UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K/A

Amendment No. 2 to Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2003

or

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

Commission File Number 001-13545

AMB Property Corporation

(Exact name of registrant as specified in its charter)

Maryland *(State or Other Jurisdiction of Incorporation or Organization)*	**94-3281941** *(IRS Employer Identification No.)*
Pier 1, Bay 1, San Francisco, California *(Address of Principal Executive Offices)*	**94111** *(Zip Code)*

(415) 394-9000

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

(Title of Each Class)	(Name of Each Exchange on Which Registered)
Common Stock, $.01 par value 6 1/2% Series L Cumulative Redeemable Preferred Stock 6 3/4% Series M Cumulative Redeemable Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes☑ No ☐

The aggregate market value of common shares held by non-affiliates of the registrant (based upon the closing sale price on the New York Stock Exchange) on June 30, 2003, was $2,196,704,854.

As of March 1, 2004, there were 81,849,795 shares of the Registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates by reference the registrant's Proxy Statement for its Annual Meeting of Stockholders which the registrant anticipates will be filed no later than 120 days after the end of its fiscal year pursuant to Regulation 14A.

Explanatory Note

This Amendment No. 2 on Form 10-K/A for AMB Property Corporation for the year ended December 31, 2003 is being filed to amend and restate the items described below contained in our Annual Report on Form 10-K and Amendment No. 1 on Form 10-K/A for such period originally filed with the U.S. Securities and Exchange Commission on March 11, 2004 and March 15, 2004, respectively.

As part of management's on-going review of our accounting policies and internal control over financial reporting, management determined that we should have depreciated certain of our investments in buildings that reside on land subject to ground leases over the remaining terms of the ground leases, rather than over 40 years, which is the period used to depreciate buildings that we hold in fee simple. We did not segregate these assets into a separate expected useful life category for depreciation purposes. This error resulted in our failure to reflect additional depreciation expense in our financial statements for the years ended December 31, 2003, 2002 and 2001 filed on Forms 10-K and 10-K/A for the year ended December 31, 2003.

This Amendment No. 2 amends Part II, Item 6, Selected Financial Data; Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations; Part II, Item 9A, Controls and Procedures; and Part IV, Item 15, Exhibits and Financial Statement Schedules contained in our Form 10-K and Amendment No. 1 on Form 10-K/ A originally filed with the U.S. Securities and Exchange Commission on March 11, 2004 and March 15, 2004, respectively, for the following purposes:

- To amend Part II, Item 6, Selected Financial Data and Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations to take into account the effects of the restatement;

- To amend Part II, Item 9A, Controls and Procedures, to reflect the restatement; and

- To amend Part IV, Item 15, Exhibits and Financial Statement Schedules, to restate our consolidated financial statements, the related notes and financial statement schedules, as more fully described in Note 2 to our restated consolidated financial statements contained in this Amendment No. 2.

Pursuant to Exchange Act Rule 12b-15, this Amendment No. 2 sets forth the complete text of each item of Form 10-K and Amendment No. 1 on Form 10-K/ A listed above as further amended, and includes as Exhibits 31 and 32 new certifications by our chief executive officer, president and chief financial officer. This Amendment No. 2 does not reflect events occurring after the filing of our original Form 10-K on March 11, 2004 or our Amendment No. 1 to Form 10-K/ A on March 15, 2004, or modify or update the disclosures presented in our original Form 10-K filed on March 11, 2004 or Amendment No. 1 on Form 10-K/A filed on March 15, 2004, except to reflect the restatement as described above. Accordingly, this Amendment No. 2 should be read in conjunction with our filings made subsequent to the filing of our original Form 10-K on March 11, 2004 and Amendment No. 1 on Form 10-K/A on March 15, 2004, including any amendments to those filings. Additional disclosure regarding the restatement is included in Note 2 to the restated consolidated financial statements included in Part IV, Item 15 of this Amendment No. 2 on Form 10-K/A.

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PART I

Item 1. *Business*

General

AMB Property Corporation, a Maryland corporation, acquires, owns, operates, manages, renovates, expands and develops primarily industrial properties in key distribution markets throughout North America, Europe and Asia. We commenced operations as a fully integrated real estate company effective with the completion of our initial public offering on November 26, 1997. Increasingly, our properties are designed for customers who value the efficient movement of goods in the world's busiest distribution markets: large, supply-constrained locations with close proximity to airports, seaports and major freeway systems. As of December 31, 2003, we owned, managed and had renovation and development projects totaling 101.5 million square feet (9.4 million square meters) and 1,057 buildings in 36 markets within seven countries.

We operate our business through our subsidiary, AMB Property, L.P., a Delaware limited partnership. We refer to AMB Property, L.P. as the "operating partnership." As of December 31, 2003, we owned an approximate 94.5% general partnership interest in the operating partnership, excluding preferred units. As the sole general partner of the operating partnership, we have the full, exclusive and complete responsibility for and discretion in its day-to-day management and control.

Our investment strategy targets customers whose businesses are tied to global trade, which, according to the World Trade Organization, has grown at approximately 2.5 times the world gross domestic product (GDP) growth rate during the last 20 years. To serve the facilities needs of these customers, we invest in major distribution markets, transportation hubs and gateways in both the U.S. and internationally. Our target markets are characterized by large population densities and typically offer substantial consumer bases, proximity to large clusters of distribution-facility users and significant labor pools. When measured by annualized base rents, 67.4% of our assets are concentrated in eight U.S. hub and gateway distribution markets: Atlanta, Chicago, Dallas/ Fort Worth, Los Angeles, Northern New Jersey/ New York City, the San Francisco Bay Area, Miami and Seattle. Our on-tarmac assets account for 8.9% of our annualized base rents.

By focusing on an investment strategy that targets areas of high customer demand and limited competition from new supply, we believe that over time our net operating income (rental revenues less property operating expenses and real estate taxes) will grow and our property values will increase. Much of our portfolio is comprised of strategically located industrial buildings in in-fill submarkets; in-fill locations are characterized by supply constraints on the availability of land for competing projects as well as physical, political or economic barriers to new development.

We focus our investment strategy on High Throughput Distribution®, or HTD® facilities, which are buildings designed to quickly distribute our customers' products, rather than store them. Our investment focus on HTD assets is based on the global trend toward lower inventory levels and expedited supply chains. HTD facilities generally have a variety of characteristics that allow the rapid transport of goods from point-to-point. Examples of these physical characteristics include numerous dock doors, shallower building depths, fewer columns, large truck courts and more space for trailer parking. We believe that these building characteristics represent an important success factor for time-sensitive customers such as air express, logistics and freight forwarding companies and that these facilities function best when located in convenient proximity to transportation infrastructure such as major airports and seaports.

As of December 31, 2003, we owned and operated (exclusive of properties that we managed for third parties) 948 industrial buildings and six retail and other properties, totaling approximately 87.6 million rentable square feet, located in 34 markets throughout North America and in France, Germany and Japan. As of December 31, 2003, through our subsidiary, AMB Capital Partners, LLC, we also managed, but did not have an ownership interest in, industrial buildings and retail centers, totaling approximately 0.5 million rentable square feet. In addition, as of December 31, 2003, we had investments in operating industrial buildings, totaling approximately 7.9 million rentable square feet, through investments in unconsolidated joint ventures. As of December 31, 2003, we also had investments in industrial development projects, some of which are part of our development-for-sale program, totaling approximately 5.5 million square feet.

As of December 31, 2003, we had one retail land parcel and one industrial building held for divestiture. During 2003, our dispositions and contributions totaled $366.3 million, including assets in markets that no longer fit our investment strategy and properties at valuations that we considered to be at premium levels. While we will continue to sell assets on an opportunistic basis, we believe that we have substantially achieved our near-term strategic disposition goals.

We are self-administered and self-managed and expect that we have qualified and will continue to qualify as a real estate investment trust for federal income tax purposes beginning with the year ended December 31, 1997. As a self-administered and self-managed real estate investment trust, our own employees perform our corporate administrative and management functions, rather than our relying on an outside manager for these services. Through our Strategic Alliance Program®, we have established relationships with third-party real estate management firms, brokers and developers that provide property-level administrative and management services under our direction.

Our principal executive office is located at Pier 1, Bay 1, San Francisco, California 94111; our telephone number is (415) 394-9000. We also maintain regional offices in Boston, Massachusetts, Chicago, Illinois, Amsterdam, the Netherlands and Tokyo, Japan. As of December 31, 2003, we employed 175 individuals, 126 at our San Francisco headquarters, 45 in our Boston office and the remainder in our other regional offices. Our website address is *www.amb.com.* Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available on our website free of charge as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission. Information contained on our website is not and should not be deemed a part of this annual report.

Unless the context otherwise requires, the terms “we,” “us” and “our” refer to AMB Property Corporation, AMB Property, L.P. and their other controlled subsidiaries, and the references to AMB Property Corporation include AMB Property, L.P. and their other controlled subsidiaries. The following marks are our registered trademarks: AMB**®**; Development Alliance Partners**®**; HTD**®**; High Throughput Distribution**®**; Management Alliance Program**®**; Strategic Alliance Partners**®**; Strategic Alliance Programs**®**; and UPREIT Alliance Program**®**.

Operating Strategy

We base our operating strategy on extensive operational and service offerings, including in-house acquisitions, development, redevelopment, asset management, leasing, finance, accounting and market research. We leverage our expertise across a large customer base and have long-standing relationships with entrepreneurial real estate management and development firms in our target markets, which we refer to as our Strategic Alliance Partners**®**.

We believe that real estate is fundamentally a local business and best operated by forging alliances with service providers in each target market. We believe that this strategy results in a mutually beneficial relationship as these alliance partners provide us with high-quality, local market expertise and intelligence. We believe that we, in turn, contribute value to the alliances through our national and global customer relationships, industry knowledge, perspective and financial strength. We actively manage our portfolio, including the establishment of leasing strategies, negotiation of lease terms, pricing, and level and timing of property improvements.

We believe our alliances give us both local market benefits and flexibility to focus on our core competencies, which are developing and executing our strategic approach to real estate investment and management and raising private capital to finance growth.

Growth Strategies

Growth Through Operations

We seek to generate long-term internal growth through rent increases on existing space and renewals on rollover space, by seeking to: maintain a high occupancy rate at our properties; and control expenses by capitalizing on the economies of owning, operating and growing a large, global portfolio. However, during 2003, our average industrial base rental rates decreased by 10.1%, from the expiring rent for that space, on leases entered into or renewed during the period. This amount excludes expense reimbursements, rental abatements, percentage rents and straight-line rents. Since 2001, as the industrial market weakened, we have focused on maintaining occupancy. During 2003, cash-basis same-store net operating income (rental revenues less property operating expenses and real estate taxes) decreased by 5.6% on our industrial properties. Since our initial public offering in November 1997, we have experienced average annual increases in industrial base rental rates of 10.4% and maintained an average occupancy of 95.0%. While we believe that it is important to view real estate as a long-term investment, past results are not necessarily an indication of future performance. See Part IV. Item 15: Note 17 of the "Notes to Consolidated Financial Statements" for detailed segment information, including revenue attributable to each segment, gross investment in each segment and total assets.

Growth Through Acquisitions and Capital Redeployment

We believe that our significant acquisition experience, our alliance-based operating strategy and our extensive network of property acquisition sources will continue to provide opportunities for external growth. We have forged relationships with third-party local property management firms through our Management Alliance Program®. We believe that these alliances will create additional acquisition opportunities, as such managers frequently market properties on behalf of sellers. Our operating structure also enables us to acquire properties through our UPREIT Alliance Program® in exchange for limited partnership units in the operating partnership, thereby enhancing our attractiveness to owners and developers seeking to transfer properties on a tax-deferred basis. In addition, we seek to redeploy capital from non-strategic assets into properties that better fit our current investment focus.

We are generally in various stages of negotiations for a number of acquisitions and dispositions that may include acquisitions and dispositions of individual properties, acquisitions of large multi-property portfolios and acquisitions of other real estate companies. There can be no assurance that we will consummate any of these transactions. Such transactions, if we consummate them, may be material individually or in the aggregate. Sources of capital for acquisitions may include retained cash flow from operations, borrowings under our unsecured credit facility, other forms of secured or unsecured debt financing, issuances of debt or preferred or common equity securities by us or the operating partnership (including issuances of units in the operating partnership or its subsidiaries), proceeds from divestitures of properties, assumption of debt related to the acquired properties and private capital from our co-investment partners. See Part II. Item 7: "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a summary of key transactions in 2003.

Growth Through Development

We believe that development, renovation and expansion of well-located, high-quality industrial properties should continue to provide us with attractive investment opportunities at a higher rate of return than we may obtain from the purchase of existing properties. We believe we have the in-house expertise to create value both through new construction and through acquisition and management of value-added properties. Value-added properties are typically characterized as properties with available space or near-term leasing exposure, undeveloped land acquired in connection with other property that provides an opportunity for development or properties that are well-located but require redevelopment or renovation. Both new development and value-added properties require significant management attention and capital investment to maximize their return. In addition to our in-house development staff, we have established strategic alliances with global and regional developers that we expect to enhance our development capabilities. We believe our global market presence and expertise will enable us to continue to generate and capitalize on a diverse range of development opportunities.

The multidisciplinary backgrounds of our employees should provide us with the skills and experience to capitalize on strategic renovation, expansion and development opportunities. Several of our officers have specific experience in real estate development, both with us and with national development firms, and over the past year we have expanded our development staff. We pursue development projects directly and in joint ventures with our Development Alliance Partners®, which provides us with the flexibility to pursue development projects independently or in partnerships, depending on market conditions, submarkets or building sites. Under a typical joint venture agreement with a Development Alliance Partner, we would fund 95% of the construction costs and our partner would fund 5%; however, in certain cases we may own as little as 50% or as much as 98% of the joint venture. Upon completion, we generally would purchase our partner’s interest in the joint venture. We may also structure developments such that we would own 100% of the asset with an incentive development fee to be paid upon completion to our development partner.

Growth Through Developments for Sale

The operating partnership, through its taxable REIT subsidiaries, conducts a variety of businesses that include incremental income programs, such as our development projects available for sale to third parties. Such development properties include value-added conversion projects and build-to-sell projects.

Growth Through Global Expansion

Over the next three to four years, we expect to have approximately 15% of our portfolio (based on consolidated annualized base rent) invested in international markets. As of December 31, 2003, our international operating properties comprised 3.0% of our total annualized industrial base rent. Our Mexican target markets currently include Mexico City, Guadalajara and Monterrey. Our European target markets currently include Paris, Amsterdam, Frankfurt, Madrid and London. Our Asian target markets currently include Singapore, Hong Kong and Tokyo. There are many factors that could cause our entry into target markets and future capital allocation to differ from our current expectations, which are discussed under the subheading “Our International Growth is Subject to Special Political and Monetary Risks” and elsewhere under the heading “Business Risks” in this report. Further, it is possible that our target markets will change over time to reflect experience, market opportunities, customer needs and changes in global distribution patterns. For a breakout of the amount of our revenues attributable to the United States and to foreign countries in total, please see Part IV. Item 15: Note 17 of the “Notes to Consolidated Financial Statements.”

We believe that expansion into target international markets represents a natural extension of our strategy to invest in industrial markets with high population densities, close proximity to large customer clusters and available labor pools, and major distribution centers serving global trade. Our international expansion strategy mirrors our domestic focus on supply-constrained submarkets with political, economic or physical constraints to new development. Our international investments will extend our offering of High Throughput Distribution facilities for customers who value speed-to-market over storage. Specifically, we are focused on customers whose business is derived from global trade. In addition, our investments target major consumer distribution markets and customers.

We believe that our established customer relationships, our contacts in the air cargo and logistics industries, our underwriting of markets and investment considerations and our Strategic Alliance Programs with knowledgeable developers and managers will assist us in competing internationally.

Growth Through Co-Investments

We co-invest in properties with private-capital investors through partnerships, limited liability companies or joint ventures. Our co-investment joint ventures typically operate under the same investment strategy that we apply to our other operations. Typically we will own a 20-50% interest in our co-investment ventures. In general, we control all significant operating and investment decisions of our co-investment entities. We believe that our co-investment program will continue to serve as a source of capital for acquisitions and developments;

however, there can be no assurance that it will continue to do so. In addition, our co-investment joint ventures are a significant source of revenues as we earn acquisition and development fees, asset management fees and priority distributions as well as promoted interests and incentive fees based on the performance of the co-investment joint ventures.

BUSINESS RISKS

See Part II. Item 7: "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business Risks" for a complete discussion of the various risks that could adversely affect us, including risks related to our international operations.

Item 2. *Properties*

INDUSTRIAL PROPERTIES

As of December 31, 2003, we owned 948 industrial buildings aggregating approximately 87.1 million rentable square feet, located in 34 markets throughout North America and in France, Germany and Japan. Our industrial properties accounted for $518.1 million, or 98.9%, of our total annualized base rent as of December 31, 2003. Our industrial properties were 93.1% leased to over 2,500 customers, the largest of which accounted for no more than 3.1% of our annualized base rent from our industrial properties. See Item 15: Note 17 of "Notes to Consolidated Financial Statements" for segment information related to our operations.

Property Characteristics. Our industrial properties, which consist primarily of warehouse distribution facilities suitable for single or multiple customers, are typically comprised of multiple buildings. The following table identifies type and characteristics of our industrial buildings and each type's percentage of our total portfolio based on square footage at December 31:

Building Type	Description	2003	2002
Warehouse	15,000-75,000 square feet, single or multi-customer	40.7%	40.2%
Bulk Warehouse	Over 75,000 square feet, single or multi-customer	39.3%	39.6%
Flex Industrial	Includes assembly or research & development, single or multi-customer	7.3%	7.5%
Light Industrial	Smaller customers, 15,000 square feet or less, higher office finish	6.1%	6.5%
Trans-Shipment	Unique configurations for truck terminals and cross-docking	2.2%	2.3%
Air Cargo	On-tarmac or airport land for transfer of air cargo goods	3.1%	2.6%
Office	Single or multi-customer, used strictly for office	1.3%	1.3%

Lease Terms. Our industrial properties are typically subject to lease on a "triple net basis," in which customers pay their proportionate share of real estate taxes, insurance and operating costs, or are subject to leases on a "modified gross basis," in which customers pay expenses over certain threshold levels. In addition, most of our leases include fixed rental increases or Consumer Price Index rental increases. Lease terms typically range from three to ten years, with an average of six years, excluding renewal options. However, the majority of our industrial leases do not include renewal options.

Overview of Major Target Markets. Our industrial properties are typically located near major airports, key interstate highways, and seaports in major domestic metropolitan areas, such as Atlanta, Chicago, Dallas/ Fort Worth, Los Angeles, Northern New Jersey/ New York City, the San Francisco Bay Area, Miami and

Seattle. Our international industrial facilities are located in major distribution markets, including Mexico City, Guadalajara, Paris, Frankfurt and Tokyo.

Within these metropolitan areas, our industrial properties are generally concentrated in locations with limited new construction opportunities within established, relatively large submarkets, which we believe should provide a higher rate of occupancy and rent growth than properties located elsewhere. These in-fill locations are typically near major airports, seaports or convenient to major highways and rail lines, and are proximate to large and diverse labor pools. There is typically broad demand for industrial space in these centrally located submarkets typically due to a diverse mix of industries and types of industrial uses, including warehouse distribution, light assembly and manufacturing. We generally avoid locations at the periphery of metropolitan areas where there are fewer constraints to the supply of additional industrial properties.

