Omitted.

(7) Conversion. Holders of Series A Preferred Stock shall have the right (the "Conversion Right") to convert all or a portion of their shares of Series A Preferred Stock into shares of Common Stock (provided, however, that a holder may not exercise the Conversion Right for less than one thousand (1,000) shares of Series A Preferred Stock or, if such holder holds less than one thousand shares of Series A Preferred Stock, all of the shares of Series A Preferred Stock held by such holder), and the Corporation shall have the right on each Option Strike Date to cause a conversion of shares of Series A Preferred Stock into shares of Common Stock, subject, in each case, to the following conditions and procedures:

(a) Subject to and upon compliance with the provisions of this Section 7, a holder of Series A Preferred Stock shall have the right, at his or her option, at any time and from time to time during the period on or after the earlier of (i) _____ [the last Business Day of the calendar year of the fourth anniversary of the Closing Date of the transactions contemplated in the Master Transaction Agreement] and (ii) the effective time of a Cash Business Combination (the period beginning on and after the earlier of such dates, the "Conversion Period"), to convert its shares of Series A Preferred Stock into the number of fully paid and non-assessable shares of Common Stock obtained by dividing the aggregate Liquidation Preference of such shares of Series A Preferred Stock by

the Conversion Price as in effect as of such time (i.e. after adjustment as described in subsection (g)) by delivering a Conversion Notice in the form attached hereto as Exhibit A within the time period specified in paragraph (d) below and in the manner provided in Section 11; provided, however, that the right to deliver a conversion notice with respect to shares of Series A Preferred Stock called or tendered for redemption pursuant to Section 5 hereof shall terminate on that day which is the fifth business day prior to the applicable Option Strike Date on which such shares are to be redeemed, unless the Corporation shall default in making any cash payment required upon a redemption on such date as provided in Section 5 hereof. A conversion of shares of Series A Preferred Stock specified in the Conversion Notice shall occur automatically at the close of business on the applicable Conversion Date without any action on the part of the holders of Series A Preferred Stock, and immediately after the close of business on the Conversion Date the holders of Series A Preferred Stock who had all or a portion of their shares of Series A Preferred Stock converted shall be credited on the books and records of the Corporation with the issuance as of the opening of business on the next day of the shares of Common Stock issuable upon such conversion.

(b) If, as of an applicable Option Strike Date, the Target Amount for such Option Strike Date has not been redeemed and/or converted (or noticed for conversion and/or redemption on such Option Strike Date) as a result of holders of Series A Preferred Stock and/or the Corporation exercising Redemption Rights pursuant to Section 5 and/or such holders exercising their conversion rights pursuant to this Section 7, the Corporation, subject to and upon compliance with the provisions of this Section 7, may convert (a "Forced Conversion") not more than the lesser of (A) the Target Amount in respect of such Option Strike Date or (B) such number of shares of Series A Preferred Stock as shall have an aggregate Liquidation Preference equal to the excess of (i) the aggregate Liquidation Preference of the sum of the Target Amounts for all prior Option Strike Dates and the currently applicable Option Strike Date over (ii) the aggregate Liquidation Preference of all shares of Series A Preferred Stock previously converted, noticed for conversion by the holders on such Option Strike Date, previously redeemed, and noticed for redemption on such Option Strike Date (the "Forced Conversion Amount") of Series A Preferred Stock into a number of shares of Common Stock determined in accordance with the Conversion Price in effect on such date as determined in accordance with subsection (a) by transmitting for delivery a Conversion Notice, in the manner prescribed in Section 11 within one business day after the applicable Option Strike Date, to the holders of the shares of Series A Preferred Stock which are to be so converted (the "Forced Conversion Option") ratably in proportion to the shares of Series A Preferred Stock then outstanding from the holders thereof (after giving effect to the redemptions and conversions otherwise noticed to occur on such Option Strike Date); provided, further, however, that such

Forced Conversion Option may only be exercised by the Corporation if the value of a share of Common Stock, calculated on its weighted average closing price during the 10 Trading Days prior to the second Trading Day preceding the exercise of the Forced Conversion Option, is equal to or greater than 110% of the Conversion Price.