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Industrial Market Operating Statistics(1)

As of December 31, 2003, we operated in 34 markets throughout North America and in France, Germany and Japan. The following table represents properties in which we own a 100% interest or a controlling interest (consolidated), and excludes properties in which we only own a non-controlling interest

	Atlanta	Chicago	Dallas/ Ft. Worth	Los Angeles(2)	No. New Jersey/ New York	San Francisco Bay Area
Number of buildings	57	94	42	150	92	141
Rentable square feet	7,053,878	7,810,008	3,854,932	12,950,949	7,923,272	11,382,570
% of total rentable square feet	8.1%	9.0%	4.4%	14.9%	9.1%	13.1%
Occupancy percentage	92.9%	93.0%	85.6%	98.0%	91.7%	92.5%
Annualized base rent (000's)	$ 26,970	$ 35,810	$ 13,456	$ 77,450	$ 47,770	$ 81,474
% of total annualized base rent	5.2%	6.9%	2.6%	14.9%	9.2%	15.7%
Number of leases	204	187	112	384	291	400
Annualized base rent per square foot	$ 4.12	$ 4.93	$ 4.08	$ 6.10	$ 6.57	$ 7.74
Lease expirations as a % of ABR:(4)						
2004	14.4%	22.4%	20.4%	21.1%	20.2%	15.0%
2005	19.8%	19.9%	22.5%	14.8%	11.4%	22.6%
2006	18.6%	18.9%	14.2%	16.9%	15.9%	10.3%
Weighted average lease terms:						
Original	6.2 years	6.6 years	5.0 years	5.9 years	5.6 years	5.4 years
Remaining	3.6 years	2.3 years	3.1 years	3.0 years	3.4 years	3.1 years
Tenant retention:						
Quarter	50.2%	85.7%	46.9%	87.8%	98.1%	64.1%
Year-to-date	68.5%	63.0%	50.8%	70.6%	83.0%	66.3%
Rent increases on renewals and rollovers:						
Year-to-date	(10.4)%	(4.3)%	(7.6)%	0.0%	(9.9)%	(27.7)%
Same Space SF leased	828,797	2,023,590	1,236,952	2,560,211	1,601,083	3,167,662
Same store cash basis NOI growth:						
Year-to-date	(4.3)%	(7.9)%	(23.0)%	6.1%	(6.2)%	(13.9)%
Sq. feet owned in same store pool(5)	5,532,840	7,242,118	3,413,679	11,495,700	5,726,021	10,860,049
Our pro rata share of square feet	4,415,192	5,782,826	2,765,994	9,247,359	5,002,948	8,653,249
Total market square footage(6)	7,586,128	12,062,539	4,595,219	16,716,976	8,578,109	12,014,032

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Miami	Seattle	On-Tarmac(3)	Total U.S. Hub and Gateway Markets	Total Other Markets	Total/ Weighted Average
Number of buildings	46	64	35	721	227	948
Rentable square feet	4,802,715	6,854,427	2,733,487	65,366,238	21,735,174	87,101,412
% of total rentable square feet	5.5%	7.9%	3.0%	75.0%	25.0%	100.0%
Occupancy percentage	96.1%	92.5%	92.6%	93.5%	91.9%	93.1%
Annualized base rent (000's)	$ 32,745	$ 33,737	$ 45,931	$ 395,343	122,747	$ 518,090
% of total annualized base rent	6.4%	6.5%	8.9%	76.3%	23.7%	100.0%
Number of leases	230	261	257	2,326	851	3,177
Annualized base rent per square foot	$ 7.09	$ 5.32	$ 18.15	$ 6.47	$ 6.15	$ 6.39
Lease expirations as a % of ABR: (4)						
2004	17.7%	15.3%	21.4%	18.6%	15.4%	17.8%
2005	21.2%	14.7%	11.1%	17.3%	17.9%	17.4%
2006	17.0%	18.8%	14.0%	15.4%	10.8%	14.3%
Weighted average lease terms:						
Original	5.9 years	5.8 years	8.3 years	5.9 years	6.6 years	6.1 years
Remaining	3.0 years	3.1 years	4.1 years	3.1 years	3.6 years	3.2 years
Tenant retention:						
Quarter	44.1%	70.5%	78.7%	72.1%	63.3%	70.4%
Year-to-date	71.9%	56.4%	79.0%	66.4%	61.6%	65.3%
Rent increases on renewals and rollovers:						
Year-to-date	(14.3)%	(5.0)%	7.9%	(12.7)%	1.7%	(10.1)%
Same Space SF leased	884,115	1,196,855	136,785	13,636,050	3,636,967	17,273,017
Same store cash basis NOI growth:						
Year-to-date	(11.7)%	(7.6)%	5.0%	(7.2)%	0.1%	(5.6)%
Sq. feet owned in same store pool(5)	4,342,301	3,636,191	1,324,738	53,573,637	18,411,938	71,985,575
Our pro rata share of square feet	4,175,271	3,596,230	2,344,839	45,983,908	18,592,025	64,575,933

Total market square footage(6)	5,639,822	7,030,412	—	74,223,237	27,297,815	101,521,052

(1) Includes all industrial consolidated operating properties and excludes industrial developments and renovation projects.

(2) We also have a 19.9 acre parking lot with 2,720 parking spaces and 12 billboard signs in the Los Angeles market immediately adjacent to the Los Angeles International Airport.

(3) Includes on-tarmac air cargo facilities at 14 airports.

(4) Annualized base rent is calculated as monthly base rent (cash basis) per the terms of the lease, as of December 31, 2003, multiplied by 12.

(5) Same store pool excludes properties purchased or developments stabilized after December 31, 2001. Stabilized properties are generally defined as properties that are 90% leased or properties for which we have held a certificate of occupancy or where building has been substantially complete for at least 12 months.

(6) Total market square footage includes industrial and retail operating properties, development properties, unconsolidated properties (100% of the square footage), properties managed for third parties and reallocation of on-tarmac properties into metro markets.

Industrial Operating Portfolio Overview

As of December 31, 2003, our 948 industrial buildings were diversified across 34 markets throughout North America and in France, Germany and Japan. The average age of our industrial properties is 19 years (since the property was built or substantially renovated). The following table represents properties in which we own a fee simple interest or a controlling interest (consolidated), and excludes properties in which we only own a non-controlling interest (unconsolidated):

	Number of Buildings	Rentable Square Feet	% of Total Rentable Square Feet	Occupancy Percentage	Annualized Base Rent (000's)	% of Total Annualized Base Rent	Number of Leases	Annualized Base Rent per Square Foot
Domestic Hub Markets	721	65,366,238	75.0%	93.5%	$ 395,343	76.3%	2,326	$ 6.47
Other Markets								
Domestic Target Markets								
Austin	9	1,365,873	1.6	91.4	8,988	1.7	29	7.20
Baltimore/Washington DC	65	4,262,420	4.9	95.3	32,299	6.2	292	7.95
Boston	36	4,114,945	4.7	97.2	22,667	4.4	61	5.67
Minneapolis	34	3,819,952	4.4	96.1	16,553	3.2	185	4.51
Subtotal/Weighted Average	144	13,563,190	15.6	95.7	80,507	15.5	567	6.20
Domestic Non-Target Markets								
Charlotte	21	1,317,864	1.5	70.2	5,038	1.0	59	5.45
Columbus	1	240,000	0.3	45.0	306	0.1	3	2.83
Memphis	17	1,883,845	2.1	82.7	8,016	1.5	46	5.15
New Orleans	5	411,689	0.5	93.9	1,949	0.4	47	5.04
Newport News	1	60,215	0.1	76.8	554	0.1	2	11.98
Orlando	15	1,223,148	1.4	97.7	5,433	1.0	72	4.55
Portland	5	676,104	0.8	95.4	2,966	0.6	9	4.60
San Diego	5	276,167	0.3	100.0	2,866	0.5	21	10.38
Subtotal/Weighted Average	70	6,089,032	7.0	84.4	27,128	5.2	259	5.28
International Target Markets(1)								
Frankfurt, Germany	1	166,917	0.2	0.0	—	0.0	0	—
Guadalajara, Mexico	5	687,088	0.8	100.0	4,053	0.8	16	5.90
Mexico City, Mexico	2	345,058	0.4	100.0	1,991	0.4	3	5.77
Paris, France	3	520,837	0.6	88.5	4,025	0.8	3	8.73
Tokyo, Japan	2	363,052	0.4	100.0	5,043	1.0	3	13.89
Subtotal/Weighted Average	13	2,082,952	2.4	89.1	15,112	3.0	25	8.14
Total Other Markets	227	21,735,174	25.0	91.9	122,747	23.7	851	6.15
Total/Weighted Average	948	87,101,412	100.0%	93.1%	$ 518,090	100.0%	3,177	$ 6.39

(1) Annualized base rent for leases denominated in foreign currencies is translated using the currency exchange rate at December 31, 2003.

Industrial Lease Expirations

The following table summarizes the lease expirations for our industrial properties for leases in place as of December 31, 2003, without giving effect to the exercise of renewal options or termination rights, if any, at or prior to the scheduled expirations:

	Square Feet(1)	Annualized Base Rent(2)	% of Annualized Base Rent
2004	15,073,481	$ 97,194	17.8%
2005	14,866,366	95,429	17.4%
2006	12,384,981	78,363	14.3%
2007	10,898,668	72,560	13.3%
2008	10,452,586	64,433	11.8%
2009	6,880,585	39,045	7.1%
2010	2,876,654	27,515	5.0%
2011	3,032,522	23,456	4.3%
2012	1,900,671	21,816	4.0%
2013 and beyond	3,177,618	27,209	5.0%
Total	81,544,132	$547,020	100.0%

(1) Schedule includes in-place leases and leases with future commencement dates. The schedule also includes month-to-month leases totaling 0.2 million square feet and leases in hold-over status totaling 1.9 million square feet.

(2) Calculated as monthly base rent at expiration multiplied by 12.

Customer Information

Largest Property Customers. As of December 31, 2003, our 25 largest industrial property customers by annualized base rent are set forth in the table below:

Customer Name(1)	Number of Leases	Aggregate Rentable Square Feet	Percentage of Aggregate Leased Square Feet(2)	Annualized Base Rent(3)	Percentage of Aggregate Annualized Base Rent(4)
United States Government(5)(6)	41	866,387	1.0%	$ 16,007	3.1%
FedEx Corporation(5)	31	704,202	0.8%	9,765	1.9%
Deutsche Post Global Mail Ltd.(5)	33	1,021,765	1.2%	8,159	1.6%
Harmonic Inc.	4	285,480	0.3%	6,174	1.2%
International Paper Company	8	546,893	0.6%	4,213	0.8%
BAX Global Inc.(5)	8	255,135	0.3%	4,130	0.8%
County of Los Angeles(7)	11	213,230	0.2%	3,123	0.6%
Ford Motor Company	1	610,878	0.7%	3,034	0.6%
Forward Air Corporation	9	421,748	0.5%	2,883	0.6%
Ahold NV	7	680,565	0.8%	2,880	0.6%
La Poste	1	353,640	0.4%	2,676	0.5%
CNF Inc.	12	408,556	0.5%	2,662	0.5%
Wells Fargo and Company	5	213,432	0.2%	2,585	0.5%
United Air Lines Inc.(5)	5	124,700	0.1%	2,506	0.5%
United Liquors, Ltd.	2	520,325	0.6%	2,398	0.5%
Worldwide Flight Services(5)	15	176,656	0.2%	2,374	0.5%
Integrated Airline Services(5)	6	217,056	0.2%	2,210	0.4%
Applied Materials, Inc.	1	290,557	0.3%	2,152	0.4%
Elmhult Limited Partnership	4	661,149	0.8%	2,104	0.4%
Rite Aid Corporation	2	526,631	0.6%	2,088	0.4%
Expeditors International	4	232,976	0.3%	2,087	0.4%
DJ Air Services, Inc.(5)	1	51,920	0.1%	2,054	0.4%
TJX Companies, Inc.	2	532,657	0.6%	2,051	0.4%
EGL Eagle Global Logistics, L.P.	4	328,445	0.4%	2,040	0.4%
Corvis Corporation	5	151,878	0.2%	1,958	0.4%
Total		10,396,861	11.9%	$ 94,313	18.0%

(1) Customer(s) may be a subsidiary of or an entity affiliated with the named customer. We also have a lease at our Park One property adjacent to the Los Angeles International Airport with an annualized base rent of $6.1 million, which is not included.

(2) Computed as aggregate leased square feet divided by the aggregate leased square feet of the industrial and retail properties.

(3) Annualized base rent is calculated as monthly base rent (cash basis) per the lease, as of December 31, 2003, multiplied by 12.

(4) Computed as aggregate annualized base rent divided by the aggregate annualized base rent of the industrial and retail and other properties.

(5) Apron rental amounts (but not square footage) are included.

(6) United States Government includes the United States Postal Service, United States Customs and the United Stated Department of Agriculture.

(7) County of Los Angeles includes Child Support Service's Department, the Fire Department, the District Attorney, the Sheriff's Department, and the Unified School District.

OPERATING AND LEASING STATISTICS

Industrial Operating and Leasing Statistics

The following table summarizes key operating and leasing statistics for all of our industrial properties as of and for the years ended December 31, 2003, 2002 and 2001:

Operating Portfolio(1)	2003	2002	2001
Square feet owned(2)	87,101,412	84,203,022	81,550,880
Occupancy percentage	93.1%	94.6%	94.5%
Weighted average lease terms:			
Original	6.1 years	6.2 years	6.3 years
Remaining	3.2 years	3.3 years	3.3 years
Tenant retention	65.3%	74.2%	66.8%
Same Space Leasing Activity(3):			
Rent increases/(decreases) on renewals and rollovers	(10.1)%	(1.0)%	20.4%
Same space square footage commencing (millions)	17.3	14.7	11.9
Second Generation Leasing Activity:			
Tenant improvements and leasing commissions per sq. ft.:			
Renewals	$ 1.39	$ 1.30	$ 0.99
Re-tenanted	2.13	2.45	3.25
Weighted average	$ 1.77	$ 1.90	$ 2.05
Square footage commencing (millions)	22.7	19.0	13.9

(1) Includes all consolidated industrial operating properties and excludes industrial development and renovation projects. Excludes retail and other properties' square footage of 0.5 million with occupancy of 75.2% and annualized base rents of $5.5 million as of December 31, 2003.

(2) In addition to owned square feet as of December 31, 2003, we managed, through our subsidiary, AMB Capital Partners, LLC, 0.5 million additional square feet of industrial, retail and other properties. As of December 31, 2003, we also had investments in 7.9 million square feet of industrial operating properties through our investments in unconsolidated joint ventures.

(3) Consists of second-generation leases renewing or re-tenanting with current and prior lease terms greater than one year.

Industrial Same Store Operating Statistics

The following table summarizes key operating and leasing statistics for our same store properties as of and for the years ended December 31, 2003, 2002 and 2001:

	2003	2002	2001
Square feet in same store pool(1)	71,985,575	67,998,585	60,165,437
% of total industrial square feet	82.6%	80.8%	73.8%
Occupancy percentage at period end	93.0%	94.6%	94.6%
Tenant retention	65.1%	73.3%	64.5%
Rent increases/(decreases) on renewals and rollovers	(10.6)%	(1.4)%	23.5%
Square feet leased (millions)	16.2	13.8	10.0
Growth % increase/(decrease) (excluding straight-line rents):			
Revenues	(3.6)%	3.9%	6.4%
Expenses	2.7%	5.1%	6.9%
Net operating income	(5.6)%	3.5%	6.3%
Growth % increase/(decrease) (including straight-line rents):			
Revenues	(3.8)%	3.6%	5.9%
Expenses	2.7%	5.1%	6.9%
Net operating income	(5.7)%	3.1%	5.6%

(1) Same store properties are those properties that we owned during both the current and prior year reporting periods, excluding development properties prior to being stabilized (generally defined as properties that are 90% leased or properties for which we have held a certificate of occupancy or building has been substantially complete for at least 12 months).

Retail and Other Property Summary

Our remaining retail and other properties, aggregating approximately 0.5 million square feet, were 75.2% leased and had an annualized base rent of $5.5 million at December 31, 2003.

DEVELOPMENT PROPERTIES

Development Pipeline

The following table sets forth the properties owned by us as of December 31, 2003, which were undergoing renovation, expansion or development. No assurance can be given that any of these projects will be completed on schedule or within budgeted amounts.

Industrial Development and Renovation Deliveries

Project	Location	Development Alliance Partner®	Estimated Stabilization	Estimated Square Feet at Stabilization	Estimated Total Investment(1)	Our Ownership Percentage
2004 Deliveries						
1. Sunset Distribution Center Building 1(3)	Brea, CA	None	Q2	246,608	$ 14,800	20%
2. O'Hare Industrial — 701 Hilltop Drive(3)	Itasca, IL	Hamilton Partners	Q3	60,810	2,600	100%
3. Agave Building 3	Mexico City, Mexico	G Accion	Q3	224,023	11,800	90%
4. Airport Logistics Park of Singapore Phase I	Changi, Singapore	Boustead Projects	Q4	233,773	10,600	50%
5. MIA Logistics Center (IAC)(3)	Miami, FL	None	Q4	147,182	9,900	100%
6. JFK Air Cargo — 179 149th Road(3)	Jamaica, NY	None	Q4	15,000	2,200	100%
Total 2004 Deliveries				927,396	51,900	65%
Leased/Funded-to-date				42%	$ 36,300(2)	
Weighted Average Estimated Stabilized Cash Yield(4)					8.7%	
2005 Deliveries						
7. Patriot Distribution Center(3)	Mansfield, MA	National Development	Q1	423,052	22,800	20%
8. Sterling Distribution Center 1	Chino, CA	Majestic Realty	Q1	1,000,000	36,800	50%
9. Northfield Building 600	Grapevine, TX	Seefried Properties	Q1	140,160	6,600	20%
10. Agave Building 1	Mexico City, Mexico	G Accion	Q1	397,210	18,100	90%
11. Beacon Lakes 9	Miami, FL	Codina Development	Q2	194,480	9,800	79%
12. Chancellor(3)	Orlando, FL	None	Q2	201,600	8,000	100%
13. Nicholas Warehouse(3)	Elk Grove, IL	None	Q3	145,000	11,500	100%
14. Sterling Distribution Center 2 & 3	Chino, CA	Majestic Realty	Q3	880,000	31,600	50%
15. Beacon Lakes 6	Miami, FL	Codina Development	Q4	194,480	9,800	79%
Total 2005 Deliveries				3,575,982	155,000	59%
Leased/Funded-to-date				36%	$ 54,200(2)	
Weighted Average Estimated Stabilized Cash Yield(4)					9.2%	

Project	Location	Development Alliance Partner®	Estimated Stabilization	Estimated Square Feet at Stabilization	Estimated Total Investment(1)	Our Ownership Percentage
2006 Deliveries						
16. MAD Logistics Center	Madrid, Spain	Codina Development & Torimbia	Q2	454,779	26,100	80%
Total 2006 Deliveries				454,779	26,100	80%
Leased/Funded-to-date				0%	$ 800(2)	
Weighted Average Estimated Stabilized Cash Yield(4)					9.0%	
Total Scheduled Deliveries(1)				4,958,157	$ 233,000	63%
Leased/Funded-to-date				34%	$ 91,200(2)	
Weighted Average Estimated Stabilized Cash Yield(4)					9.0%	

(1) Represents total estimated cost of renovation, expansion or development, including initial acquisition costs, Development Alliance Partner earnouts and associated carry costs. The estimates are based on our current estimates and forecasts and are subject to change. Excludes 349 acres of land held for future development (representing a potential 5.9 million square feet) and other acquisition-related costs totaling $49.8 million. Non-U.S. dollar investments are translated to U.S. dollars using the exchange rate at December 31, 2003.

(2) Our share of amounts funded to date for 2004, 2005 and 2006 deliveries was $21.8 million, $29.1 million and $0.7 million, respectively, for a total of $51.6 million.

(3) Represents a renovation project.

(4) The yields on international projects are on an after-tax basis.

The following table sets forth value-added conversion projects and development projects that we intended to sell as of December 31, 2003:

Development Projects Available for Sale

Projects(1)	Market	Development Alliance Partner	Estimated Completion Date(2)	Estimated Square Feet at Completion	Estimated Total Investment(3)	Our Ownership Percentage
1. Carson Town Center SW 10	Los Angeles	Mar Ventures	Completed	92,282	$ 7,000	95%
2. Wilsonville Phase II	Portland	Trammell Crow Company	Completed	249,625	11,000	100%
3. Axygen Headquarters	San Francisco Bay Area	Harvest Properties	Q3 04	100,518	8,900	100%
4. Central Business Park Buildings A-G	San Francisco Bay Area	Harvest Properties	Q3 04	127,027	11,900	100%
Total				569,452	$38,800	99%
Funded-to-date					$21,000(4)	

(1) Represents build-to-suit and speculative development or redevelopment. Excludes 267 acres of land held for future development or sale and other acquisition-related costs totaling $47.0 million.

(2) We intend to sell these properties within two years of completion.

(3) Represents total estimated cost of renovation, expansion or development, including initial acquisition costs, carry and partner earnouts. The estimates are based on our current estimates and forecasts and are subject to change.

(4) Our share of amounts funded as of December 31, 2003, was $20.8 million.

Properties Held Through Joint Ventures, Limited Liability Companies and Partnerships

Consolidated:

As of December 31, 2003, we held interests in joint ventures, limited liability companies and partnerships with institutional investors and other third parties, which we consolidate in our financial statements. Such investments are consolidated because we owned a majority interest or, as general partner, exercise significant control over major operating decisions such as acquisition or disposition decisions, approval of budgets, selection of property managers and changes in financing. Under the agreements governing the joint ventures, we and the other party to the joint venture may be required to make additional capital contributions and, subject to certain limitations, the joint ventures may incur additional debt. Such agreements also impose certain restrictions on the transfer of joint venture interests by us or the other party to the joint venture and typically provide certain rights to us or the other party to the joint venture to sell our or their interest in the joint venture to the joint venture or to the other joint-venture partner on terms specified in the agreement. In addition, under certain circumstances, many of the joint ventures include buy/sell provisions. See Part IV. Item 15: Note 10 of the "Notes to Consolidated Financial Statements" for additional details. The tables that follow summarize our consolidated joint ventures as of December 31, 2003.

Co-investment Consolidated Joint Ventures

Joint Ventures	Our Ownership Percentage	Number of Buildings	Square Feet(1)	Gross Book Value(2)	Property Debt	JV Partners' Share of Debt
Co-Investment Operating Joint Ventures:						
AMB/Erie, L.P.(3)	50%	27	2,585,304	$ 141,924	$ 57,115	$ 28,557
AMB Institutional Alliance Fund I, L.P. (4)	21%	104	6,200,772	417,276	214,538	170,140
AMB Partners II, L.P.(5)	20%	93	7,306,813	423,015	253,942	203,638
AMB-SGP, L.P.(6)	50%	73	8,591,207	408,507	249,861	124,553
AMB Institutional Alliance Fund II, L.P. (4)	20%	63	6,621,978	409,050	204,542	163,415
AMB-AMS, L.P.(7)	39%	—	—	—	—	—
Total Co-Investment Operating Joint Ventures	29%	360	31,306,074	1,799,772	979,998	690,303

Joint Ventures	Our Ownership Percentage	Number of Buildings	Square Feet(1)	Gross Book Value(2)	Property Debt	JV Partners' Share of Debt
Co-Investment Development Joint Ventures:						
AMB/Erie, L.P.(3)	50%	—	—	14,250	—	—
AMB Institutional Alliance Fund I, L.P. (4)	21%	—	—	626	—	—
AMB Partners II, L.P.(5)	20%	—	—	5,822	—	—
AMB Institutional Alliance Fund II, L.P. (4)	20%	3	809,820	40,659	—	—
Total Co-Investment Development Joint Ventures	27%	3	809,820	61,357	—	—
Total Co-Investment Consolidated Joint Ventures	29%	363	32,115,894	$1,861,129	$979,998	$ 690,303

(1) For development properties, this represents estimated square feet at completion of development for committed phases of development and renovation projects.

(2) Represents the book value of the property (before accumulated depreciation) owned by the joint venture entity and excludes net other assets as of December 31, 2003. Development book values include uncommitted land.

(3) AMB Erie, L.P. is a co-investment partnership formed in 1998 with the Erie Insurance Company and certain related entities.

(4) AMB Institutional Alliance Fund I, L.P. and AMB Institutional Alliance Fund II, L.P. are co-investment partnerships with institutional investors, which invest through private real estate investment trusts.

(5) AMB Partners II, L.P. is a co-investment partnership formed in 2001 with the City and County of San Francisco Employees' Retirement System.

(6) AMB-SGP, L.P. is a co-investment partnership formed in 2001 with Industrial JV Pte Ltd, a subsidiary of GIC Real Estate Pte. Ltd, the real estate investment subsidiary of the government of Singapore Investment Corporation.

(7) AMB-AMS, L.P. is a commitment to form a co-investment partnership with two Dutch pension funds advised by Mn Services NV.

Other Consolidated Joint Ventures

Properties	Market	Our Ownership Percentage	Square Feet	Gross Book Value(1)	Property Debt	JV Partners' Share of Debt
Other Industrial Operating Joint Ventures	Various	92%	3,801,160	$280,528	$75,665	$ 6,036
Other Industrial Development Joint Ventures	Various	84%	1,906,133	77,123	—	—
Total Other Industrial Consolidated Joint Ventures		90%	5,707,293	$357,651	$75,665	$ 6,036
Retail Joint Ventures:						
1. Around Lenox	Atlanta	90%	125,222	$ 22,184	$ 9,368	$ 937
2. Palm Aire	Miami	100%	140,262	19,773	—	—
3. Springs Gate Land	Miami	100%	—	6,717	—	—
Total Retail Consolidated Joint Ventures		95%	265,484	$ 48,674	$ 9,368	$ 937

(1) Represents the book value of the property (before accumulated depreciation) owned by the joint-venture entity and excludes net other assets as of December 31, 2003. Development book values include uncommitted land.

Unconsolidated Joint Ventures, Mortgage Investments and Other Investment:

As of December 31, 2003, we held interests in six equity investment joint ventures that are not consolidated in our financial statements. The management and control over significant aspects of these investments are held by the third-party joint-venture partners and the investments do not meet the variable-interest entity consolidation criteria under FASB Interpretation No. 46R, *Consolidation of Variable Interest Entities.* In addition, as of December 31, 2003, we held mortgage investments, from which we receive interest income.

Unconsolidated Joint Ventures,

Mortgage Investments and Other Investment

Unconsolidated Joint Ventures	Market	Alliance Partner	Square Feet	Our Net Equity Investment	Our Ownership Percentage
Other Industrial Operating Joint Ventures					
1. Elk Grove Du Page	Chicago	Hamilton Partners	4,046,721	$31,548	56%
2. Pico Rivera	Los Angeles	Majestic Realty	855,600	1,091	50%
3. Monte Vista Spectrum	Los Angeles	Majestic Realty	576,852	487	50%
4. Industrial Fund I, LLC	Various	Citigroup	2,446,334	4,173	15%
Total Other Industrial Operating Joint Ventures			7,925,507	37,299	
Other Industrial Development Joint Ventures(1)					
5. Sterling Distribution Center	Los Angeles	Majestic Realty	1,880,000	12,643	50%
6. Airport Logistics Park of Singapore Phase I	Singapore	Boustead Projects	233,773	2,067	50%
Total Other Industrial Development Joint Ventures			2,113,773	14,710	
Total Unconsolidated Joint Ventures			10,039,280	$52,009	45%

Mortgage Investments	Market	Maturity	Mortgage Receivable	Rate	Our Ownership Percentage(2)
1. Pier 1(3)	SF Bay Area	May 2026	$13,042	13.0%	100%
2. Platinum Distribution Center	No. New Jersey	February 2004	19,500	6.0%	20%
3. Platinum Distribution Center	No. New Jersey	November 2006	1,300	12.0%	20%
4. North Bay Distribution Center/BAB	SF Bay Area	December 2004	7,040	5.5%	100%
5. North Bay Distribution Center/Corovan	SF Bay Area	December 2004	2,263	7.3%	100%
			$43,145		

Other Investment	Market	Property Type	Gross Investment	Our Ownership Percentage
1. Park One	Los Angeles	Parking Lot	$75,497	100%

(1) Square feet for development alliance joint ventures represents estimated square feet at completion of development project.

(2) Represents our ownership percentage in the co-investment joint venture that holds the mortgage investment.

(3) We also have a 0.1% unconsolidated equity interest (with a 33% economic interest) in this property and an option to purchase the remaining equity interest that begins January 1, 2007 and expires December 31, 2009.

Secured Debt

As of December 31, 2003, we had $1.4 billion of secured indebtedness, net of unamortized premiums, secured by deeds of trust on 111 properties. As of December 31, 2003, the total gross consolidated investment value of those properties secured by debt was $2.6 billion. Of the $1.4 billion of secured indebtedness, $1.1 billion was joint venture debt secured by properties with a gross investment value of $1.8 billion. For additional details, see Item 7: “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources” and Item 15: Note 7 of “Notes to Consolidated Financial Statements” included in this report. We believe that as of December 31, 2003, the fair value of the properties securing the respective obligations in each case exceeded the principal amount of the outstanding obligations.

Item 3. *Legal Proceedings*

As of December 31, 2003, there were no pending legal proceedings to which we were a party or of which any of our properties was the subject, the adverse determination of which we anticipate would have a material adverse effect upon our financial condition, results of operations and cash flows.

Item 4. *Submission of Matters to a Vote of Security Holders*

None.

PART II

Item 5. *Market For Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities*

Our common stock began trading on the New York Stock Exchange on November 21, 1997, under the symbol "AMB." As of March 1, 2004, there were approximately 371 holders of record of our common stock (excluding shares held through The Depository Trust Company, as nominee). Set forth below are the high and low sales prices per share of our common stock, as reported on the NYSE composite tape, and the distribution per share paid or payable by us during the period from January 1, 2002, through December 31, 2003:

Year	High	Low	Dividend
2002			
1st Quarter	$27.60	$25.26	$0.410
2nd Quarter	31.00	27.46	0.410
3rd Quarter	30.83	26.35	0.410
4th Quarter	28.92	24.99	0.410
2003			
1st Quarter	28.75	26.00	0.415
2nd Quarter	29.11	26.95	0.415
3rd Quarter	30.81	26.99	0.415
4th Quarter	33.45	29.99	0.415

In November 2003, AMB Property II, L.P., one of our subsidiaries, also issued 145,548 of its class B common limited partnership units, with an aggregate value of $4.5 million, to four individual investors in connection with the contribution of a property. The class B common limited partnership units, upon redemption, are exchangeable for cash or, at the option of AMB Property II, L.P., for shares of our common stock on a one-for-one basis.

Item 6. ***Selected Financial Data***

SELECTED COMPANY FINANCIAL AND OTHER DATA(1)

The selected financial data set forth in this Item 6 has been restated to reflect certain adjustments to our consolidated financial statements contained in our Annual Report on Form 10-K and Amendment No. 1 to our Annual Report on Form 10-K/ A for the year ended December 31, 2003 originally filed with the U.S. Securities and Exchange Commission on March 11, 2004 and March 15, 2004, respectively. See Note 2 to the restated consolidated financial statements included in Part IV, Item 15 of this Amendment No. 2 on Form 10-K/ A.

The following table sets forth selected consolidated historical financial and other data for AMB Property Corporation on an historical basis as of and for the years ended December 31:

	2003	2002	2001(2)	2000	1999
	(Restated)	(Restated)	(Restated)		
	(Dollars in thousands, except per share amounts)				
Operating Data					
Total revenues	$ 615,037	$ 589,682	$ 534,266	$ 433,866	$ 412,755
Income before minority interests and discontinued operations	148,384	142,169	183,161	151,765	198,126
Income from continuing operations	77,696	83,641	118,181	108,312	165,151
Income from discontinued operations	51,432	37,478	18,019	13,470	10,952
Net income available to common stockholders	116,716	113,035	120,100	113,282	167,603
Net income from continuing operations per common share:					
Basic(3)	0.81	0.91	1.21	1.19	1.81
Diluted(3)	0.79	0.89	1.20	1.19	1.81
Net income from discontinued operations per common share:					
Basic(3)	0.63	0.45	0.22	0.16	0.13
Diluted(3)	0.62	0.44	0.21	0.16	0.13
Net income per common share:					
Basic(3)	1.44	1.36	1.43	1.35	1.94
Diluted(3)	1.41	1.33	1.41	1.35	1.94
Dividends declared per common share	1.66	1.64	1.58	1.48	1.40
Other Data					
Funds from operations(4)	$ 186,666	$ 215,194	$ 186,707	$ 202,751	$ 190,678
Funds from operations per common share and unit:					
Basic	2.17	2.44	2.09	2.26	2.10
Diluted	2.13	2.40	2.07	2.25	2.10
Cash flows provided by (used in):					
Operating activities	271,536	288,801	288,562	261,175	198,939
Investing activities	(348,003)	(244,390)	(363,152)	(726,499)	55,184
Financing activities	112,022	(28,150)	127,303	452,370	(240,721)

	2003	2002	2001(2)	2000	1999
	(Restated)	(Restated)	(Restated)		
	(Dollars in thousands, except per share amounts)				
Balance Sheet Data					
Investments in real estate at cost	$5,491,707	$4,922,782	$4,527,511	$4,026,597	$3,249,452
Total assets	5,409,559	4,983,629	4,763,614	4,433,207	3,631,175
Total consolidated debt	2,574,257	2,235,361	2,143,714	1,843,857	1,279,662
Our share of total debt(5)	1,954,314	1,691,737	1,655,386	1,681,161	1,168,218
Stockholders' equity	1,657,137	1,676,079	1,747,389	1,767,930	1,829,259

(1) Certain items in the consolidated financial statements for prior periods have been reclassified to conform with current classifications with no effect on net income or stockholders' equity.

(2) In July 2003, the U.S. Securities and Exchange Commission announced that it had revised its position relating to the application of Emerging Issues Task Force Topic No. D-42, *The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock*, ("Topic D-42"). As a result of this announcement, original issuance costs related to preferred equity are to be reflected as a reduction of net income available to common stockholders in determining earnings per share for the period in which the preferred equity is redeemed. The announcement requires retroactive application of the revised position in previously issued financial statements. As a result, our financial statements for the year ending December 31, 2001, are restated to reflect a reduction in net income available to common stockholders of $3.2 million, representing the original issuance costs of AMB Property II, L.P.'s series C preferred units, which were redeemed in December 2001. Diluted earnings per share for the year ended December 31, 2001 was $1.41 (restated). The U.S. Securities and Exchange Commission's revised position on Topic D-42 did not require us to file amendments to previously filed reports and will not impact any other previously reported periods.

(3) Basic and diluted net income per weighted average share equals the net income available to common stockholders divided by 81,096,062 and 82,852,528 shares, respectively, for 2003; 83,310,885 and 84,795,987 shares, respectively, for 2002; 84,174,644 and 85,214,066 shares, respectively, for 2001; 83,697,170 and 84,155,306 shares, respectively, for 2000; and 86,271,862 and 86,347,487 shares, respectively, for 1999.

(4) In 2003, we discontinued our practice of deducting amortization of investments in leasehold interests from funds from operations ("FFO") as such an adjustment is not provided for in NAREIT's FFO definition. In 2003, we also modified our FFO reporting to no longer add back impairment losses when computing FFO in accordance with NAREIT's FFO definition. Additionally, we adopted Topic D-42 and began including preferred stock and unit redemption discounts and issuance cost write-offs in FFO. As a result, FFO for the periods presented has been adjusted to reflect the changes. For an explanation of funds from operations and a discussion of why management believes that FFO is a meaningful supplemental measure of our operating performance, please see Item 7: "Management's Discussion and Analysis of Financial Condition and Results of Operations — Supplemental Earnings Measures."

(5) Our share of total debt is the pro rata portion of the total debt based on our percentage of equity interest in each of the consolidated ventures holding the debt. We believe that our share of total debt is a meaningful supplemental measure, which enables both management and investors to analyze our leverage and to compare our leverage to that of other companies. In addition, it allows for a more meaningful comparison of our debt to that of other companies that do not consolidate their joint ventures. Our share of total debt is not intended to reflect our actual liability should there be a default under any or all of such loans or a liquidation of the joint ventures. For a reconciliation of our share of total debt to total consolidated debt, a GAAP financial measure, please see the table of debt maturities and capitalization in Part II. Item 7. "Liquidity and Capital Resources — Capital Resources."

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in this Item 7 has been restated to reflect certain adjustments to our consolidated financial statements contained in our Annual Report on Form 10-K and Amendment No. 1 to our Annual Report on Form 10-K/ A for the year ended December 31, 2003, originally filed with the U.S. Securities and Exchange Commission on March 11, 2004 and March 15, 2004, respectively. See Note 2 to the restated consolidated financial statements included in Part IV, Item 15 of this Amendment No. 2 on Form 10-K/ A.

You should read the following discussion and analysis of our consolidated financial condition and results of operations in conjunction with the notes to consolidated financial statements. Statements contained in this discussion that are not historical facts may be forward-looking statements. Such statements relate to our future performance and plans, results of operations, capital expenditures, acquisitions, and operating improvements and costs. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates" or "anticipates," or the negative of these words and phrases, or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements involve numerous risks and uncertainties and you should not rely upon them as predictions of future events. There is no assurance that the events or circumstances reflected in forward-looking statements will occur or be achieved. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them.

The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- *changes in general economic conditions or in the real estate sector;*
- *non-renewal of leases by customers or renewal at lower than expected rent;*
- *difficulties in identifying properties to acquire and in effecting acquisitions on advantageous terms and the failure of acquisitions to perform as we expect;*
- *risks and uncertainties affecting property development and renovation (including construction delays, cost overruns, our inability to obtain necessary permits and financing);*
- *a downturn in California's economy or real estate conditions;*
- *losses in excess of our insurance coverage;*
- *our failure to divest of properties on advantageous terms or to timely reinvest proceeds from any such divestitures;*
- *unknown liabilities acquired from our predecessors or in connection with acquired properties;*
- *risks of doing business internationally, including unfamiliarity with new markets and currency risks;*
- *risks associated with using debt to fund acquisitions and development, including re-financing risks;*
- *our failure to obtain necessary financing;*
- *changes in local, state and federal regulatory requirements;*
- *environmental uncertainties; and*
- *our failure to qualify and maintain our status as a real estate investment trust under the Internal Revenue Code of 1986.*

Our success also depends upon economic trends generally, various market conditions and fluctuations and those other risk factors discussed in the section entitled "Business Risks" in this report. We caution you not to place undue reliance on forward-looking statements, which reflect our analysis only and speak as of the date of this report or as of the dates indicated in the statements. We assume no obligation to update or supplement forward-looking statements.

GENERAL

We commenced operations as a fully integrated real estate company effective with the completion of our initial public offering on November 26, 1997, and elected to be taxed as a real estate investment trust under Sections 856 through 860 of the Internal Revenue Code of 1986 with our initial tax return for the year ended December 31, 1997. AMB Property Corporation and AMB Property, L.P. were formed shortly before the consummation of our initial public offering. We refer to AMB Property, L.P. as the "operating partnership."

Management's Overview

We generate revenue and earnings primarily from rent received from customers under long-term (generally three to ten years) operating leases at our properties, including reimbursements from customers for certain operating costs, and from partnership distributions and fees from our private capital business. We also derive earnings from the strategic disposition of assets and from the disposition of projects under our development-for-sale program. Our long-term growth is dependent on our ability to maintain and increase occupancy rates or increase rental rates at our properties and our ability to continue to acquire and develop new properties.

Although the weak economy over the past three years has decreased customer demand for space and has limited or in most cases lowered rental rates, many types of investors are acquiring industrial real estate. We believe that we have capitalized on this opportunity by accelerating the repositioning of our portfolio through the disposition of properties. While property dispositions result in reinvestment capacity and trigger gain/loss recognition, they also create near-term earnings dilution. However, we believe that, in the long-term, the repositioning of our portfolio will benefit our stockholders.