(c) Immediately prior to any conversion of shares of Series A Preferred Stock, the Corporation shall pay, in cash, all accumulated and unpaid dividends including the further preferential dividends provided in Section 3(f) through the Conversion Date on all shares of Series A Preferred Stock. A holder of shares of Series A Preferred Stock shall have no right with respect to any shares of Series A Preferred Stock so converted to receive any distributions paid after the Conversion Date with respect to such shares and his interest in the Corporation as to such converted shares shall be terminated; provided, however, that in the event the Corporation is legally or contractually prohibited from paying, or fails for any other reason to pay, such accumulated and unpaid dividends prior to any conversion and such holder elects to continue with and permit such conversion after notice from the Corporation of such inability or failure, such holder shall still be entitled to receive all such accumulated and unpaid dividends, if any, that remain unpaid after such conversion, as well as a further preferential dividend on such unpaid dividends as provided in Section 3(f), which dividends shall be paid by the Corporation as soon as it is legally and contractually permitted to do so.

(d) After the conversion of shares of Series A Preferred Stock as aforesaid, the Corporation shall deliver to such holder, upon his written request, a certificate of the Corporation certifying the number of shares of Common Stock and Series A Preferred Stock held by such person immediately after such conversion.

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date (the "Conversion Date") specified in the Conversion Notice (which shall not be earlier than 5 days after mailing of the Conversion Notice nor later than sixty (60) days after such date) or upon the Option Strike Date in the case of a Forced Conversion pursuant to Section 7(b) and the shares of Series A Preferred Stock so presented for conversion shall be deemed converted into shares of Common Stock at the close of business on such date, and such conversion shall be in accordance with the Conversion Price in effect on such date (unless such day is not a Business Day, in which event such conversion shall be deemed to have become effective at the close of business on the next succeeding Business Day) as determined in accordance with subsection (a).

(e) No fractions of shares of Common Stock shall be issued upon conversion of shares of Series A Preferred Stock. Instead of any fractional interest in a share

of Common Stock that would otherwise be deliverable upon the conversion of a share of Series A Preferred Stock, the Corporation shall pay to the holder of such share of Series A Preferred Stock an amount in cash based upon the Current Market Price of the Common Stock on the Trading Day immediately preceding the date of conversion. If more than one share of Series A Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series A Preferred Stock so surrendered.

(f) Intentionally Omitted.

(g) The Conversion Price shall be adjusted from time to time as follows:

(i) If the Corporation shall after the Issue Date (A) pay a dividend or make a distribution to holders of its Common Stock in shares of Common Stock, (B) subdivide its outstanding Common Stock into a greater number of shares of Common Stock, (C) combine its outstanding Common Stock into a smaller number of shares of Common Stock or (D) issue any shares of Common Stock by reclassification of its Common Stock, the Conversion Price in effect at the opening of business on the day following the date fixed for the determination of holders of Common Stock entitled to receive such dividend or distribution or at the opening of business on the day following the day on which such subdivision, combination or reclassification becomes effective, as the case may be, shall be adjusted so that the holder of any share of Series A Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock that such holder would have owned or have been entitled to receive after the happening of any of the events described above had such share of Series A Preferred Stock been converted immediately prior to the record date in the case of a dividend or distribution or the effective date in the case of a subdivision, combination, or reclassification. An adjustment made pursuant to this subsection (g)(i) shall become effective immediately after the opening of business on the day next following the record date in the case of a dividend or distribution and shall become effective immediately after the opening of business on the day next following the effective date in the case of a subdivision, combination, or reclassification and automatically without any further required action of the Corporation or the holders of Series A Preferred Stock.