The table below summarizes our leasing activity for 2003 and 2002:

Property Data	U.S. Hub Markets(1)	Total Other Markets	Total/Weighted Average
For the year ended December 31, 2003:			
% of total rentable square feet	75.0%	25.0%	100.0%
Occupancy percentage at year end	93.5%	91.9%	93.1%
Same space square footage leased	13,636,050	3,636,967	17,273,017
Rent increases/(decreases) on renewals and rollovers	(12.7)%	1.7%	(10.1)%
For the year ended December 31, 2002:			
% of total rentable square feet	70.0%	30.0%	100.0%
Occupancy percentage at year end	95.5%	92.5%	94.6%
Same space square footage leased	10,303,683	4,396,916	14,700,599
Rent increases/(decreases) on renewals and rollovers	(1.8)%	1.0%	(1.0)%

(1) Our U.S. hub and gateway markets include on-tarmac and Atlanta, Chicago, Dallas/ Fort Worth, Los Angeles, Northern New Jersey/ New York City, the San Francisco Bay Area, Miami and Seattle.

Occupancy levels in our industrial portfolio and rents on lease renewals and rollovers were lower in 2003 as the general contraction in business activity, which began in 2001, reduced demand for industrial warehouse facilities. According to Torto Wheaton Research, the overall industrial market deteriorated rapidly from its peak levels at the end of 2000, when availability was 6.6%, through the second quarter of 2002, when availability reached 10.8%. Subsequently, national industrial availability has deteriorated at a more modest rate, declining an average of 13 basis points per quarter to reach 11.6% at December 31, 2003. As a result of the increase in availability, market rents for industrial properties in most markets decreased between 10% and 20% from their peak levels in 2001. Over the same three-year period, our portfolio vacancy increased from 3.6% at December 31, 2000 to 6.9% at December 31, 2003, which we consider consistent with market trends, but still outperforming the national industrial average. While the level of rental rate reduction varied by market, we maintained high occupancy by pricing lease renewals and new leases with sensitivity to local market conditions. In periods of decreasing rental rates, we strive to sign leases with shorter terms to prevent locking-in lower rent levels for long periods and to be prepared to sign new, longer-term leases during periods of growing rental rates. When we sign leases of shorter duration, we attempt to limit overall leasing costs and capital expenditures by offering modest tenant improvement packages, appropriate to the lease term. We generally followed this practice during 2003. Through the first half of 2003, we experienced declining occupancy in our industrial operating portfolio; at June 30, 2003, occupancy in our operating industrial portfolio was 91.5%. However, during the last half of 2003, we have increased occupancy in our operating industrial portfolio by 160 basis points to 93.1% at December 31, 2003, 470 basis points greater than the overall industrial market, according to Torto Wheaton Research. Rents on industrial renewals and rollovers in our portfolio decreased 1.0% during 2002 and 10.1% during 2003.

During 2003, our dispositions and contributions (to a joint venture in which we retained a 15% ownership interest in exchange for cash) totaled $366.3 million, including assets in markets that no longer fit our investment strategy and properties at valuations that we considered to be at premium levels. Because we did not immediately reinvest sales proceeds into attractively priced industrial assets, these sales and contributions have diluted our near-term operating results. However, we believe they help position us for long-term growth and higher returns on invested capital by increasing the strategic fit of our portfolio with our investment and private capital models. Further, proceeds from these sales, along with our balance sheet and private capital sources, create significant capacity for future deployment. While we will continue to sell assets on an opportunistic basis, we believe that we have substantially achieved our near-term strategic disposition goals.

During 2003, we also expanded our development staff and capabilities, because we believe that development, renovation and expansion of well-located, high-quality industrial properties should generally continue to provide us with attractive investment opportunities at a higher rate of return than we may obtain from the purchase of existing properties. In 2003, Eugene F. Reilly joined us as Executive Vice President of North American Development, adding to our in-house development team. We have increased our development pipeline from a low of $107.0 million at the end of 2002 to $233.0 million at the end of 2003. In addition to our committed development pipeline, we hold over 600 acres of land, which could support approximately 10.0 million square feet of additional development.

Going forward, we believe that our co-investment program with private-capital investors will continue to serve as a significant source of revenues and capital for acquisitions and developments. Through these co-investment joint ventures we earn acquisition and development fees, asset management fees and priority distributions as well as promoted interests and incentive fees based on the performance of the co-investment joint ventures; however, there can be no assurance that we will continue to do so. As of December 31, 2003, we owned approximately 32.1 million square feet of our properties (34.7% of the total consolidated operating and development portfolio) through our co-investment joint ventures. We may make additional investments through these joint ventures or new joint ventures in the future and presently plan to do so.

Over the next three-to-four years, we expect to have approximately 15% of our portfolio (based on consolidated annualized base rent) invested in international markets. Our Mexican target markets currently include Mexico City, Guadalajara and Monterrey. Our European target markets currently include Paris, Amsterdam, Frankfurt, Madrid and London. Our Asian target markets currently include Singapore, Hong Kong and Tokyo. It is possible that our target markets will change over time to reflect experience, market opportunities, customer needs and changes in global distribution patterns. As of December 31, 2003, our international operating properties comprised 3.0% of our total annualized base rent.

To maintain our qualification as a real estate investment trust, we must pay dividends to our stockholders aggregating annually at least 90% of our taxable income. As a result, we cannot rely on retained earnings to fund our on-going operations to the same extent that other corporations that are not real estate investment trusts can. We must continue to raise capital in both the debt and equity markets to fund our working capital needs, acquisitions and developments. See “Liquidity and Capital Resources” for a complete discussion of the sources of our capital.

Summary of Key Transactions in 2003

During the year ended December 31, 2003, we completed the following capital deployment transactions:

- Acquired 82 buildings in the U.S., Mexico, Europe and Asia, aggregating approximately 6.5 million square feet, for $533.9 million, including $238.3 million invested through two of our co-investment joint ventures;

- Completed industrial development projects in the U.S., Mexico and Europe, comprising 1.6 million square feet, for a total investment of $105.7 million;

- Expanded our development pipeline, which at December 31, 2003, included projects in the U.S., Mexico, Singapore and Spain totaling 5.0 million square feet with an expected total investment of $233.0 million, of which $91.2 million was invested as of December 31, 2003 and of which 34% was pre-leased;

- Divested ourselves of 24 industrial buildings and two retail centers, aggregating approximately 2.8 million square feet, for an aggregate price of $272.3 million; and

- Contributed $94.0 million in operating properties to our newly formed unconsolidated joint venture, in which we retained a 15% interest.

See Part IV. Item 15: Notes 4 and 5 of the "Notes to Consolidated Financial Statements" for a more detailed discussion of our acquisition, development and disposition activity.

During the year ended December 31, 2003, we completed the following capital markets transactions:

- Raised $103.4 million, net of costs, from the issuances of $50.0 million of our 6.5% Series L Cumulative Redeemable Preferred Stock and $57.5 million of our 6.75% Series M Cumulative Redeemable Preferred Stock;

- Raised $125.0 million from the issuance by the operating partnership of $75.0 million of 5.53%, 10-year, unsecured fixed-rate notes and $50.0 million of floating rate unsecured notes at a rate of three month-LIBOR telerate plus 40 basis points;

- Redeemed all of our outstanding 8.5% Series A Cumulative Redeemable Preferred Stock and all of the operating partnership's outstanding 8 5/8% Series B Cumulative Redeemable Preferred Units for an aggregate of $165.8 million;

- Repurchased 812,900 shares of our common stock for $21.2 million;

- Obtained long-term secured debt financing for our co-investment joint ventures totaling $177.0 million at an average rate of 4.3%; and

- Repaid the $45.5 million outstanding balance on the AMB Institutional Alliance Fund II, L.P. credit facility with capital contributions and secured debt financing proceeds.

See Part IV. Item 15: Notes 7, 10 and 12 of the "Notes to Consolidated Financial Statements" for a more detailed discussion of our capital markets transactions.

Critical Accounting Policies

Our discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We evaluate our assumptions and estimates on an on-going basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements:

Restatement of Depreciation Expense. On October 12, 2004, we announced a restatement of depreciation expense for our prior period results relating to 39 buildings in our portfolio, 38 of which are located on-tarmac, which is land owned by federal, state or local airport authorities. As part of management's on-going review of our accounting policies and internal control over financial reporting, management determined that we should have depreciated certain of our investments in buildings that reside on land subject to ground leases over the remaining terms of the ground leases, rather than over 40 years, which is the period used to depreciate buildings that we hold in fee simple. We did not segregate these assets into a separate expected useful life category for depreciation purposes. Our management determined that the internal control deficiency that resulted in this restatement represents a material weakness, as defined by the Public Company Accounting Oversight Board's Auditing Standard No. 2. In connection with correcting this error, management has taken appropriate action to modify our system of internal control over financial reporting to remediate this internal control deficiency. Going forward, these assets will be depreciated over the lesser of 40 years or the contractual term of the underlying ground lease. A description of this weakness and the related remediation measures that have been undertaken by us is set forth in Part II, Item 9A, Controls and Procedures of this Form 10-K/ A.

Investments in Real Estate. Investments in real estate are stated at cost unless circumstances indicate that cost cannot be recovered, in which case, the carrying value of the property is reduced to estimated fair value. We also record at acquisition an intangible asset or liability for the value attributable to above or below-market leases, in-place leases and lease origination costs for all acquisitions subsequent to July 1, 2001. Carrying values for financial reporting purposes are reviewed for impairment on a property-by-property basis whenever events or changes in circumstances indicate that the carrying value of a property may not be recoverable. Impairment is recognized when estimated expected future cash flows (undiscounted and without interest charges) are less than the carrying amount of the property. The estimation of expected future net cash flows is inherently uncertain and relies on assumptions regarding current and future market conditions and the availability of capital. Examples of certain situations that could affect future cash flows of a property may include, but are not limited to: significant decreases in occupancy; unforeseen bankruptcy, lease termination and move-out of a major customer; or a significant decrease in annual base rents of that property. If impairment analysis assumptions change, then an adjustment to the carrying amount of our long-lived assets could occur in the future period in which the assumptions change. To the extent that a property is impaired, the excess of the carrying amount of the property over its estimated fair value is charged to earnings.

Revenue Recognition. We record rental revenue from operating leases on a straight-line basis over the term of the leases and maintain an allowance for estimated losses that may result from the inability of our customers to make required payments. If customers fail to make contractual lease payments that are greater than our allowance for doubtful accounts, security deposits and letters of credit, then we may have to recognize additional doubtful account charges in future periods. We monitor the liquidity and creditworthiness of our customers on an on-going basis. Each period we review our outstanding accounts receivable, including straight-line rents, for doubtful accounts and provide allowances as needed. We also record lease termination fees when a customer has executed a definitive termination agreement with us and the payment of the termination fee is not subject to any conditions that must be met or waived before the fee is due to us.

Property Dispositions. We report real estate dispositions in three separate categories on our consolidated statements of operations. First, when we contribute properties to our joint ventures, we recognize gains representing the portion of the contributed properties acquired by the third-party investors to the extent of cash proceeds received. We also dispose of value-added conversion projects and build-to-suit and speculative development projects that we have held as development projects available for sale. The gain or loss recognized from the disposition of these projects is reported net of estimated taxes, when applicable. Lastly, beginning in 2002, SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets,* required us to separately report as discontinued operations the historical operating results attributable to operating properties sold and the applicable gain or loss on the disposition of the properties. The consolidated statements of operations for prior periods are also adjusted to conform with this classification. There is no impact on our previously reported consolidated financial position, net income or cash flows.

Joint Ventures. We hold interests in both consolidated and unconsolidated joint ventures. Our joint venture investments do not meet the variable interest entity criteria under FASB Interpretation No. 46R, *Consolidation of Variable Interest Entities.* Therefore, we determine consolidation based on standards set forth in EITF 96-16,*Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights,* and Statement of Position 78-9, *Accounting for Investments in Real Estate Ventures.*Based on the guidance set forth in these pronouncements, we consolidate certain joint venture investments because we own a majority interest or exercise significant control over major operating decisions, such as approval of budgets, selection of property managers, asset management, investment activity and changes in financing. For joint ventures where we do not own a majority interest or do not exercise significant control over major operating and management decisions, we use the equity method of accounting and do not consolidate the joint venture for financial reporting purposes.

Real Estate Investment Trust. As a real estate investment trust, we generally will not be subject to corporate level federal income taxes if minimum distribution, income, asset and shareholder tests are met. However, not all of our underlying entities are qualified REIT subsidiaries and may be subject to federal and state taxes, when applicable. In addition, foreign entities may also be subject to the taxes of the host country. An income tax allocation is required to be estimated on our taxable income arising from our taxable REIT subsidiaries and foreign entities. A deferred tax component could arise based upon the differences in GAAP versus tax income for items such as depreciation and gain recognition. However, deferred tax is an immaterial component of our consolidated balance sheet.

RESULTS OF OPERATIONS

The analysis below includes changes attributable to same store growth, acquisitions, development activity and divestitures. Same store properties are those that we owned during both the current and prior year reporting periods, excluding development properties prior to being stabilized subsequent to December 31, 2001 (generally defined as properties that are 90% leased or properties for which we have held a certificate of occupancy or where building has been substantially complete for at least 12 months). As of December 31, 2003, same store industrial properties consisted of properties aggregating approximately 72.0 million square feet. The properties acquired during 2003, consisted of 82 buildings, aggregating approximately 6.5 million square feet. The properties acquired during 2002 consisted of 43 buildings, aggregating approximately 5.4 million square feet. During 2003, property divestitures and contributions consisted of 48 industrial buildings and two retail centers, aggregating approximately 5.3 million square feet. In 2002, property divestitures consisted of 58 industrial and two retail buildings, aggregating approximately 5.7 million square feet. Our future financial condition and results of operations, including rental revenues, may be impacted by the acquisition of additional properties and dispositions. Our future revenues and expenses may vary materially from historical results.

For the Years Ended December 31, 2003 and 2002 (dollars in millions)

Revenues	2003	2002	$ Change	% Change
Rental revenues				
U.S. industrial:				
Same store	$509.2	$529.2	$ (20.0)	(3.8)%
2002 acquisitions	55.0	22.0	33.0	150.0%
2003 acquisitions	14.6	—	14.6	—%
Development	3.7	2.9	0.8	27.6%
Other industrial	6.4	15.9	(9.5)	(59.7)%
International industrial	6.1	0.7	5.4	771.4%
Retail	6.7	7.8	(1.1)	(14.1)%
Total rental revenues	601.7	578.5	23.2	4.0%
Private capital income	13.3	11.2	2.1	18.8%
Total revenues	$615.0	$589.7	$ 25.3	4.3%

The decrease in U.S. industrial same store rental revenues resulted primarily from lower average occupancies, rental revenue decreases in our San Francisco Bay Area sub-market totaling $14.9 million, increased allowances for doubtful accounts of $3.3 million, and decreased straight-line rents of $1.3 million, partially offset by an increase in lease termination fees and miscellaneous income of $0.9 million and fixed rent increases on existing leases. Industrial same store occupancy was 93.0% at December 31, 2003, and 95.0% at December 31, 2002. For the year ended December 31, 2003, rents in the same store portfolio decreased 10.6% on industrial renewals and rollovers (cash basis) on 16.2 million square feet leased. The properties acquired during 2002 consisted of 43 buildings, aggregating approximately 5.4 million square feet. The properties acquired during 2003 consisted of 82 buildings, aggregating approximately 6.5 million square feet. Other industrial includes rental revenues from divested properties not classified as discontinued operations. In 2003, we acquired properties in Mexico and France, resulting in increased international industrial revenues. The increase in private capital income was primarily due to incentive distributions earned from AMB Partners II, L.P.

Costs and Expenses	2003	2002	$ Change	% Change
	(Restated)	(Restated)	(Restated)	(Restated)
Property operating costs:				
Rental expenses	$ 88.5	$ 76.4	$ 12.1	15.8%
Real estate taxes	71.4	67.7	3.7	5.5%
Total property operating costs	$ 159.9	$ 144.1	$ 15.8	11.0%
Property operating costs U.S. industrial:				
Same store	$ 128.6	$ 125.2	$ 3.4	2.7%
2002 acquisitions	17.6	6.8	10.8	158.8%
2003 acquisitions	3.6	—	3.6	—%
Development	3.3	3.8	(0.5)	(13.2)%
Other industrial	3.9	5.7	(1.8)	(31.6)%
International industrial	0.4	—	0.4	—%
Retail	2.5	2.6	(0.1)	(3.8)%
Total property operating costs	159.9	144.1	15.8	11.0%
Depreciation and amortization	139.0	126.9	12.1	9.5%
Impairment losses	5.3	2.9	2.4	82.8%
General and administrative	47.7	47.2	0.5	1.1%
Total costs and expenses	$ 351.9	$ 321.1	$ 30.8	9.6%

The $3.4 million increase in same store properties' operating expenses was primarily due to increases in common area maintenance expenses of $3.4 million, including snow removal, and real estate taxes of $0.9 million, partially offset by a decrease in insurance expenses of $1.2 million. The 2002 acquisitions consisted of 43 buildings, aggregating approximately 5.4 million square feet. The 2003 acquisitions consist of 82 buildings, aggregating approximately 6.5 million square feet. Other industrial includes expenses from divested properties not classified as discontinued operations. The increase in depreciation and amortization expense was due to the increase in our net investment in real estate and ground lease assets, partially offset by a reduction of $2.1 million for the recovery, through the settlement of a lawsuit, of capital expenditures paid in prior years. The 2003 impairment loss was on investments in real estate and leasehold interests that we continue to hold for long-term investment. The 2002 impairment included losses for lease cost write-offs of $1.7 million and an impairment on a portion of our planned property contributions of $1.2 million. The increase in general and administrative expenses was primarily due to increased stock-based compensation expense of $2.8 million resulting from our decision to expense stock options under SFAS No. 123 prospectively and the issuance of additional restricted stock, partially offset by decreased personnel costs and taxes.

Other Income and (Expenses)	2003	2002	$ Change	% Change
Equity in earnings of unconsolidated joint ventures	$ 5.5	$ 5.7	$ (0.2)	(3.5)%
Interest and other income	4.7	10.4	(5.7)	(54.8)%
Gains from dispositions of real estate	7.4	2.5	4.9	196.0%
Development profits, net of taxes	14.4	1.2	13.2	1,100.0%
Interest, including amortization	(146.8)	(146.2)	0.6	0.4%
Total other income and (expenses)	$(114.8)	$(126.4)	$ (11.6)	(9.2)%

The decrease in interest and other income was primarily due to the repayment in full of a $74.0 million 9.5% mortgage note receivable in July 2002. The increase in gains from dispositions of real estate (not classified as discontinued operations) resulted from our contribution of $94.0 million in operating properties to our newly formed co-investment joint venture, Industrial Fund I, LLC, in February 2003. We recognized a gain of $7.4 million on the contribution, representing the portion of the contributed properties acquired by the third-party investors. During 2002, we sold two industrial buildings and one retail center, aggregating approximately 0.8 million square feet, for an aggregate price of $50.6 million, with a resulting loss of $0.8 million. In June 2002, we also contributed $76.9 million in operating properties to our consolidated co-investment joint venture, AMB-SGP, LP. We recognized a gain of $3.3 million on the contribution, representing the portion of the contributed properties acquired by the third-party investors. The property contributions and 2002 divestitures of properties held for disposition at December 31, 2001, were not classified as discontinued operations under the provisions of SFAS No. 144. The increase in development profits, net of taxes, resulted from an increased sales volume of $57.8 million in 2003.

Discontinued Operations	2003	2002	$ Change	% Change
Income attributable to discontinued operations, net of minority interests	$ 8.5	$20.6	$ (12.1)	(58.7)%
Gains from dispositions of real estate, net of minority interests	42.9	16.9	26.0	153.8%
Total discontinued operations	$51.4	$37.5	$ (13.9)	(37.1)%

During 2003, we divested ourselves of 24 industrial buildings and two retail centers, aggregating approximately 2.8 million square feet, for an aggregate price of $272.3 million, with a resulting net gain of $42.9 million. During 2002, we divested ourselves of 56 industrial buildings, one retail center and an undeveloped land parcel, aggregating approximately 4.9 million square feet, for an aggregate price of $193.4 million, with a resulting net gain of $10.6 million. In November 2002, our joint venture partner in AMB Partners II, L.P. increased its ownership in AMB Partners II, L.P. from 50% to 80% by acquiring 30%

of the operating partnership's interest in AMB Partners II, L.P. We recognized a gain of $6.3 million on the sale of the operating partnership's 30% interest.