(ii) If the Corporation shall issue after the Issue Date rights, options or warrants to all holders of Common Stock entitling them to subscribe for or purchase Common Stock (or securities convertible into or

exchangeable for Common Stock) at a price per share of Common Stock less than the Fair Market Value per share of Common Stock on the record date for the determination of holders of Common Stock entitled to receive such rights, options or warrants, then the Conversion Price in effect at the opening of business on the day next following such record date shall be adjusted to equal the price determined by multiplying (I) the Conversion Price in effect immediately prior to the opening of business on the day following the record date fixed for such determination by (II) a fraction, the numerator of which shall be the sum of (A) the number of shares of Common Stock outstanding on the close of business on the record date fixed for such determination and (B) the number of shares of Common Stock that the aggregate proceeds to the Corporation from the exercise of such rights, options or warrants for Common Stock would purchase at such Fair Market Value, and the denominator of which shall be the sum of (A) the number of shares of Common Stock outstanding on the close of business on the date fixed for such determination and (B) the number of additional shares of Common Stock offered for subscription or purchase pursuant to such rights, options or warrants. Such adjustment shall become effective immediately upon the opening of business on the day next following such record date (subject to paragraph (l) below). In determining whether any rights, options or warrants entitle the holders of Common Stock to subscribe for or purchase Common Stock at less than such Fair Market Value, there shall be taken into account any consideration received by the Corporation upon issuance and upon exercise of such rights, options or warrants, the value of such consideration, if other than cash, to be determined in good faith by the Board of Directors.

(iii) If the Corporation shall distribute to all holders of its Common Stock any shares of capital stock of the Corporation (other than Common Stock) or evidence of its indebtedness or assets (excluding (x) cash dividends and distributions that were taken into account in calculating the dividend payable under Section 3(a), and (y) cash dividends and cash distributions to the extent that after giving effect to such dividends and distributions the fair market value of the assets of the Corporation exceed the sum of the liabilities of the Corporation, as determined in good faith by the Board of Directors) or rights or warrants to subscribe for or purchase any of its securities (excluding those rights and warrants issued to all holders of Common Stock entitling them to subscribe for or purchase Common Stock or securities convertible into or exchangeable for Common Stock, which rights and warrants and convertible or exchangeable securities are referred to in and treated under subparagraph (ii) above) (any of the foregoing being hereinafter in this subparagraph (iii) called the "Securities"), then in each case the Conversion Price shall

be adjusted so that it shall equal the price determined by multiplying (I) the Conversion Price in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such distribution by (II) a fraction, the numerator of which shall be the Fair Market Value per share of Common Stock on the record date mentioned below less the then fair market value (as determined by the Board of Directors in good faith) of the portion of the capital stock or assets or evidences of indebtedness so distributed or of such rights or warrants applicable to one share of Common Stock, and the denominator of which shall be the Fair Market Value per share of Common Stock on the record date mentioned below. Such adjustment shall become effective immediately upon the opening of business on the day next following the record date for the determination of stockholders entitled to receive such distribution (subject to paragraph (l) below). For the purposes of this subparagraph (iii), the distribution of a Security, which is distributed not only to the holders of the Common Stock on the date fixed for the determination of stockholders entitled to such distribution of such Security, but also is required to be distributed with each share of Common Stock delivered to a person converting a share of Series A Preferred Stock after such determination date, shall not require an adjustment of the Conversion Price pursuant to this subparagraph (iii); provided that on the date, if any, on which a person converting a share of Series A Preferred Stock would no longer be entitled to receive such Security with a share of Common Stock (other than as a result of the termination of all such Securities), a distribution of such Securities shall be deemed to have occurred, and the Conversion Price shall be adjusted as provided in this subparagraph (iii) (and such day shall be deemed to be "the date fixed for the determination of the stockholders entitled to receive such distribution" and "the record date" within the meaning of the two preceding sentences).

(iv) Notwithstanding the foregoing, no adjustment shall be made pursuant to the preceding clauses (ii) and (iii) that would result in any increase in the Conversion Price. No adjustment in the Conversion Price shall be required unless such adjustment would require a cumulative increase or decrease of at least 1% in such price; provided, however, that any adjustments that by reason of this subsection (g)(iv) are not required to be made shall be carried forward and taken into account in any subsequent adjustment until made; and provided, further, that any adjustment shall be required and made in accordance with the provisions of this Section 7 (other than this subsection (g)(iv)) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the holders of Common Stock. Notwithstanding any other provisions of this Section 7, the Corporation shall not be required to