Preferred Stock	2003	2002	$ Change	% Change
Preferred stock dividends	$ (7.0)	$(8.5)	$ 1.5	17.6%
Preferred stock and unit redemption discount/(issuance costs or premium)	(5.4)	0.4	(5.8)	(1,450.0)%
Total preferred stock	$(12.4)	$(8.1)	$ (4.3)	(53.1)%

In July 2003, we redeemed all 3,995,800 outstanding shares of our 8.5% Series A Cumulative Redeemable Preferred Stock and recognized a reduction of income available to common stockholders of $3.7 million for the original issuance costs. In addition, on November 26, 2003, the operating partnership redeemed all 1,300,000 of its outstanding 8 5/8% Series B Cumulative Redeemable Preferred Partnership Units and we recognized a reduction of income available to common stockholders of $1.7 million for the original issuance costs.

For the Years Ended December 31, 2002 and 2001 (dollars in millions)

Revenues	2002	2001	$ Change	% Change
Rental revenues				
U.S. industrial:				
Same store	$529.2	$484.1	$ 45.1	9.3%
2002 acquisitions	22.0	—	22.0	—%
Development	2.9	1.9	1.0	52.6%
Other industrial	15.9	29.6	(13.7)	(46.3)%
International industrial	0.7	—	0.7	—%
Retail	7.8	7.7	0.1	1.3%
Total rental revenues	578.5	523.3	55.2	10.5%
Private capital income	11.2	11.0	0.2	1.8%
Total revenues	$589.7	$534.3	$ 55.4	10.4%

The growth in rental revenues in same store properties resulted primarily from increased lease termination fees and miscellaneous income of $13.8 million, rental revenue growth before lease-termination fees in our Los Angeles and San Francisco Bay Area sub-markets of $11.0 million and $7.6 million, respectively, and increased reimbursement of expenses of $7.7 million, partially offset by lower average occupancies. Industrial same store occupancy was 94.6% at December 31, 2002, and 94.6% at December 31, 2001. In 2002, the same store rent decrease on industrial renewals and rollovers (cash basis) was 1.4% on 13.8 million square feet leased. Other industrial revenues include rental revenues from divested properties not classified as discontinued operations.

Costs and Expenses	2002	2001	$ Change	% Change
	(Restated)	(Restated)	(Restated)	(Restated)
Property operating costs:				
Rental expenses	$ 76.4	$ 63.7	$ 12.7	19.9%
Real estate taxes	67.7	62.6	5.1	8.1%
Total property operating costs	$ 144.1	$ 126.3	$ 17.8	14.1%
Property operating costs:				
U.S. industrial:				
Same store	$ 125.2	$ 112.4	$ 12.8	11.4%
2002 acquisitions	6.9	—	6.9	—%
Development	3.4	—	3.4	—%
Other industrial	6.1	11.1	(5.0)	(45.0)%
International industrial	(0.1)	—	(0.1)	—%
Retail	2.6	2.8	(0.2)	(7.1)%
Total property operating costs	144.1	126.3	17.8	14.1%
Depreciation and amortization	126.9	105.7	21.2	20.1%
Impairment losses	2.9	18.6	(15.7)	(84.4)%
General and administrative	47.2	35.8	11.4	31.8%
Total costs and expenses	$ 321.1	$ 286.4	$ 34.7	12.1%

The $12.8 million increase in same store properties' operating expenses primarily relates to increases in real estate taxes of $5.1 million, insurance expenses of $4.3 million and increases in common area maintenance expenses of $2.7 million. Other industrial property operating costs include expenses from sold properties not classified as discontinued operations. The increase in depreciation expense was due to the increase in our net investment in real estate and ground lease assets. The 2002 impairment included losses for lease cost write-offs of $1.7 million and an impairment on a portion of our planned property contributions of $1.2 million. The 2001 impairment loss included losses for investments in retail real estate totaling $13.0 million, leasehold interests that we continue to hold for long-term investment totaling $4.3 million and industrial real estate properties held for disposition totaling $1.3 million. The increase in general and administrative expenses was primarily due to the consolidation of AMB Investment Management, Inc. (predecessor-in-interest to AMB Capital Partners, LLC) and Headlands Realty Corporation on May 31, 2001. Prior to May 31, 2001, general and administrative expenses did not include expenses incurred by these two unconsolidated preferred stock subsidiaries. General and administrative expenses would have been $39.4 million had the subsidiaries been consolidated beginning January 1, 2001. The increase in general and administrative expenses was also due to increased stock-based compensation expense due to our decision to expense stock options under SFAS No. 123 prospectively, additional staffing and expenses for new initiatives, including our international expansion and income taxes for our taxable REIT subsidiaries.

Other Income and (Expenses)	2002	2001	$ Change	% Change
Equity in earnings of unconsolidated joint ventures	$ 5.7	$ 5.5	$ 0.2	3.6%
Interest and other income	10.4	16.3	(5.9)	(36.2)%
Gains from dispositions of real estate	2.5	41.9	(39.4)	(94.0)%
Development profits, net of taxes	1.2	17.3	(16.1)	(93.1)%
Loss on investments in other companies	—	(20.8)	20.8	—%
Interest, including amortization	(146.2)	(124.8)	21.4	17.1%
Total other income and (expenses)	$(126.4)	$ (64.6)	$ 61.8	95.7%

The decrease in interest and other income was primarily due to the repayment in full of the $74.0 million 9.5% mortgage note receivable in July 2002. In 2001, we recognized $20.8 million of losses on investments in other companies, including our investment in Webvan Group, Inc. and other technology-related companies. The loss reflects a 100% write-down of the investments. No gains or losses were recognized in 2002. The increase in interest expense was primarily due to the issuance of additional unsecured senior debt securities and an increase in secured debt balances, partially offset by decreased borrowings on our unsecured credit facility. The secured debt issuances were primarily for our co-investment joint ventures' properties.

Discontinued Operations	2002	2001	$ Change	% Change
Income attributable to discontinued operations, net of minority interests	$20.6	$18.0	$ 2.6	14.4%
Gains from dispositions of real estate, net of minority interests	16.9	—	16.9	—%
Total discontinued operations	$37.5	$18.0	$ 19.5	108.3%

During 2002, we divested ourselves of 56 industrial buildings, one retail center and an undeveloped land parcel, aggregating approximately 4.9 million square feet, for an aggregate price of $193.4 million, with a resulting net gain of $10.6 million. In November 2002, our joint venture partner in AMB Partners II, L.P. increased its ownership in AMB Partners II, L.P. from 50% to 80% by acquiring 30% of the operating partnership's interest in AMB Partners II, L.P. We recognized a gain of $6.3 million on the sale of the operating partnership's 30% interest.

Preferred Stock	2002	2001	$ Change	% Change
Preferred stock dividends	$(8.5)	$ (8.5)	$ —	—%
Preferred stock and unit redemption discount/(issuance costs or premium)	0.4	(7.6)	8.0	105.3%
Total preferred stock	$(8.1)	$(16.1)	$ 8.0	49.7%

On December 5, 2001, AMB Property II, L.P. redeemed all 2,200,000 of its outstanding 8.75% Series C Cumulative Redeemable Preferred Limited Partnership Units at a premium of $4.4 million and we recognized a reduction of income available to common stockholders of $3.2 million for the original issuance costs. In July 2003, the U.S. Securities and Exchange Commission announced that it had revised its position relating to the application of Emerging Issues Task Force Topic No. D-42, *The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock,* ("Topic D-42"). As a result of this announcement, original issuance costs related to preferred equity are to be reflected as a reduction of income available to common stockholders in determining earnings per share for the period in which the preferred equity is redeemed. The announcement requires retroactive application of the revised position in previously issued financial statements. As a result, our financial statements for the year ending December 31, 2001, have been restated to reflect a reduction in income available to common stockholders of $3.2 million, representing the original issuance costs of AMB Property II, L.P.'s series C preferred units. Diluted earnings per share for the year ended December 31, 2001, was $1.41 (restated). The U.S. Securities and Exchange Commission's revised position on Topic D-42 did not require us to file amendments to previously filed reports and will not impact any other previously reported periods.

LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet Strategy. In general, we use unsecured lines of credit, unsecured notes, preferred stock and common equity to capitalize our 100%-owned assets. Over time, we plan to retire non-recourse, secured debt encumbering our 100%-owned assets and replace that debt with unsecured notes. In managing our co-investment joint ventures, in general, we use non-recourse, secured debt to capitalize our co-investment joint ventures.

We currently expect that our principal sources of working capital and funding for acquisitions, development, expansion and renovation of properties will include:

- retained earnings and cash flow from operations;
- borrowings under our unsecured credit facility;
- other forms of secured or unsecured financing;
- proceeds from equity or debt offerings by us or the operating partnership (including issuances of limited partnership units in the operating partnership or its subsidiaries);
- net proceeds from divestitures of properties; and
- private capital from co-investment partners.

We currently expect that our principal funding requirements will include:

- working capital;
- development, expansion and renovation of properties;
- acquisitions, including our global expansion;
- debt service; and
- dividends and distributions on outstanding common and preferred stock and limited partnership units.

We believe that our sources of working capital, specifically our cash flow from operations, borrowings available under our unsecured credit facility and our ability to access private and public debt and equity capital, are adequate for us to meet our liquidity requirements for the foreseeable future. The unavailability of capital could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

Capital Resources

Property Contributions. In February 2003, we contributed $94.0 million in operating properties, consisting of 24 industrial buildings, aggregating approximately 2.4 million square feet, to our newly formed unconsolidated joint venture, Industrial Fund I, LLC, with Citigroup Global Investments Real Estate LP, LLC, a Delaware limited liability company, and recognized a gain of $7.4 million on the contribution representing the portion of the contributed properties acquired by the third-party co-investors in exchange for cash.

Developments-for-Sale. During 2003, we sold seven development-for-sale and other projects, for an aggregate price of $74.8 million, with a resulting gain of $14.4 million, net of taxes.

Property Divestitures. During 2003, we divested ourselves of 24 industrial buildings and two retail centers, for an aggregate price of $272.3 million, with a resulting net gain of $42.9 million.

Properties Held for Divestiture. As of December 31, 2003, we had decided to divest ourselves of one retail land parcel and one industrial building, which are not in our core markets or which do not meet our current strategic objectives. The divestitures of the properties are subject to negotiation of acceptable terms and other customary conditions. As of December 31, 2003, the net carrying value of the properties held for divestiture was $11.8 million.

Co-investment Joint Ventures. Through the operating partnership, we enter into co-investment joint ventures with institutional investors. These co-investment joint ventures provide us with an additional source of capital to fund certain acquisitions, development projects and renovation projects, as well as private capital income. We consolidate these joint ventures for financial reporting purposes because we are the sole managing general partner and control all major operating decisions.

Third-party equity interests in the joint ventures are reflected as minority interests in the consolidated financial statements. As of December 31, 2003, we owned approximately 32.1 million square feet of our properties (34.7% of the total consolidated operating and development portfolio) through our co-investment joint ventures and 6.0 million square feet of our properties through our other consolidated joint ventures. We may make additional investments through these joint ventures or new joint ventures in the future and presently plan to do so.

Our co-investment joint ventures at December 31, 2003 (dollars in thousands):

Co-investment Joint Venture	Joint Venture Partner	Our Approximate Ownership Percentage	Original Planned Capitalization(1)
AMB/ Erie, L.P.	Erie Insurance Company and affiliates	50%	$ 200,000
AMB Institutional Alliance Fund I, L.P.	AMB Institutional Alliance REIT I, Inc.(2)	21%	$ 420,000
AMB Partners II, L.P.	City and County of San Francisco Employees' Retirement System	20%	$ 500,000
AMB-SGP, L.P.	Industrial JV Pte Ltd(3)	50%	$ 425,000
AMB Institutional Alliance Fund II, L.P.	AMB Institutional Alliance REIT II, Inc.(4)	20%	$ 489,000
AMB-AMS, L.P.(5)	BPMT and TNO(6)	39%	$ 200,000

(1) Planned capitalization includes anticipated debt and both partners' expected equity contributions.

(2) Included 15 institutional investors as stockholders as of December 31, 2003.

(3) A subsidiary of the real estate investment subsidiary of the Government of Singapore Investment Corporation.

(4) Included 13 institutional investors as stockholders as of December 31, 2003.

(5) AMB-AMS, L.P. is a commitment to form a co-investment partnership with two Dutch pension funds advised by Mn Services NV.

(6) BPMT is Stichting Bedrijfspensioenfonds voor de Metaal en Technische Bedrijfstakken and TNO is Stichting Pensioenfonds TNO.

Common and Preferred Equity. We have authorized for issuance 100,000,000 shares of preferred stock, of which the following series were designated as of December 31, 2003: 1,595,337 shares of series D preferred stock; 220,440 shares of series E preferred stock; 267,439 shares of series F preferred stock; 840,000 shares of series H preferred stock; 510,000 shares of series I preferred stock; 800,000 shares of series J preferred stock; 800,000 shares of series K preferred stock; 2,300,000 shares of series L preferred stock; and 2,300,000 shares of series M preferred stock.

On June 23, 2003, we issued and sold 2,000,000 shares of 6.5% Series L Cumulative Redeemable Preferred Stock at a price of $25.00 per share. Dividends are cumulative from the date of issuance and payable quarterly in arrears at a rate per share equal to $1.625 per annum. The series L preferred stock is redeemable by us on or after June 23, 2008, subject to certain conditions, for cash at a redemption price equal to $25.00 per share, plus accumulated and unpaid dividends thereon, if any, to the redemption date. We contributed the net proceeds of $48.0 million to the operating partnership, and in exchange, the operating partnership issued to us 2,000,000 6.5% Series L Cumulative Redeemable Preferred Units. The operating partnership used the proceeds, in addition to proceeds previously contributed to the operating partnership from other equity issuances, to redeem all 3,995,800 of its 8.5% Series A Cumulative Redeemable Preferred Units from us on July 28, 2003. We, in turn, used those proceeds to redeem all 3,995,800 of our 8.5% Series A

Cumulative Redeemable Preferred Stock for $100.2 million, including all accumulated and unpaid dividends thereon, to the redemption date.

On July 14, 2003, AMB Property II, L.P. repurchased, from an unrelated third party, 66,300 of its series F preferred units for $3.3 million, including accrued and unpaid dividends.

On November 25, 2003, we issued and sold 2,300,000 shares of 6.75% Series M Cumulative Redeemable Preferred Stock at $25.00 per share. Dividends are cumulative from the date of issuance and payable quarterly in arrears at a rate per share equal to $1.6875 per annum. The series M preferred stock is redeemable by us on or after November 25, 2008, subject to certain conditions, for cash at a redemption price equal to $25.00 per share, plus accumulated and unpaid dividends thereon, if any, to the redemption date. We contributed the net proceeds of $55.4 million to the operating partnership, and in exchange, the operating partnership issued to us 2,300,000 6.75% Series M Cumulative Redeemable Preferred Units.

On November 26, 2003, the operating partnership redeemed all 1,300,000 of its outstanding 8 5/8% Series B Cumulative Redeemable Preferred Partnership Units, for an aggregate redemption price of $65.6 million, including accrued and unpaid dividends.

In December 2003, our board of directors approved a new two-year common stock repurchase program for the repurchase of up to $200.0 million of our common stock. During 2003, we repurchased 812,900 shares of our common stock for $21.2 million, including commissions.

In December 2001, our board of directors approved a stock repurchase program for the repurchase of up to $100.0 million worth of our common and preferred stock. In December 2002, our board of directors increased the 2001 repurchase program to $200.0 million. The 2001 stock repurchase program expired in December 2003. During 2002, we repurchased 2,651,600 shares of our common stock for $69.4 million, including commissions. In July 2002, we also repurchased 4,200 shares of our series A preferred stock for an aggregate cost of $0.1 million, including accrued and unpaid dividends.

During 2003, the operating partnership redeemed 226,145 of its common limited partnership units for cash and 2,000 of its common limited partnership units for shares of our common stock. In November 2003, AMB Property II, L.P., one of our subsidiaries, also issued 145,548 of its class B common limited partnership units in connection with a property acquisition. During 2002, the operating partnership redeemed 122,640 of its common limited partnership units for shares of our common stock.

Debt. In order to maintain financial flexibility and facilitate the deployment of capital through market cycles, we presently intend to operate with a debt-to-total market capitalization ratio (our share) of approximately 45% or less. As of December 31, 2003, our share of total debt-to-total market capitalization ratio was 37.9%. However, we typically finance our co-investment joint ventures with secured debt at a loan-to-value ratio of 50-65%, per our joint venture partnership agreements. Additionally, we currently intend to manage our capitalization in order to maintain an investment grade rating on our senior unsecured debt. Regardless of these policies, our organizational documents do not limit the amount of indebtedness that we may incur. Accordingly, our management could alter or eliminate these policies without stockholder approval or circumstances could arise that could render us unable to comply with these policies.

As of December 31, 2003, the aggregate principal amount of our secured debt was $1.4 billion, excluding unamortized debt premiums of $10.8 million. Of the $1.4 billion of secured debt, $1.1 billion is secured by properties in our joint ventures. The secured debt is generally non-recourse and bears interest at rates varying from 2.6% to 10.6% per annum (with a weighted average rate of 7.0%) and final maturity dates ranging from June 2004 to June 2023. All of the secured debt bears interest at fixed rates, except for five loans with an aggregate principal amount of $52.3 million as of December 31, 2003, which bear interest at variable rates (with a weighted average interest rate of 3.2% as of December 31, 2003).

In June 1998, the operating partnership issued $400.0 million of unsecured senior debt securities. Interest on the unsecured senior debt securities is payable semi-annually. The 2015 notes are putable and callable in September 2005. In August 2000, the operating partnership commenced a medium-term note program and subsequently issued $400.0 million of medium-term notes with a weighted average interest rate of 7.3%. The notes mature between December 2005 and September 2011 and are guaranteed by us.

In May 2002, the operating partnership commenced a new medium-term note program for the issuance of up to $400.0 million in principal amount of medium-term notes, which will be guaranteed by us. On November 10, 2003, the operating partnership issued $75.0 million aggregate principal amount of senior unsecured notes to Teachers Insurance and Annuity Association of America. We guaranteed the principal amount and interest on the notes, which mature on November 1, 2013, and bear interest at 5.53% per annum. Teachers has agreed that until November 10, 2005, the operating partnership can require Teachers to return the notes to it for cancellation for an obligation of equal dollar amount under a first mortgage loan to be secured by properties determined by the operating partnership, except that in the event the ratings on operating partnership's senior unsecured debt are downgraded by two ratings agencies to BBB-, the operating partnership will only have ten days after the last of these downgrades to exercise this right. During the period when the operating partnership can exercise its cancellation right and until any mortgage loans close, Teachers has agreed not to sell, contract to sell, pledge, transfer or otherwise dispose of, any portion of the notes. On November 21, 2003, the operating partnership issued $50.0 million aggregate principal amount of floating rate senior unsecured notes. We guaranteed the principal amount and interest on the notes, which mature on November 21, 2006, and bear interest at a floating rate of 3-month LIBOR telerate plus 40 basis points. The operating partnership intends to continue to issue medium-term notes, guaranteed by us, under the program from time to time as market conditions permit. As of December 31, 2003, $275.0 million of capacity remained under the May 2002 medium-term note program.