make any adjustment of the Conversion Price for the issuance of any shares of Common Stock pursuant to any employee benefit or compensation plan or other plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in shares of Common Stock under such plan. All calculations under this Section 7 shall be made to the nearest cent (with $.005 being rounded upward) or to the nearest one-tenth of a share (with .05 of a share being rounded upward), as the case may be. Anything in this paragraph (g) to the contrary notwithstanding, the Corporation shall be entitled, to the extent permitted by law, to make such adjustments in the Conversion Price (but without adversely affecting the economic value of a share of Series A Preferred Stock), in addition to those required by this paragraph (g), as it in its discretion shall determine to be advisable in order that any Series A Preferred Stock dividends, subdivision of shares of Series A Preferred Stock, reclassification or combination of shares of Series A Preferred Stock, distribution of rights, options or warrants to purchase stock or securities, or a distribution of other assets (other than cash dividends) hereafter made by the Corporation to the holders of the Series A Preferred Stock shall not be taxable.

(h) If the Corporation shall be a party to any transaction (including without limitation a merger, consolidation, share exchange, self tender offer for all or substantially all of the shares of Common Stock, sale of all or substantially all of the Corporation's assets or recapitalization of the Common Stock and excluding any transaction as to which subparagraph (g)(i) of this Section 7 applies) (each of the foregoing being referred to herein as a "Transaction"), in each case as a result of which shares of Common Stock shall be exchanged for or converted into the right, or the holders of such shares shall otherwise be entitled, to receive securities or other property (including cash or any combination thereof), each share of Series A Preferred Stock shall upon the commencement of the Conversion Period be convertible into the kind and amount of shares of stock or securities and other property (including cash or any combination thereof) (the "Series A Preferred Stock Merger Consideration") receivable upon the consummation of such Transaction by a holder of that number of shares of Common Stock into which one share of Series A Preferred Stock was convertible immediately prior to such Transaction (unless, in connection with such Transaction, the shares of Series A Preferred Stock had been converted into the right to receive such consideration (and thus, are no longer outstanding)), assuming such holder of Common Stock is not a Person with which the Corporation consolidated or into which the Corporation merged or which merged into the Corporation or to which such sale or transfer was made, as the case may be (a "Constituent Person"), or an affiliate of a Constituent Person. In the event that holders of Common Stock have the opportunity to

elect the form or type of consideration to be received upon consummation of the Transaction, prior to such transaction the Corporation shall give prompt written notice to the holders of Series A Preferred Stock of such election, and the holders of Series A Preferred Stock shall also have the right to elect, by written notice to the Corporation, the form or type of consideration to be received upon conversion of shares of Series A Preferred Stock following consummation of such Transaction, and after such election the consideration thereby elected by holders of a majority of the shares of Series A Preferred Stock shall be the "Series A Preferred Stock Merger Consideration" for each share of Series A Preferred Stock. If holders of a majority of shares of Series A Preferred Stock fail to make such an election, the "Series A Preferred Stock Merger Consideration" for each share of Series A Preferred Stock shall be the consideration that a holder of that number of shares of Common Stock into which one share of Series A Preferred Stock was convertible immediately prior to such Transaction would receive if such holder of Common Stock failed to make such an election.

The Corporation shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions of this paragraph (h), and it shall not consent or agree to the occurrence of any Transaction until the Corporation has entered into an agreement with the successor or purchasing entity, as the case may be, for the benefit of the holders of the Series A Preferred Stock that will contain provisions enabling the holders of the Series A Preferred Stock that remains outstanding after such Transaction to convert their shares of Series A Preferred Stock into the consideration provided for herein and that shall preserve the distribution preference, conversion, redemption, and other rights set forth in this Certificate.

(i) If:

(i) the Corporation shall declare a dividend (or any other distribution) on the Common Stock (excluding cash dividends and cash distributions to the extent that after giving effect to such dividends and distributions the fair market value of the assets of the Corporation exceed the sum of the liabilities of the Corporation, as determined in good faith by the Board of Directors); or

(ii) the Corporation shall authorize the granting to the holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of any class or series of capital stock of the Corporation or any other rights or warrants; or

(iii) there shall be any reclassification of the Common Stock (other than an event to which subparagraph (g)(i) of this Section 7 applies) or any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation is required, or a share exchange involving the conversion or exchange of Common Stock into securities or other property, or a self tender offer by the Corporation for all or substantially all of its outstanding Common Stock, or the sale or transfer of all or substantially all of the assets of the Corporation as an entirety and for which approval of any stockholders of the Corporation is required; or

(iv) if there shall occur the voluntary or involuntary liquidation, dissolution or winding up of the Corporation;

then the Corporation shall cause to be mailed to the holders of the Series A Preferred Stock at their addresses as shown on the stock records of the Corporation, as promptly as possible, but at least 15 days prior to the applicable date hereinafter specified, a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution or granting of rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or granting of rights or warrants are to be determined or (B) the date on which such reclassification, consolidation, merger, share exchange, sale, transfer, liquidation, dissolution or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, share exchange, sale, transfer, liquidation, dissolution or winding up. Failure to give or receive such notice or any defect therein shall not affect the legality or validity of the proceedings described in this Section 7.

(j) In the event that a Cash Business Combination is to be consummated or proposed to the holders of Common Stock, the notice referred to in subparagraph (i)(iii) above shall specify such fact and such notice shall be mailed to the holders of the Series A Preferred Stock simultaneously with the mailing of notice to holders of Common Stock of the holding of a meeting or written consent or making of elections with respect to the Cash Business Combination. In such event, the holders of Series A Preferred Stock shall be permitted to tender their shares for conversion, in accordance with Section 7 hereof, and may condition such tender upon the consummation of such Cash Business Combination. Any such conversion of Series A Preferred Stock shall happen simultaneously with the consummation of the Cash Business Combination such that holders of Series A Preferred Stock receive, at the

consummation of the Cash Business Combination, the consideration described in Section 7(h).

(k) Whenever the Conversion Price is adjusted as herein provided, the Corporation shall promptly file in the books and records of the Corporation and provide to each holder an officer's certificate setting forth the Conversion Price after such adjustment as required by the terms hereof and setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after filing of such certificate, the Corporation shall prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price and the effective date such adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Price to the holders of each share of Series A Preferred Stock at such holder's last address as shown on the stock records of the Corporation.

(l) In any case in which paragraph (g) of this Section 7 provides that an adjustment shall become effective on the day next following the record date for an event, the Corporation may defer until the occurrence of such event (A) issuing to the holder of any share of Series A Preferred Stock converted after such record date and before the occurrence of such event the additional Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount of cash in lieu of any fractional share of Common Stock.

(m) There shall be no adjustment of the Conversion Price in case of the issuance of any capital stock of the Corporation in a reorganization, acquisition or other similar transaction except as specifically set forth in this Section 7. If any action would require adjustment of the Conversion Price pursuant to more than one paragraph of this Section 7, only one adjustment shall be made, and such adjustment shall be the amount of adjustment that has the highest absolute value; provided, however, that multiple actions taken at or about the same time shall be subject to separate adjustments.

(n) If the Corporation shall take any action affecting the Common Stock, other than action described in this Section 7, that in the opinion of the Board of Directors would materially adversely affect the conversion rights of the holders of the Series A Preferred Stock, the Conversion Price for the Series A Preferred Stock may be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the Board of Directors, in its sole discretion, may determine to be equitable in the circumstances.

(8) Voting Rights.

(a) Holders of the Series A Preferred Stock will not have any voting rights, except as set forth in Section 3(j) or as set forth below or as otherwise from time to time required by law.