We guarantee the operating partnership's obligations with respect to its senior debt securities. If we are unable to refinance or extend principal payments due at maturity or pay them with proceeds from other capital transactions, then our cash flow may be insufficient to pay dividends to our stockholders in all years and to repay debt upon maturity. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. This increased interest expense would adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

Credit Facilities. In December 2002, the operating partnership renewed its $500.0 million unsecured revolving line of credit. We guarantee the operating partnership's obligations under the credit facility. The credit facility matures in December 2005, has a one-year extension option and is subject to a 20 basis point annual facility fee. The credit facility includes a multi-currency component, which was amended effective July 10, 2003, to increase from $150.0 million to $250.0 million the amount that may be drawn in either British pounds sterling, Euros or Yen (provided that such currency is readily available and freely transferable and convertible to U.S. dollars, the Reuters Monitor Money Rates Service reports LIBOR for such currency in interest periods of 1, 2, 3 or 6 months and the operating partnership has an investment grade credit rating). U.S. dollar borrowings under the credit facility currently bear interest at LIBOR plus 60 basis points. Euro borrowings under the credit facility currently bear interest at EURIBOR plus 60 basis points. Yen borrowings under the credit facility currently bear interest at the Japanese Yen TIBOR rate plus 60 basis points. Both the facility fee and the interest rate are based on the operating partnership's credit rating, which is currently investment grade. However, depending on the operating partnership's credit rating, the facility fee and interest rate may increase. The operating partnership has the ability to increase available borrowings to $700.0 million by adding additional banks to the facility or obtaining the agreement of existing banks to increase their commitments. We use the unsecured credit facility principally for acquisitions, funding our development activity and for general working capital requirements. Monthly debt service payments on the credit facility are interest only. The total amount available under the credit facility fluctuates based upon the borrowing base, as defined in the agreement governing the credit facility, generally the value of our unencumbered properties. As of December 31, 2003, the outstanding balance on our unsecured credit facility was $275.7 million and the remaining amount available was $171.6 million, net of outstanding letters of credit of $52.7 million (excluding the $200.0 million of potential additional capacity). The outstanding balance included borrowings denominated in Euros and Yen and translated to U.S. dollars at December 31, 2003, of $83.1 million and $47.6 million, respectively.

In August 2001, AMB Institutional Alliance Fund II, L.P. obtained a $150.0 million credit facility secured by the unfunded capital commitments of the investors in AMB Institutional Alliance REIT II, Inc. and AMB Institutional Alliance Fund II, L.P. In April 2003, AMB Institutional Alliance Fund II, L.P. repaid the credit facility with capital contributions and secured debt financing proceeds and terminated the credit facility.

Mortgages Receivable. Through a wholly-owned subsidiary, we hold a mortgage loan receivable on AMB Pier One, LLC, an unconsolidated joint venture. The note bears interest at 13.0% and matures in May 2026. As of December 31, 2003, the outstanding balance on the note was $13.0 million. We also hold short-term mortgages on sold properties totaling $30.1 million with a weighted average interest rate of 6.2%. The mortgages mature between February 2004 and November 2006.

The tables below summarize our debt maturities and capitalization as of December 31, 2003 (dollars in thousands):

	Debt					
	Our Secured Debt	Joint Venture Debt	Unsecured Senior Debt Securities	Unsecured Debt	Credit Facilities	Total Debt
2004	$ 57,735	$ 40,135	$ —	$ 600	$ —	$ 98,470
2005	44,567	62,951	250,000	647	275,739(2)	633,904
2006	82,857	62,304	75,000	698	—	220,859
2007	14,661	53,158	75,000	752	—	143,571
2008	32,940	162,383	175,000	810	—	371,133
2009	4,246	107,187	—	873	—	112,306
2010	51,054	128,639	75,000	941	—	255,634
2011	524	275,618	75,000	1,014	—	352,156
2012	2,451	146,946	—	1,093	—	150,490
2013	442	2,045	75,000	920	—	78,407
Thereafter	39	20,219	125,000	1,280	—	146,538
Subtotal	291,516	1,061,585	925,000	9,628	275,739	2,563,468
Unamortized premiums	7,343	3,446	—	—	—	10,789
Total consolidated debt	298,859	1,065,031	925,000	9,628	275,739	2,574,257
Our share of unconsolidated joint venture debt(1)	—	77,333	—	—	—	77,333
Total debt	298,859	1,142,364	925,000	9,628	275,739	2,651,590
Joint venture partners' share of consolidated joint venture debt	—	(697,276)	—	—	—	(697,276)
Our share of total debt(3)	$298,859	$ 445,088	$925,000	$9,628	$275,739	$1,954,314
Weighed average interest rate	8.1%	6.7%	6.8%	7.5%	1.9%	6.4%
Weighed average maturity (in years)	3.5	6.5	5.7	10.8	1.9	5.4

(1) The weighted average interest and maturity for the unconsolidated joint venture debt were 6.1% and 5.8 years, respectively.

(2) Includes Euro and Yen based borrowings translated to U.S. dollars using the foreign exchange rates at December 31, 2003.

(3) Our share of total debt is the pro rata portion of the total debt based on our percentage of equity interest in each of the consolidated ventures holding the debt. We believe that our share of total debt is a meaningful supplemental measure, which enables both management and investors to analyze our leverage and to compare our leverage to that of other companies. In addition, it allows for a more meaningful comparison of our debt to that of other companies that do not consolidate their joint ventures. Our share of total debt is not intended to reflect our actual liability should there be a default under any or all of such loans or a liquidation of the joint ventures. The above table reconciles our share of total debt to total consolidated debt, a GAAP financial measure. For the calculation of the joint venture partners' share of consolidated joint venture debt used in the above table, please see Part 1. Item 2. "Properties Held Through Joint Ventures, Limited Liability Companies and Partnerships — Co-investment Joint Ventures."

Market Equity

Security	Shares/Units Outstanding	Market Price	Market Value
Common stock	81,792,913	$32.88	$2,689,351
Common limited partnership units(1)	4,763,790	$32.88	156,633
Total	86,556,703		$2,845,984

(1) Includes 145,548 class B common limited partnership units issued by AMB Property II, L.P. in November 2003.

Preferred Stock and Units

Security	Dividend Rate	Liquidation Preference	Redemption Date
Series D preferred units	7.75%	$ 79,767	May 2004
Series E preferred units	7.75%	11,022	August 2004
Series F preferred units	7.95%	10,057	March 2005
Series H preferred units	8.13%	42,000	September 2005
Series I preferred units	8.00%	25,500	March 2006
Series J preferred units	7.95%	40,000	September 2006
Series K preferred units	7.95%	40,000	April 2007
Series L preferred stock	6.50%	50,000	June 2008
Series M preferred stock	6.75%	57,500	November 2008
Weighted average/total	7.53%	$355,846	

Capitalization Ratios

Total debt-to-total market capitalization	45.3%
Our share of total debt-to-total market capitalization(1)	37.9%
Total debt plus preferred-to-total market capitalization	51.4%
Our share of total debt plus preferred-to-total market capitalization(1)	44.8%
Our share of total debt-to-total book capitalization(1)	49.4%

(1) Our share of total debt is the pro rata portion of the total debt based on our percentage of equity interest in each of the consolidated ventures holding the debt. We believe that our share of total debt is a meaningful supplemental measure, which enables both management and investors to analyze our leverage and to compare our leverage to that of other companies. In addition, it allows for a more meaningful comparison of our debt to that of other companies that do not consolidate their joint ventures. Our share of total debt is not intended to reflect our actual liability should there be a default under any or all of such

loans or a liquidation of the joint ventures. For a reconciliation of our share of total debt to total consolidated debt, a GAAP financial measure, please see the table of debt maturities and capitalization on the preceding page in Part II. Item 7. "Liquidity and Capital Resources — Capital Resources."

Liquidity

As of December 31, 2003, we had $127.7 million in cash (of which $81.1 million was held by our consolidated co-investment joint ventures) and cash equivalents, and $171.6 million of additional available borrowings under our credit facility.

Our board of directors declared a regular cash dividend for the quarter ended December 31, 2003, of $0.415 per share of common stock and the operating partnership announced its intention to pay a regular cash distribution for the quarter ended December 31, 2003, of $0.415 per common unit. The dividends and distributions were payable on January 5, 2004, to stockholders and unitholders of record on December 22, 2003. The series L and M preferred stock dividends were payable on January 15, 2004, to stockholders of record on January 5, 2004. The series E, F, J and K preferred unit distributions were payable on January 15, 2004 in respect of the period commencing on and including October 15, 2003 and ending on and including January 14, 2004. The series D, H and I preferred unit distributions were payable on December 26, 2003 in respect of the period commencing on and including October 15, 2003 and ending on and including January 14, 2004. The following table sets forth the dividends and distributions paid or payable per share or unit for the years ended December 31, 2003, 2002 and 2001:

Paying Entity	Security	2003	2002	2001
AMB Property Corporation	Common stock	$1.66	$1.64	$1.58
AMB Property Corporation	Series A preferred stock	$1.15	$2.13	$2.13
AMB Property Corporation	Series L preferred stock	$0.85	n/a	n/a
AMB Property Corporation	Series M preferred stock	$0.17	n/a	n/a
Operating Partnership	Common limited partnership units	$1.66	$1.64	$1.58
Operating Partnership	Series B preferred units	$3.71	$4.31	$4.31
Operating Partnership	Series J preferred units	$3.98	$3.98	$1.24
Operating Partnership	Series K preferred units	$3.98	$2.96	n/a
AMB Property II, L.P.	Class B common limited partnership units	$0.22	n/a	n/a
AMB Property II, L.P.	Series C preferred units	n/a	n/a	$3.88
AMB Property II, L.P.	Series D preferred units	$3.88	$3.88	$3.88
AMB Property II, L.P.	Series E preferred units	$3.88	$3.88	$3.88
AMB Property II, L.P.	Series F preferred units	$3.98	$3.98	$3.98
AMB Property II, L.P.	Series G preferred units	n/a	$2.14	$3.98
AMB Property II, L.P.	Series H preferred units	$4.06	$4.06	$4.06
AMB Property II, L.P.	Series I preferred units	$4.00	$4.00	$3.04

The anticipated size of our distributions, using only cash from operations, will not allow us to retire all of our debt as it comes due. Therefore, we intend to also repay maturing debt with net proceeds from future debt or equity financings, as well as property divestitures. However, we may not be able to obtain future financings on favorable terms or at all. Our inability to obtain future financings on favorable terms or at all would adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

Capital Commitments

Developments. In addition to recurring capital expenditures, which consist of building improvements and leasing costs incurred to renew or re-tenant space, during 2003, we initiated 13 new industrial development projects with a total estimated investment of $226.4 million at completion, aggregating an estimated 4.9 million square feet, including 438 acres of land for development in Miami's Airport West submarket for $29.7 million. The master planned park, called Beacon Lakes, is entitled for 6.8 million square feet of properties for lease or sale. We began development of the first two buildings at Beacon Lakes, which will aggregate approximately 0.4 million square feet and have an estimated investment of $19.2 million. As of December 31, 2003, we had 16 projects in our development pipeline representing a total estimated investment of $233.0 million upon completion and four development projects available for sale representing a total estimated investment of $38.8 million upon completion. Of this total, $112.2 million had been funded as of December 31, 2003, and an estimated $159.6 million was required to complete current and planned projects. We expect to fund these expenditures with cash from operations, borrowings under our credit facility, debt or equity issuances, net proceeds from property divestitures, and private capital from co-investment partners, which could have an adverse effect on our cash flow.

Acquisitions. During 2003, we invested $533.9 million in 82 operating industrial buildings, aggregating approximately 6.5 million rentable square feet, of which we invested $238.3 million in 43 operating properties, aggregating approximately 3.7 million square feet, through two of our co-investment joint ventures. We generally fund our acquisitions through private capital contributions, borrowings under our credit facility, cash, debt issuances and net proceeds from property divestitures. In addition, in October 2003, we entered into an Agreement of Sale with privately-held International Airport Centers L.L.C. and certain of its affiliated entities, pursuant to which, if fully consummated, we will acquire a 3.4 million square foot portfolio consisting of 37 airfreight buildings located adjacent to seven international airports in the U.S. for approximately $481.0 million, including $119.0 million of assumed debt. Pursuant to the Agreement of Sale, we will acquire the buildings in separate tranches, as construction is completed and certain other customary closing conditions, including acquiring the necessary consents, are met. The first closings occurred in October and December 2003, and we currently expect the balance of the portfolio to close by the third quarter of 2004. Some of the properties in this portfolio have been allocated to one or more of our co-investment joint ventures. We financed the first tranche, and expect to finance the remainder of the purchase price, through additional debt financings and proceeds from property dispositions.

Lease Commitments. We have entered into operating ground leases on certain land parcels, primarily on-tarmac facilities and office space with remaining lease terms from one to 37 years. Future minimum rental payments required under non-cancelable operating leases in effect as of December 31, 2003, were as follows (dollars in thousands):

2004	$ 20,149
2005	20,272
2006	20,922
2007	21,120
2008	21,340
Thereafter	283,965
Total	$387,768

These operating lease payments are amortized ratably over the terms of the related leases.

Co-investment Joint Ventures. Through the operating partnership, we enter into co-investment joint ventures with institutional investors. These co-investment joint ventures provide us with an additional source of capital to fund certain acquisitions, development projects and renovation projects, as well as private capital income. As of December 31, 2003, we had investments in co-investment joint ventures with a gross book value of $1.9 billion, which are consolidated for financial reporting purposes. As of December 31, 2003, we may make additional capital contributions to current and planned co-investment joint ventures of up to $27.9 million. We expect to fund these contributions with cash from operations, borrowings under our credit facility, debt or equity issuances or net proceeds from property divestitures, which could adversely effect our cash flow.

Captive Insurance Company. In December 2001, we formed a wholly-owned captive insurance company, Arcata National Insurance Ltd., which provides insurance coverage for all or a portion of losses below the deductible under our third-party policies. We capitalized Arcata National Insurance Ltd. in accordance with the applicable regulatory requirements. Arcata National Insurance Ltd. established annual premiums based on projections derived from the past loss experience of our properties. Annually, we engage an independent third party to perform an actuarial estimate of future projected claims, related deductibles and projected expenses necessary to fund associated risk management programs. Premiums paid to Arcata National Insurance Ltd. may be adjusted based on this estimate. Premiums paid to Arcata National Insurance Ltd. have a retrospective component, so that if expenses, including losses and deductibles, are less than premiums collected, the excess may be returned to the property owners (and, in turn, as appropriate, to the customers) and conversely, subject to certain limitations, if expenses, including losses, are greater than premiums collected, an additional premium will be charged. As with all recoverable expenses, differences between estimated and actual insurance premiums will be recognized in the subsequent year. Through this structure, we believe that we have more comprehensive insurance coverage at an overall lower cost than would otherwise be available in the market.

Potential Unknown Liabilities. Unknown liabilities may include the following:

- liabilities for clean-up or remediation of undisclosed environmental conditions;
- claims of customers, vendors or other persons dealing with our predecessors prior to our formation transactions that had not been asserted prior to our formation transactions;
- accrued but unpaid liabilities incurred in the ordinary course of business;
- tax liabilities; and
- claims for indemnification by the officers and directors of our predecessors and others indemnified by these entities.

Overview of Contractual Obligations

The following table summarizes our debt, interest and lease payments due by period as of December 31, 2003 (dollars in thousands):

Contractual Obligations	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Debt	$ 98,470	$ 854,763	$514,704	$1,095,531	$2,563,468
Debt interest payments	157,424	271,085	205,978	72,533	707,020
Operating lease commitments	20,149	41,194	42,460	283,965	387,768
Total	$276,043	$1,167,042	$763,142	$1,452,029	$3,658,256

OFF-BALANCE SHEET ARRANGEMENTS

Standby Letters of Credit. As of December 31, 2003, we had provided approximately $64.1 million in letters of credit, of which $52.7 million was provided under the operating partnership’s $500.0 million unsecured credit facility. The letters of credit were required to be issued under certain ground lease provisions, bank guarantees and other commitments.

Guarantees. Other than disclosed elsewhere in this report, as of December 31, 2003, we had outstanding guarantees in the aggregate amount of $50.2 million in connection with certain acquisitions, which are currently expected to close in 2004.

Performance and Surety Bonds. As of December 31, 2003, we had outstanding performance and surety bonds in an aggregate amount of $0.9 million. These bonds were issued in connection with certain of our development projects and were posted to guarantee certain tax obligations and the construction of certain real property improvements and infrastructure, such as grading, sewers and streets. Performance and surety bonds are commonly required by public agencies from real estate developers. Performance and surety bonds are renewable and expire upon the payment of the taxes due or the completion of the improvements and infrastructure.

Promoted Interests and Other Contractual Obligations. Upon the achievement of certain return thresholds and the occurrence of certain events, we may be obligated to make payments to certain of joint venture partners pursuant to the terms and provisions of their contractual agreements with us. From time to time in the normal course of our business, we enter into various contracts with third parties that may obligate us to make payments or perform other obligations upon the occurrence of certain events.

SUPPLEMENTAL EARNINGS MEASURES

FFO. We believe that net income, as defined by GAAP, is the most appropriate earnings measure. However, we consider funds from operations, or FFO, as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), to be a useful supplemental measure of our operating performance. FFO is defined as net income, calculated in accordance with GAAP, less gains (or losses) from dispositions of real estate held for investment purposes and real estate-related depreciation, and adjustments to derive our pro rata share of FFO of consolidated and unconsolidated joint ventures. Further, we do not adjust FFO to eliminate the effects of non-recurring charges. We believe that FFO, as defined by NAREIT, is a meaningful supplemental measure of our operating performance because historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time, as reflected through depreciation and amortization expenses. However, since real estate values have historically risen or fallen with market and other conditions, many industry investors and analysts have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient. Thus, NAREIT created FFO as a supplemental measure of operating performance for real estate investment trusts that excludes historical cost depreciation and amortization, among other items, from net income, as defined by GAAP. We believe that the use of FFO, combined with the required GAAP presentations, has been beneficial in improving the understanding of operating results of real estate investment trusts among the investing public and making comparisons of operating results among such companies more meaningful. We consider FFO to be a useful measure for reviewing our comparative operating and financial performance because, by excluding gains or losses related to sales of previously depreciated operating real estate assets and real estate depreciation and amortization, FFO can help the investing public compare the operating performance of a company's real estate between periods or as compared to other companies.

While FFO is a relevant and widely used measure of operating performance of real estate investment trusts, it does not represent cash flow from operations or net income as defined by GAAP and should not be considered as an alternative to those measures in evaluating our liquidity or operating performance. FFO also does not consider the costs associated with capital expenditures related to our real estate assets nor is FFO necessarily indicative of cash available to fund our future cash requirements. Further, our computation of FFO may not be comparable to FFO reported by other real estate investment trusts that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than we do.

The following table reflects the calculation of FFO reconciled from net income for the years ended December 31, (dollars in thousands):

	2003(1)	2002(2)	2001(2)	2000(2)	1999(2)
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Net income	$ 129,128	$ 121,119	$ 136,200	$ 121,782	$ 176,103
Gains from dispositions of real estate	(50,325)	(19,383)	(41,859)	(7,044)	(51,262)
Real estate related depreciation and amortization:					
Total depreciation and amortization	138,956	126,916	105,694	84,752	62,896
Discontinued operations' depreciation	3,381	9,587	7,849	5,606	4,139
Furniture, fixtures and equipment depreciation	(720)	(712)	(731)	(380)	(654)
Ground lease amortization	—	(2,301)	(1,232)	(734)	(348)
Adjustments to derive FFO from consolidated joint ventures:					
Joint venture partners' minority interests(NI)	34,146	28,706	25,709	11,750	5,261
Limited partnership unitholders' minority interests(NI)	3,493	4,477	5,718	7,090	8,213
Limited partnership unitholders' minority interests (Development profits)	344	57	764	—	—
Discontinued operations' minority interests(NI)	1,968	3,246	2,292	1,508	1,036
FFO attributable to minority interests	(65,603)	(52,051)	(40,144)	(15,055)	(8,182)
Adjustments to derive FFO from unconsolidated joint ventures:					
Our share of net income	(5,445)	(5,674)	(5,467)	(5,212)	(4,701)
Our share of FFO	9,755	9,291	8,014	7,188	6,677
Preferred stock dividends	(6,999)	(8,496)	(8,500)	(8,500)	(8,500)
Preferred stock and unit redemption discount/(issuance costs)	(5,413)	412	(7,600)	—	—
Funds from operations	$ 186,666	$ 215,194	$ 186,707	$ 202,751	$ 190,678
Basic FFO per common share and unit	$ 2.17	$ 2.44	$ 2.09	$ 2.26	$ 2.10
Diluted FFO per common share and unit	$ 2.13	$ 2.40	$ 2.07	$ 2.25	$ 2.10
Weighted average common shares and units:					
Basic	85,859,899	88,204,208	89,286,379	89,566,375	90,792,310
Diluted	87,616,365	89,689,310	90,325,801	90,024,511	90,867,934

(1) In the quarter ended June 30, 2003, and effective January 1, 2003, we discontinued our practice of deducting amortization of investments in leasehold interests from FFO as such an adjustment is not

provided for in NAREIT's FFO definition. Basic FFO per share would have been $2.47, $2.10, $2.27 and $2.10 for the years ended December 31, 2002, 2001, 2000 and 1999, respectively, had we discontinued our practice of deducting amortization of investments in leasehold interests from FFO retroactively. Diluted FFO per share would have been $2.42, $2.08, $2.26 and $2.10 for the years ended December 31, 2002, 2001, 2000 and 1999, respectively, had we discontinued our practice of deducting amortization of investments in leasehold interests from FFO retroactively.

(2) In the quarter ended September 30, 2003, we modified our FFO reporting to no longer add back impairment losses when computing FFO in accordance with NAREIT's FFO definition. Additionally, we adopted Topic D-42 and began including preferred stock and unit redemption discounts and issuance cost write-offs in FFO. As a result, FFO for the periods presented has been restated to reflect these changes.

BUSINESS RISKS

Our operations involve various risks that could have adverse consequences to us. These risks include, among others:

General Real Estate Risks

Our performance and value are subject to general economic conditions and risks associated with our real estate assets.

The investment returns available from equity investments in real estate depend on the amount of income earned and capital appreciation generated by the properties, as well as the expenses incurred in connection with the properties. If our properties do not generate income sufficient to meet operating expenses, including debt service and capital expenditures, then our ability to pay dividends to our stockholders could be adversely affected. In addition, there are significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) that generally do not decline when circumstances reduce the income from the property. Income from, and the value of, our properties may be adversely affected by:

- changes in the general economic climate;
- local conditions, such as oversupply of or a reduction in demand for industrial space;
- the attractiveness of our properties to potential customers;
- competition from other properties;
- our ability to provide adequate maintenance and insurance;
- increased operating costs;
- increased cost of compliance with regulations; and
- the potential for liability under applicable laws (including changes in tax laws).

In addition, periods of economic slowdown or recession in the United States and in other countries, rising interest rates or declining demand for real estate, or public perception that any of these events may occur, would result in a general decrease in rents or an increased occurrence of defaults under existing leases, which would adversely affect our financial condition and results of operations. Future terrorist attacks may result in declining economic activity, which could reduce the demand for and the value of our properties. To the extent that future attacks impact our customers, their businesses similarly could be adversely affected, including their ability to continue to honor their existing leases.

Our properties are concentrated predominantly in the industrial real estate sector. As a result of this concentration, we would feel the impact of an economic downturn in this sector more acutely than if our portfolio included other property types.

We may be unable to renew leases or relet space as leases expire.

As of December 31, 2003, leases on a total of 17.8% of our industrial properties (based on annualized base rent) will expire on or prior to December 31, 2004. We derive most of our income from rent received from our customers. Accordingly, our financial condition, results of operations, cash flow and our ability to pay dividends on, and the market price of, our stock could be adversely affected if we are unable to promptly relet or renew these expiring leases, if the rental rates upon renewal or reletting are significantly lower than expected. If a tenant experiences a downturn in its business or other type of financial distress, then it may be unable to make timely rental payments or renew its lease. Further, our ability to rent space and the rents that we can charge are impacted, not only by customer demand, but by the number of other properties we have to compete with to appeal to customers.

Real estate investments are relatively illiquid, making it difficult for us to respond promptly to changing conditions.

Real estate assets are not as liquid as certain other types of assets. Further, as a real estate investment trust, the Internal Revenue Code regulates the number of properties that we can dispose of in a year, their tax bases and the cost of improvements that we make to the properties. These limitations may affect our ability to sell properties. This lack of liquidity and the Internal Revenue Code restrictions may limit our ability to vary our portfolio promptly in response to changes in economic or other conditions and, as a result, could adversely affect our financial condition, results of operations, cash flow and our ability to pay dividends on, and the market price of, our stock.

We may be unable to consummate acquisitions on advantageous terms or acquisitions may not perform as we expect.

We acquire and intend to continue to acquire primarily industrial properties. The acquisition of properties entails various risks, including the risks that our investments may not perform as we expect, that we may be unable to quickly and efficiently integrate our new acquisitions into our existing operations and that our cost estimates for bringing an acquired property up to market standards may prove inaccurate. Further, we face significant competition for attractive investment opportunities from other well-capitalized real estate investors, including both publicly-traded real estate investment trusts and private institutional investment funds. This competition increases as investments in real estate become increasingly attractive relative to other forms of investment. As a result of competition, we may be unable to acquire additional properties as we desire or the purchase price may be significantly elevated. In addition, we expect to finance future acquisitions through a combination of borrowings under our unsecured credit facility, proceeds from equity or debt offerings by us or the operating partnership or its subsidiaries and proceeds from property divestitures, which may not be available and which could adversely affect our cash flow. Any of the above risks could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

We may be unable to complete renovation and development projects on advantageous terms.

As part of our business, we develop new and renovate existing properties. The real estate development and renovation business involves significant risks that could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock, which include:

- we may not be able to obtain financing for development projects on favorable terms and complete construction on schedule or within budget, resulting in increased debt service expense and construction costs and delays in leasing the properties and generating cash flow;
- we may not be able to obtain, or may experience delays in obtaining, all necessary zoning, land-use, building, occupancy and other governmental permits and authorizations;
- the properties may perform below anticipated levels, producing cash flow below budgeted amounts;
- substantial renovation and new development activities, regardless of their ultimate success, typically require a significant amount of management’s time and attention, diverting their attention from our day-to-day operations; and
- upon completion of construction, we may not be able to obtain, or obtain on advantageous terms, permanent financing for activities that we have financed through construction loans.

Our performance and value are impacted by the local economic conditions of and the risks associated with doing business in California.

As of December 31, 2003, our industrial properties located in California represented 28.4% of the aggregate square footage of our industrial operating properties and 31.5% of our industrial annualized base rent. Our revenue from, and the value of, our properties located in California may be affected by local real estate conditions (such as an oversupply of or reduced demand for industrial properties) and the local economic climate. Business layoffs, downsizing, industry slowdowns, changing demographics, and other factors may adversely impact California's economic climate. Because of the number of properties we have located in California, a downturn in California's economy or real estate conditions could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock. In addition, certain of our properties are subject to possible loss from seismic activity.

We may experience losses that our insurance does not cover.

We carry commercial liability, property and rental loss insurance covering all the properties that we own and manage in types and amounts that we believe are adequate and appropriate given the relative risks applicable to the property, the cost of coverage and industry practice. Certain losses, such as those due to terrorism, windstorms, floods or seismic activity, may be insured subject to certain limitations, including large deductibles or co-payments and policy limits. Although we have obtained coverage for certain acts of terrorism, with policy specifications and insured limits that we consider commercially reasonable given the cost and availability of such coverage, we cannot be certain that we will be able to renew coverage on comparable terms or collect under such policies. In addition, there are other types of losses, such as those from riots, bio-terrorism, or acts of war, that are not generally insured in our industry because it is not economically feasible to do so. We may incur material losses in excess of insurance proceeds and we may not be able to continue to obtain insurance at commercially reasonable rates. If we experience a loss that is uninsured or that exceeds our insured limits with respect to one or more of our properties, then we could lose the capital invested in the damaged properties, as well as the anticipated future revenue from those properties and, if there is recourse debt, then we would remain obligated for any mortgage debt or other financial obligations related to the properties. Moreover, as the general partner of the operating partnership, we generally will be liable for all of the operating partnership's unsatisfied recourse obligations, including any obligations incurred by the operating partnership as the general partner of co-investment joint ventures. Any such losses could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

A number of our properties are located in areas that are known to be subject to earthquake activity, including California where, as of December 31, 2003, we had 299 industrial buildings, aggregating approximately 24.7 million square feet and representing 28.4% of our industrial operating properties based on aggregate square footage and 31.5% based on industrial annualized base rent. We carry replacement-cost earthquake insurance on all of our properties located in areas historically subject to seismic activity, subject to coverage limitations and deductibles that we believe are commercially reasonable. We evaluate our earthquake insurance coverage annually in light of current industry practice through an analysis prepared by outside consultants.

We are subject to risks and liabilities in connection with properties owned through joint ventures, limited liability companies and partnerships.

As of December 31, 2003, we owned approximately 48.1 million square feet of our properties through several joint ventures, limited liability companies or partnerships with third parties. Our organizational documents do not limit the amount of available funds that we may invest in partnerships, limited liability companies or joint ventures and we intend to continue to develop and acquire properties through joint ventures, limited liability companies and partnerships with other persons or entities when warranted by the circumstances. Such partners may share certain approval rights over major decisions. Partnership, limited liability company or joint venture investments involve certain risks, including:

- if our partners, co-members or joint venturers go bankrupt, then we and any other remaining general partners, members, or joint venturers would generally remain liable for the partnership's, limited liability company's, or joint venture's liabilities;

- our partners, co-members or joint venturers might have economic or other business interests or goals that are inconsistent with our business interests or goals that would affect our ability to operate the property;

- our partners, co-members or joint venturers may have the power to act contrary to our instructions, requests, policies, or objectives, including our current policy with respect to maintaining our qualification as a real estate investment trust; and

- the joint venture, limited liability and partnership agreements often restrict the transfer of a joint venturer's, member's or partner's interest or "buy-sell" or may otherwise restrict our ability to sell the interest when we desire or on advantageous terms.

We generally seek to maintain sufficient control of our partnerships, limited liability companies, and joint ventures to permit us to achieve our business objectives, however, we may not be able to do so, and the occurrence of one or more of the events described above could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

We may be unable to complete divestitures on advantageous terms or contribute properties.

We intend to continue to divest ourselves of retail centers and industrial properties that do not meet our strategic objectives, provided that we can negotiate acceptable terms and conditions. Our ability to dispose of properties on advantageous terms depends on factors beyond our control, including competition from other sellers and the availability of attractive financing for potential buyers of our properties. If we are unable to dispose of properties on favorable terms or redeploy the proceeds of property divestitures in accordance with our investment strategy, then our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock could be adversely affected.

We also anticipate contributing or selling properties to funds and joint ventures. If we do not have sufficient properties available that meet the investment criteria of current or future property funds, or if the funds have reduced or no access to capital on favorable terms, then such contributions or sales could be delayed or prevented, adversely affecting our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

Contingent or unknown liabilities could adversely affect our financial condition.

At the time of our formation we acquired assets from our predecessor entities subject to all of their potential existing liabilities, without recourse. In addition, we have and may in the future acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities. As a result, if a liability were asserted against us based upon ownership of any of these entities or properties, then we might have to pay substantial sums to settle it, which could adversely affect our cash flow. Unknown liabilities with respect to entities or properties acquired might include:

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

- claims of customers, vendors or other persons dealing with our predecessors prior to the formation transactions or the former owners of the properties;

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

- tax liabilities; and

- claims for indemnification by the general partners, officers and directors and others indemnified by our predecessors or the former owners of the properties.

Risks Associated with our International Business

Our international growth is subject to special risks and we may not be able to effectively manage our international growth.

We have acquired and developed, and expect to continue to acquire and develop, properties in foreign countries. Because local markets affect our operations, our international investments are subject to economic fluctuations in the foreign locations in which we invest. In addition, our international operations are subject to the usual risks of doing business abroad such as revisions in tax treaties or other laws governing the taxation of our foreign revenues, restrictions on the transfer of funds, and, in certain parts of the world, property rights uncertainty and political instability. We cannot predict the likelihood that any of these developments may occur. Further, we have entered, and may in the future enter, into agreements with non-U.S. entities that are governed by the laws of, and are subject to dispute resolution in the courts of, another country or region. We cannot accurately predict whether such a forum would provide us with an effective and efficient means of resolving disputes that may arise. And even if we are able to obtain a satisfactory decision through arbitration or a court proceeding, we could have difficulty enforcing any award or judgment on a timely basis or at all.

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

Acquired properties may be located in new markets, where we may face risks associated with investing in an unfamiliar market.

We have acquired and may continue to acquire properties in international markets that are new to us. When we acquire properties located in these markets, we may face risks associated with a lack of market knowledge or understanding of the local economy, forging new business relationships in the area and unfamiliarity with local government and permitting procedures. We work to mitigate such risks through extensive diligence and research and associations with experienced partners, however there can be no guarantee that all such risks will be eliminated.

We are subject to risks from potential fluctuations in exchange rates between the U.S. dollar and the currencies of the foreign countries in which we invest.

We are pursuing, and intend to continue to pursue, growth opportunities in international markets. As we invest in countries where the U.S. dollar is not the national currency, we are subject to foreign currency risks from the potential fluctuations in exchange rates between the U.S. dollar and the currencies of those foreign countries. A significant depreciation in the value of the currency of one or more foreign countries where we have a significant investment may materially affect our results of operations. We attempt to mitigate any such effects by borrowing under our multi-currency credit facility in the currency of the country we are investing in and, under certain circumstances, by putting in place foreign currency put option contracts hedging exchange rate fluctuations. For leases denominated in foreign currencies, we may use derivative financial instruments to manage the foreign exchange risk. We cannot, however, assure you that our efforts will successfully neutralize all foreign currency risks.

Debt Financing Risks

We could incur more debt, increasing our debt service.

It is our policy to incur debt, either directly or through our subsidiaries, only if it will not cause our share of total debt-to-total market capitalization ratio to exceed approximately 45%. The aggregate amount of indebtedness that we may incur under our policy increases directly with an increase in the market price per share of our capital stock. Further, our management could alter or eliminate this policy without stockholder approval. If we change this policy, then we could become more highly leveraged, resulting in an increase in debt service that could adversely affect the cash available for distribution to our stockholders.

We face risks associated with the use of debt to fund acquisitions and developments, including refinancing risk.

As of December 31, 2003, we had total debt outstanding of $2.6 billion. We guarantee the operating partnership's obligations with respect to the senior debt securities referenced in our financial statements. We are subject to risks normally associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest. We anticipate that we will repay only a small portion of the principal of our debt prior to maturity. Accordingly, we will likely need to refinance at least a portion of our outstanding debt as it matures. There is a risk that we may not be able to refinance existing debt or that the terms of any refinancing will not be as favorable as the terms of our existing debt. If we are unable to refinance or extend principal payments due at maturity or pay them with proceeds of other capital transactions, then we expect that our cash flow will not be sufficient in all years to pay dividends to our stockholders and to repay all such maturing debt. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase.

In addition, if we mortgage one or more of our properties to secure payment of indebtedness and we are unable to meet mortgage payments, then the property could be foreclosed upon or transferred to the mortgagee with a consequent loss of income and asset value. A foreclosure on one or more of our properties could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

We are dependent on external sources of capital.

In order to qualify as a real estate investment trust, we are required each year to distribute to our stockholders at least 90% of our real estate investment trust taxable income (determined without regard to the dividends-paid deduction and by excluding any net capital gain) and are taxed on our income to the extent it is not fully distributed. Consequently, we may not be able to fund all future capital needs, including acquisition and development activities, from cash retained from operations and must rely on third-party sources of capital. Our ability to access private debt and equity capital on favorable terms or at all is dependent upon a number of factors, including, general market conditions, the market's perception of our growth potential, our current and potential future earnings and cash distributions and the market price of our capital stock.

Covenants in our debt agreements could adversely affect our financial condition.

The terms of our credit agreements and other indebtedness require that we comply with a number of customary financial and other covenants, such as maintaining debt service coverage and leverage ratios and maintaining insurance coverage. These covenants may limit flexibility in our operations, and our failure to comply with these covenants could cause a default under the applicable debt agreement even if we have satisfied our payment obligations. Further, as of December 31, 2003, we had 42 non-recourse secured loans that are cross-collateralized by 86 properties, totaling $920.6 million (not including unamortized debt premium). If we default on any of these loans, we may then be required to repay such indebtedness, together with applicable prepayment charges, to avoid foreclosure on all the cross-collateralized properties within the applicable pool. Foreclosure on our properties, or our inability to refinance our loans on favorable terms, could adversely impact our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock. In addition, our credit facility and senior debt securities contain certain cross-default provisions, which are triggered in the event that our other material indebtedness is in default. These cross-default provisions may require us to repay or restructure the credit facility and the senior debt securities in addition to any mortgage or other debt that is in default, which could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock.

Conflicts of Interest Risks

Some of our directors and executive officers are involved in other real estate activities and investments.

Prior to the consummation our initial public offering in 1997, some of our executive officers and directors acquired interests in real estate-related businesses and investments, which they still own. Our executive officers' continued involvement in other real estate-related activities could divert their attention from our day-to-day operations. Our executive officers have entered into non-competition agreements with us pursuant to which they have agreed not to engage in any activities, directly or indirectly, in respect of commercial real estate, and not to make any investment in respect of any industrial or retail real estate, other than through ownership of not more than 5% of the outstanding shares of a public company engaged in such activities or through the existing investments referred to in this report. State law may limit our ability to enforce these agreements.

Certain of our executive officers and directors may have conflicts of interest with us in connection with other properties that they own or control.

In October 1986, our predecessor-in-interest entered into a property and asset management agreement with Inglewood Corporate Center Associates to manage an office building, in which Messrs. Moghadam and Burke and Thomas W. Tusher, also a director, held, directly and indirectly, 26.7%, 26.7% and 20% interests, respectively. During 2003, Inglewood transferred to a third party such property and asset management services. Until such time, Inglewood had been paying us property and asset management fees, which totaled approximately $11,500 for the period from January 1, 2003 through the date on which such management was transferred during the second quarter of 2003. Also, during 2003, Mr. Tusher's direct and indirect interests in Inglewood were redeemed for an amount equal to the estimated liquidation value of such venture's assets. As a result, each of Messrs. Moghadam and Burke now holds, directly and indirectly, a 33.3% interest in Inglewood.

Certain of our executive officers and directors own interests in other real-estate related businesses and investments, including retail development projects, office buildings and de minimus holdings of the equity securities of public and private real estate companies. We believe that these properties and activities generally do not directly compete with any of our properties. However, it is possible that a property in which an executive officer or director, or an affiliate of an executive officer or director, has an interest may compete with us in the future if we were to invest in a property similar in type and in close proximity to that property. In addition, our executive officers' and directors' continued involvement in these properties could divert management's attention from our day-to-day operations. We will not acquire any properties from our executive officers, directors or their affiliates unless the transaction is approved by a majority of the disinterested and independent (as defined by the rules of the New York Stock Exchange) members of our board of directors with respect to that transaction.

Our role as general partner of the operating partnership may conflict with the interests of our stockholders.

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

Risks Associated with Government Regulations

Compliance or failure to comply with the Americans with Disabilities Act and other similar regulations could result in substantial costs.

Under the Americans with Disabilities Act, places of public accommodation must meet certain federal requirements related to access and use by disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants. If we are required to make unanticipated expenditures to comply with the Americans with Disabilities Act, including removing access barriers, then our cash flow and the amounts available for dividends to our stockholders may be adversely affected. Our properties are also subject to various federal, state and local regulatory requirements, such as state and local fire and life-safety requirements. We could incur fines or private damage awards if we fail to comply with these requirements. While we believe that our properties are currently in material compliance with these regulatory requirements, the requirements may change or new requirements may be imposed that could require significant unanticipated expenditures by us that will affect our cash flow and results of operations.

The costs of compliance with environmental laws and regulations could exceed our budgets for these items.