(b) So long as any shares of Series A Preferred Stock remain outstanding, the Corporation shall not, without the affirmative vote of the holders of at least a majority of the shares of Series A Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class), amend, alter or repeal the provisions of this Certificate, the Amended and Restated Certificate of Incorporation or the amended and Restated Bylaws of the Corporation, increase the number of authorized shares of Series A Preferred Stock or create any additional class or series of Preferred Stock, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series A Preferred Stock or the holders thereof in their capacity as holders of Series A Preferred Stock; but subject, in any event, to the following provisions:

(i) With respect to the occurrence of any merger, consolidation or other business combination or reorganization, so long as shares of the Series A Preferred Stock remain outstanding with the terms thereof materially unchanged or, if the Corporation is not the surviving entity in such transaction, are exchanged for a security of the surviving entity with terms that are materially the same with respect to rights to dividends, liquidation or other distributions, voting, redemption and conversion as the Series A Preferred Stock (and with the terms of the Common Stock or such other securities for which the Series A Preferred Stock (or the substitute security therefor) is convertible materially the same with respect to rights to dividends, liquidation or other distributions, voting, redemption and conversion), the occurrence of any such event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the holders of the Series A Preferred Stock.

(ii) Any creation or issuance of any class or series of capital stock of the Corporation ranking junior to the Series A Preferred Stock with respect to payment of dividends, redemption rights and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the holders of the Series A Preferred Stock.

(iii) Any creation or issuance of any class or series of Preferred Stock (other than an issuance of additional shares of Series A Preferred Stock, as to which a class vote shall be required), or any increase in the amount of authorized shares of such series, in each case ranking on a parity with

the Series A Preferred Stock with respect to payment of dividends, voting, redemption and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the holders of the Series A Preferred Stock if such issuance is done (x) in connection with an issuance of Preferred Stock in exchange for non-cash assets (including, without limitation, (i) securities, partnership interests, membership interests or other interests in an entity and (ii) real estate, personal property and intangibles), or (y) in connection with a bona fide capital raising transaction.

(iv) Any creation or issuance of any class or series of Preferred Stock ranking senior to the Series A Preferred Stock with respect to the payment of dividends, redemption rights and the distribution of assets upon liquidation, dissolution or winding up, to the extent the issuance of such Preferred Stock was in compliance with the standard set forth in Section 9(c) hereof, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the holders of the Series A Preferred Stock.

(c) The foregoing voting provisions will not apply if, at or prior to the time when the act, with respect to which such vote would otherwise be required, will be effected, all outstanding shares of Series A Preferred Stock shall have been converted and/or redeemed.

(9) Ranking. The Series A Preferred Stock shall be deemed to rank:

(a) Senior to any class or series of capital stock of the Corporation, if such class or series shall be Common Stock or if the holders of Series A Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series, including Junior Preferred Stock ("Junior Stock");

(b) On a parity with any other class or series of capital stock of the Corporation, if the holders of such other class or series of capital stock and the Series A Preferred Stock shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid distributions per share or liquidation preferences, without preference or priority one over the other ("Parity Stock"); and

(c) Junior only to (I) any indebtedness issued by the Corporation and (II) senior preferred stock (A) issued only for cash by the Corporation in a public offering,

or (B) issued only for cash or property in an arm's length transaction (x) to one or more institutional investors who are (but for the shares of preferred stock so issued) not affiliated with the Corporation or any Affiliate (as defined in Section 10) thereof and (y) not in connection with any other transaction or transactions with any of such Affiliates and (z) which would be permitted by Section 10 if such shares of preferred stock were Junior Preferred Stock, and (C) in either case, the entire cash proceeds (net of any arm's length commissions paid to third parties who are not Affiliates) of which are contributed by the Corporation to the Partnership and used by the Partnership solely for (i) the acquisition of assets to be held in the Partnership's business, (ii) capital expenditures or maintenance expenses in respect of assets held by the Partnership, (iii) other ordinary course expenses of the Partnership, or (iv) repayment of indebtedness of the Partnership (including indebtedness convertible into preferred units of the Partnership junior to the Series Two Preferred Units and the Series Three Preferred Units of the Partnership or common units of the Partnership), and (v) none of which proceeds are used (AA) to purchase, redeem, retire or otherwise acquire directly or indirectly any preferred units of the Partnership junior to the Series Two Preferred Units and the Series Three Preferred Units of the Partnership or common units of the Partnership, or shares of Junior Preferred Stock or Common Stock of the Corporation, or options, warrants, rights to purchase or any other securities convertible into the foregoing (other than debt repayable pursuant to subclause (iv)) or (BB) to make distributions or to pay dividends in respect of any securities described in subclause (AA). Any references to the term "Affiliate" in this Section 9(c) (including by way of the cross-reference and incorporation in clause (z) of the preceding sentence) shall have the meaning given thereto in the Amended and Restated By-laws of the Corporation as of the date hereof (except that the 5% threshold referred to therein shall be deemed for these purposes to be a 10% threshold).

(10) Junior Preferred Stock. The Corporation may, at its option, issue Junior Preferred Stock in exchange for arm's length consideration, the adequacy of such consideration to be determined in good faith by the Board of Directors; provided, however, that the Corporation may not, without the consent of holders of a majority of the shares of the Series A Preferred Stock, (i) issue Junior Preferred Stock to any Affiliate (as such term is defined in the Amended and Restated By-Laws of the Corporation as of the date hereof) of the Corporation, (ii) distribute Junior Preferred Stock to any holder of Common Stock, (iii) issue Junior Preferred Stock ratably to holders of Common Stock for cash or any other consideration, or (iv) issue Junior Preferred Stock in exchange for Common Stock.

(11) Notices. All notices, demand, requests or other communications which may be or are required to be given, served or sent hereunder will be in writing and delivered by certified U.S. mail, return receipt required, with postage prepaid, or by nationally recognized overnight courier service that provides tracking and proof of receipt.

Notices shall be deemed delivered upon the earlier of (i) delivery, (ii) refusal of delivery by addressee, (iii) two Business Days after deposit in the U.S. Mails in the case of certified U.S. mail, or (iv) one Business Day after deposit with a nationally recognized overnight courier. Notices to holders of Series A Preferred Stock shall be sent to their address of record with the Corporation. Any holder of Series A Preferred Stock may change its address of record by written notice as given as aforesaid. Notices delivered to the Corporation shall be addressed to Boston Properties, Inc. Attn.: Chief Financial Officer, 8 Arlington Street, Boston, MA 02116 or to such other address as the Corporation may have notified holders in the manner provided in this Section 11.

(12) Certificates. Notwithstanding anything to the contrary contained in the foregoing Sections:

(a) In the event of a redemption pursuant to Section 5, on or before the applicable Option Strike Date, a holder of shares of Series A Preferred Stock subject to such redemption shall surrender certificates ("Series A Certificates") representing such shares to the place or places designated by the Corporation in writing. The date on which the Corporation shall be required to pay to such holder the redemption price and the amounts required to be paid under Section 5(c) shall be the later of (i) the date set forth in the last paragraph of Section 5(b) and (ii) two Business Days after the date such Series A Certificates have been so surrendered. From and after the Option Strike Date, such Series A Certificates shall (subject to the last sentence of the first paragraph of Section 5(d)) represent only the right to receive the redemption price and the amounts required to be paid under Section 5(c), without interest thereon.

(b) In the event of a conversion pursuant to Section 7, within 5 days of the Conversion Date, a holder of shares of Series A Preferred Stock subject to such conversion shall surrender Series A Certificates representing such shares to the place or places designated by the Corporation in writing. As promptly as practicable after the surrender of such Series A Certificates, the Corporation shall cause to be issued and delivered to such holder a certificate or certificates representing the number of full shares of Common Stock issuable upon such conversion. From and after the Conversion Date, such Series A Certificates shall represent only the right to receive the number of full shares of Common Stock issuable upon such conversion and the amounts required to be paid under Sections 7(c) and 7(e) (if such amounts have not yet been paid) without interest thereon.

(c) A holder of Series A Preferred Stock shall be deemed to have surrendered the certificate or certificates representing such stock only if (i) the holder surrenders such certificate to the Corporation's headquarters, attention Chief Financial Officer, or to such other place as the Corporation may specify in writing in its Redemption Notice or Conversion Notice, and (ii) such surrendered certificate is

duly endorsed or assigned to the Corporation or in blank and is accompanied by any other duly executed instruments of transfer that the Corporation or its transfer agent may reasonably specify.

(13) Status of Reacquired Stock. All shares of Series A Preferred Stock which shall have been issued and reacquired in any manner by the Corporation shall be restored to the status of authorized, but unissued, shares or Preferred Stock, without designation as to series.

(14) In the event this Certificate of Designations is amended or modified by the parties hereto, the holders of the Series Two Preferred Units issued by the Partnership and the Series Three Preferred Units issued by the Partnership in accordance with the Source Agreements shall each have the right to elect, by vote of a majority-in-interest of such securities, to adopt amendments or modifications of their respective securities comparable to the amendments or modifications of this Certificate, and in the event of any modification or amendment of such securities, the holders of Series A Preferred Stock shall have the right to elect, by vote of a majority-in-interest of the Series A Preferred Stock, to adopt amendments or modifications of this Certificate of Designations comparable to amendments and modifications of such securities. The Corporation agrees for the benefit of the holders of Series A Preferred Stock that the Corporation, as the general partner of the Partnership, shall not permit the amendment or modification of such other securities without causing this Section 14 to be given full effect, and the Corporation shall take such action as is reasonably appropriate or necessary to give full effect to this Section 14.

Exhibit A to the Certificate of Designations for the Series A Preferred Stock

NOTICE OF ELECTION BY HOLDER TO CONVERT
SERIES A PREFERRED STOCK INTO COMMON STOCK

The undersigned holder of Series A Preferred Stock hereby (i) elects to convert the number of shares of Series A Preferred Stock in Boston Properties, Inc. (the "Corporation") set forth below into shares of Common Stock in accordance with the terms of the Certificate of Designations relating to the Series A Preferred Stock; and (ii) directs that any cash in lieu of fractional shares of Common Stock that may be deliverable upon such conversion be delivered to the address specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such shares of Series A Preferred Stock, free and clear of the rights or interests of any other person or entity other than the Corporation; (b) has the full right, power, and authority to cause the conversion of such shares of Series A Preferred Stock as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such conversion.

Name of holder of Series A Preferred Stock: _____
(Please Print: Exact Name as Registered with Corporation)

Date of this Notice:_____

Date the shares of Series A Preferred Stock are to be converted:_____/1/

Number of shares of Series A Preferred Stock to be converted:_____

_____
(Signature of Holder: Sign Exact Name as Registered with Corporation)

_____
(Street Address)

_____
(City) (State) (Zip Code)

Signature Guaranteed by:

_____

_____

/1/ Not earlier than 15 days nor later than 60 days after the date this Notice is deposited in the U.S. mails (certified mail, postage prepaid, return receipt requested) or deposited with a nationally recognized overnight courier guaranteeing next business day delivery.

Exhibit B to the Certificate of Designations for the Series A Preferred Stock

NOTICE OF ELECTION BY HOLDER TO REDEEM
SERIES A PREFERRED STOCK FOR CASH

The undersigned holder of Series A Preferred Stock hereby (i) elects to redeem the number of shares of Series A Preferred Stock in Boston Properties, Inc. (the "Corporation") set forth below for the redemption price determined in accordance with the terms of the Certificate of Designations (the "Certificate") relating to the Series A Preferred Stock; and (ii) directs that such redemption price be delivered by certified check to the address specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such shares of Series A Preferred Stock, free and clear of the rights or interests of any other person or entity other than the Corporation; (b) has the full right, power, and authority to cause the redemption of such shares of Series A Preferred Stock as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such redemption. The undersigned hereby acknowledges that, except as provided in the Certificate, dividends on the shares of Series A Preferred Stock to be redeemed shall cease to accrue on the redemption date indicated below.

Name of holder of Series A Preferred Stock: _____
(Please Print: Exact Name as Registered with Corporation)

Date of this Notice:_____

Option Strike Date on which the shares of Series A Preferred Stock are to be redeemed:_____

Number of shares of Series A Preferred Stock to be redeemed:_____

_____
(Signature of Holder: Sign Exact Name as Registered with Corporation)

_____
(Street Address)

_____
(City) (State) (Zip Code)

Signature Guaranteed by:

_____

Note: Redemptions are subject to reduction and proration as provided in the Certificate of Designations in respect of the Series A Preferred Stock.