Under various federal, state and local laws, ordinances and regulations, a current or previous owner or operator of real estate may be liable for the costs of investigation, removal or remediation of certain hazardous or toxic substances or petroleum products at, on, under or in its property. The costs of removal or remediation of such substances could be substantial. These laws typically impose liability and clean-up responsibility without regard to whether the owner or operator knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages based on personal injury, property damage, or other costs, including investigation and clean-up costs, resulting from the environmental contamination.

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

In addition, some of our properties are leased or have been leased, in part, to owners and operators of businesses that use, store, or otherwise handle petroleum products or other hazardous or toxic substances, creating a potential for the release of such hazardous or toxic substances. Further, certain of our properties are on, adjacent to or near other properties that have contained or currently contain petroleum products or other hazardous or toxic substances, or upon which others have engaged, are engaged or may engage in activities that may release such hazardous or toxic substances. From time to time, we may acquire properties, or interests in properties, with known adverse environmental conditions where we believe that the environmental liabilities associated with these conditions are quantifiable and that the acquisition will yield a superior risk-adjusted return. In such an instance, we underwrite the costs of environmental investigation, clean-up and monitoring into the acquisition cost and obtain appropriate environmental insurance for the property. Further, in connection with certain divested properties, we have agreed to remain responsible for, and to bear the cost of, remediating or monitoring certain environmental conditions on the properties.

At the time of acquisition, we subject all of our properties to a Phase I or similar environmental assessments by independent environmental consultants and we may have additional Phase II testing performed upon consultant's recommendation. These environmental assessments have not revealed, and we are not aware of, any environmental liability that we believe would have a material adverse effect on our financial condition or results of operations taken as a whole. Nonetheless, it is possible that the assessments did not reveal all environmental liabilities and that there are material environmental liabilities unknown to us, or that known environmental conditions may give rise to liabilities that are greater than we anticipated. Further, our properties' current environmental condition may be affected by customers, the condition of land, operations in the vicinity of the properties (such as releases from underground storage tanks), or by unrelated third parties. If the costs of compliance with existing or future environmental laws and regulations exceed our budgets for these items, then our financial condition, results of operations, cash flow, and ability to pay dividends on, and the market price of, our stock could be adversely affected.

Federal Income Tax Risks

Our failure to qualify as a real estate investment trust would have serious adverse consequences to our stockholders.

We elected to be taxed as a real estate investment trust under Sections 856 through 860 of the Internal Revenue Code commencing with our taxable year ended December 31, 1997. We currently intend to operate so as to qualify as a real estate investment trust under the Internal Revenue Code and believe that our current organization and method of operation comply with the rules and regulations promulgated under the Internal Revenue Code to enable us to continue to qualify as a real estate investment trust. However, it is possible that we have been organized or have operated in a manner that would not allow us to qualify as a real estate investment trust, or that our future operations could cause us to fail to qualify. Qualification as a real estate investment trust requires us to satisfy numerous requirements (some on an annual and others on a quarterly basis) established under highly technical and complex Internal Revenue Code provisions for which there are only limited judicial and administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. For example, in order to qualify as a real estate investment trust, we must derive at least 95% of our gross income in any year from qualifying sources. In addition, we must pay dividends to stockholders aggregating annually at least 90% of our real estate investment trust taxable income (determined without regard to the dividends paid deduction and by excluding capital gains) and must satisfy specified asset tests on a quarterly basis. These provisions and the applicable treasury regulations are more complicated in our case because we hold our assets through the operating partnership. Legislation, new regulations, administrative interpretations or court decisions could significantly change the tax laws with respect to qualification as a real estate investment trust or the federal income tax consequences of such qualification. However, we are not aware of any pending tax legislation that would adversely affect our ability to qualify as a real estate investment trust.

If we fail to qualify as a real estate investment trust in any taxable year, then we will be required to pay federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. Unless we are entitled to relief under certain statutory provisions, we would be disqualified from treatment as a real estate investment trust for the four taxable years following the year in which we lost qualification. If we lose our real estate investment trust status, then our net earnings available for investment or distribution to stockholders would be significantly reduced for each of the years involved. In addition, we would no longer be required to make distributions to our stockholders.

Certain property transfers may generate prohibited transaction income, resulting in a penalty tax on gain attributable to the transaction.

From time to time, we may transfer or otherwise dispose of some of our properties. Under the Internal Revenue Code, any gain resulting from transfers of properties that we hold as inventory or primarily for sale to customers in the ordinary course of business would be treated as income from a prohibited transaction subject to a 100% penalty tax. Since we acquire properties for investment purposes, we do not believe that our occasional transfers or disposals of property are treated as prohibited transactions. However, whether property is held for investment purposes is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. The Internal Revenue Service may contend that certain transfers or disposals of properties by us are prohibited transactions. While we believe that the Internal Revenue Service would not prevail in any such dispute, if the IRS were to argue successfully that a transfer or disposition of property constituted a prohibited transaction, then we would be required to pay a 100% penalty tax on any gain allocable to us from the prohibited transaction. In addition, income from a prohibited transaction might adversely affect our ability to satisfy the income tests for qualification as a real estate investment trust for federal income tax purposes.

Risks Associated with our Dependence on Key Personnel

We depend on the efforts of our executive officers. While we believe that we could find suitable replacements for these key personnel, the loss of their services or the limitation of their availability could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock. We do not have employment agreements with any of our executive officers.

Risks Associated with our Restatement of Depreciation Expense

There was a material weakness in our internal control over financial reporting, and our business could have been adversely impacted if we had failed to remedy the deficiencies in our controls.

The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. As part of management's on-going review of our accounting policies and internal control over financial reporting, on October 12, 2004, management determined that there was a material weakness in our internal control over financial reporting related to ground lease depreciation. This weakness resulted in an understatement of depreciation expense and resulted in a restatement of depreciation expense for our results in previously issued financial statements for the years ended December 31, 2003, 2002 and 2001 filed on Forms 10-K and 10-K/ A for the year ended December 31, 2003, and for the quarters ended March 31, 2004 and June 30, 2004 filed on Forms 10-Q for the quarters then ended. In connection with correcting this error, management has taken appropriate action to modify our system of internal control over financial reporting to remediate the material weakness. While management will continue to review the effectiveness of our disclosure controls and procedures and internal control over financial reporting, there can be no guarantee that our internal control over financial reporting will be effective in accomplishing all control objectives all of the time. Other deficiencies, particularly a material weakness, in internal control over financial reporting which may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in our stock price, or otherwise materially adversely affect our business, reputation, results of operation, financial condition or liquidity.

Risks Associated with Ownership of our Stock

Limitations in our charter and bylaws could prevent a change in control.

Certain provisions of our charter and bylaws may delay, defer, or prevent a change in control or other transaction that could provide the holders of our common stock with the opportunity to realize a premium over the then-prevailing market price for the common stock. To maintain our qualification as a real estate investment trust for federal income tax purposes, not more than 50% in value of our outstanding stock may be owned, actually or constructively, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the last half of a taxable year after the first taxable year for which a real estate investment trust election is made. Furthermore, our common stock must be held by a minimum of 100 persons for at least 335 days of a 12-month taxable year (or a proportionate part of a short tax year). In addition, if we, or an owner of 10% or more of our stock, actually or constructively owns 10% or more of one of our customers (or a tenant of any partnership in which we are a partner), then the rent received by us (either directly or through any such partnership) from that tenant will not be qualifying income for purposes of the real estate investment trust gross income tests of the Internal Revenue Code. To help us maintain our qualification as a real estate investment trust for federal income tax purposes, we prohibit the ownership, actually or by virtue of the constructive ownership provisions of the Internal Revenue Code, by any single person, of more than 9.8% (by value or number of shares, whichever is more restrictive) of the issued and outstanding shares of each of our common stock, series L preferred stock and series M preferred stock. We also prohibit the ownership, actually or constructively, of any shares of our series D, E, F, H, I, J and K preferred stock by any single person so that no such person, taking into account all of our stock so owned by such person, including any common stock or other series of preferred stock, may own in excess of 9.8% of our issued and outstanding capital stock. We refer to this limitation as the “ownership limit.” Shares acquired or held in violation of the ownership limit will be transferred to a trust for the benefit of a designated charitable beneficiary. Any person who acquires shares in violation of the ownership limit will not be entitled to any dividends on the shares or be entitled to vote the shares or receive any proceeds from the subsequent sale of the shares in excess of the lesser of the price paid for the shares or the amount realized from the sale. A transfer of shares in violation of the above limits may be void under certain circumstances. The ownership limit may have the effect of delaying, deferring, or preventing a change in control and, therefore, could adversely affect our stockholders’ ability to realize a premium over the then-prevailing market price for the shares of our common stock in connection with such transaction.

Our charter authorizes us to issue additional shares of common and preferred stock and to establish the preferences, rights and other terms of any series or class of preferred stock that we issue. Although our board of directors has no intention to do so at the present time, it could establish a series or class of preferred stock that could have the effect of delaying, deferring, or preventing a transaction, including a change in control, that might involve a premium price for the common stock or otherwise be in the best interests of our stockholders.

Our charter and bylaws and Maryland law also contain other provisions that may impede various actions by stockholders without approval of our board of directors, which in turn may delay, defer, or prevent a transaction, including a change in control. Those provisions in our charter and bylaws include:

• directors may be removed only for cause and only upon a two-thirds vote of stockholders;

• our board can fix the number of directors within set limits (which limits are subject to change by our board), and fill vacant directorships upon the vote of a majority of the remaining directors, even though less than a quorum, or in the case of a vacancy resulting from an increase in the size of the board, a majority of the entire board;

• stockholders must give advance notice to nominate directors or propose business for consideration at a stockholders’ meeting; and

• the request of the holders of 50% or more of our common stock is necessary for stockholders to call a special meeting.

Those provisions provided for under Maryland law include:

• a two-thirds vote of stockholders is required to amend our charter; and

• stockholders may only act by written consent with the unanimous approval of all stockholders entitled to vote on the matter in question.

In addition, our board could elect to adopt, without stockholder approval, certain other provisions under Maryland law that may impede a change in control.

Various market conditions affect the price of our stock.

As with other publicly-traded equity securities, the market price of our stock will depend upon various market conditions that are not within our control and may change from time to time, including:

• the extent of investor interest in us;

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

• general stock and bond market conditions, including changes in interest rates on fixed income securities, that may lead prospective purchasers of our stock to demand a higher annual yield from future dividends; and

• terrorist activity may adversely affect the markets in which our securities trade, possibly increasing market volatility and causing the further erosion of business and consumer confidence and spending.

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

Earnings and cash dividends, asset value and market interest rates affect the price of our stock.

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

If we issue additional securities, then the investment of existing stockholders will be diluted.

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

We could change our investment and financing policies without a vote of stockholders.

Subject to our current investment policy to maintain our qualification as a real estate investment trust (unless a change is approved by our board of directors under certain circumstances), our board of directors determines our investment and financing policies, our growth strategy and our debt, capitalization, distribution and operating policies. Although our board of directors does not presently intend to revise or amend these strategies and policies, they may do so at any time without a vote of stockholders. Any such changes may not serve the interests of all stockholders and could adversely affect our financial condition or results of operations, including our ability to pay dividends to our stockholders.

Shares available for future sale could adversely affect the market price of our common stock.

The operating partnership and AMB Property II, L.P. had 4,763,790 common limited partnership units issued and outstanding as of December 31, 2003, which may be exchanged generally one year after their issuance on a one-for-one basis into shares of our common stock. In the future, the operating partnership or AMB Property II, L.P. may issue additional limited partnership units, and we may issue shares of common stock, in connection with the acquisition of properties or in private placements. These shares of common stock and the shares of common stock issuable upon exchange of limited partnership units may be sold in the public securities markets over time, pursuant to registration rights that we have granted, or may grant in connection with future issuances, or pursuant to Rule 144. In addition, common stock issued under our stock option and incentive plans may also be sold in the market pursuant to registration statements that we have filed or pursuant to Rule 144. As of December 31, 2003, under our stock option and incentive plans, we had reserved 16,761,873 shares of common stock for issuance (not including shares that we have already issued), had outstanding options to purchase 10,286,057 shares of common stock (net of forfeitures and 1,213,905 shares that we have issued upon the exercise of options) and had 974,222 restricted shares of common stock outstanding (net of 52,209 shares that have been forfeited). Future sales of a substantial number of shares of our common stock in the market or the perception that such sales might occur could adversely affect the market price of our common stock. Further, the existence of the operating partnership's limited partnership units and the shares of our common stock reserved for issuance upon exchange of limited partnership units and the exercise of options, and registration rights referred to above, may adversely affect the terms upon which we are able to obtain additional capital through the sale of equity securities.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

Market risk is the risk of loss from adverse changes in market prices, interest rates and foreign exchange rates. Our future earnings and cash flows are dependent upon prevailing market rates. Accordingly, we manage our market risk by matching projected cash inflows from operating, investing and financing activities with projected cash outflows for debt service, acquisitions, capital expenditures, distributions to stockholders and unitholders, and other cash requirements. The majority of our outstanding debt has fixed interest rates, which minimizes the risk of fluctuating interest rates. Our exposure to market risk includes interest rate fluctuations in connection with our credit facility and other variable rate borrowings and our ability to incur more debt without stockholder approval, thereby increasing our debt service obligations, which could adversely affect our cash flows. As of December 31, 2003, we had no interest rate caps or swaps. See Item 2: "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital Resources — Market Capitalization."

The table below summarizes the market risks associated with our fixed and variable rate debt outstanding before unamortized debt premiums of $10.8 million as of December 31, 2003 (dollars in thousands):

	2004	2005	2006	2007	2008	Thereafter	Total
Fixed rate debt(1)	$96,425	$354,372	$168,961	$138,067	$365,496	$1,062,154	$2,185,475
Average interest rate	7.0%	7.0%	6.9%	7.1%	6.9%	6.7%	6.9%
Variable rate debt(2)	$ 2,045	$279,532	$ 51,898	$ 5,504	$ 5,637	$ 33,377	$ 377,993
Average interest rate	3.6%	1.9%	1.6%	3.8%	4.1%	4.1%	2.1%

(1) Represents 85.3% of all outstanding debt.

(2) Represents 14.7% of all outstanding debt.

If market rates of interest on our variable rate debt increased by 10% (or approximately 20 basis points), then the increase in interest expense on the variable rate debt would be $0.8 million annually. As of December 31, 2003, the estimated fair value of our fixed rate debt was $2,472.2 million based on our estimate of current market interest rates.

As of December 31, 2003 and 2002, variable rate debt comprised 14.7% and 9.3%, respectively, of all our outstanding debt. Variable rate debt was $378.0 million and $206.1 million, respectively, as of December 31, 2003 and 2002. The increase is due to a higher outstanding balance on our credit facility. This increase in our outstanding variable rate debt increases our risk associated with unfavorable interest rate fluctuations.

Financial Instruments. We record all derivatives on the balance sheet at fair value as an asset or liability, with an offset to accumulated other comprehensive income or income. For revenues or expenses denominated in non-functional currencies, we may use derivative financial instruments to manage foreign currency exchange rate risk. Our derivative financial instruments in effect at December 31, 2003, were a forward contract hedging against adverse foreign exchange fluctuations in the Mexican peso against the U.S. dollar and a put option hedging against adverse equity fluctuations affecting the value of stock warrants obtained from customers. The following table summarizes our financial instruments as of December 31, 2003:

Related Derivatives	Carrying Amount	Fair Value
	(In thousands)	
MXN/ USD Forward Contract (USD short):		
Expected Maturity March 30, 2004		
Contract Amount (MXN pesos)	37,201	
Forward Exchange Rate	10.86	
Contract Amount (USD Dollars)	$ 3,426	
Fair Value at December 31, 2003		$3,273
Put Option:		
Contract Amount	$ 188	
Fair Value at December 31, 2003		$ 57

Foreign Operations. Our exposure to market risk also includes foreign currency exchange rate risk. The U.S. dollar is the functional currency for our subsidiaries operating in the United States and Mexico. The functional currency for our subsidiaries operating outside North America is generally the local currency of the country in which the entity is located, mitigating the effect of foreign exchange gains and losses. Our subsidiaries whose functional currency is not the U.S. dollar translate their financial statements into U.S. dollars. Assets and liabilities are translated at the exchange rate in effect as of the financial statement date. We translate income statement accounts using the average exchange rate for the period and significant nonrecurring transactions using the rate on the transaction date. Gains resulting from the translation are included in accumulated other comprehensive income as a separate component of stockholders' equity and totaled $0.7 million for the year ended December 31, 2003.

Our foreign subsidiaries may have transactions denominated in currencies other than their functional currency. In these instances, non-monetary assets and liabilities are reflected at the historical exchange rate, monetary assets and liabilities are remeasured at the exchange rate in effect at the end of the period and income statement accounts are remeasured at the average exchange rate for the period. For the year ended December 31, 2003, losses from remeasurement included in our results of operations were less than $0.1 million.

We also record gains or losses in the income statement when a transaction with a third party, denominated in a currency other than the entity's functional currency, is settled and the functional currency cash flows realized are more or less than expected based upon the exchange rate in effect when the transaction was initiated.

Item 8. ***Financial Statements and Supplementary Data***

See Item 15: "Exhibits, Financial Statement Schedules, and Reports of Form 8-K."

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

On October 12, 2004, we announced a restatement of depreciation expense for our prior period results relating to 39 buildings in our portfolio, 38 of which are located on-tarmac, which is land owned by federal, state or local airport authorities. As part of management's on-going review of our accounting policies and internal control over financial reporting, management determined that we should have depreciated certain of our investments in buildings that reside on land subject to ground leases over the remaining terms of the ground leases, rather than over 40 years, which is the period used to depreciate buildings that we hold in fee simple. Management determined that the cause for this depreciation error was that there was no mechanism in place to segregate and apply appropriate depreciable lives to assets subject to ground leases. Our general ledger did not have a separate account designation for assets subject to ground leases so these assets were not segregated into a separate expected useful life category for depreciation purposes.

Management also determined that the internal control deficiency that resulted in this restatement represents a material weakness, as defined by the Public Company Accounting Oversight Board's Auditing Standard No. 2. The Public Company Accounting Oversight Board has defined material weakness as "a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected." Our conclusion that the control issues surrounding ground lease depreciation constituted a material weakness means that, absent remediation of these issues, there would exist a reasonable possibility of a material misstatement in our financial statements for future periods.

Going forward, these assets will be depreciated over the lesser of 40 years or the contractual term of the underlying ground lease. In connection with correcting this error, management has taken appropriate action to modify our system of internal control over financial reporting to remediate this internal control deficiency. Specifically, we have implemented the following remediation measures with respect to this material weakness:

- Management modified our existing property acquisition accounting checklist system to identify ground leases to the appropriate accounting and finance personnel who create journal entries in the general ledger and to communicate certain information regarding such ground leases, including lease commencement and termination dates and any contractual extension options.

- Management created new general ledger accounts to segregate ground lease assets from fee simple assets and reclassified all investments in buildings that reside on land subject to ground leases into the new general ledger accounts.

- Management modified our existing property depreciation accounting policy to include a separate category for buildings residing on land subject to ground leases, which under the policy will be depreciated over the lesser of 40 years or the contractual term of the underlying ground lease.

- Management designated certain finance personnel to review our quarterly depreciation calculations, which will include a review for the correct depreciable lives of ground lease assets.

To reflect additional depreciation expense in this Form 10-K/ A, management has restated our consolidated financial statements contained in our Annual Report on Form 10-K and Amendment No. 1 on our Annual Report on Form 10-K/ A for the year ended December 31, 2003 originally filed with the U.S. Securities and Exchange Commission on March 11, 2004 and March 15, 2004, respectively. Management and the audit committee of our board of directors discussed with our independent auditors, PricewaterhouseCoopers LLP, and determined that this was the proper approach. On October 12, 2004, management and the audit committee of our board of directors concluded that our consolidated financial statements contained in our Annual Report on Form 10-K and Amendment No. 1 on our Annual Report on Form 10-K/ A for the year ended December 31, 2003 originally filed with the U.S. Securities and Exchange Commission on March 11, 2004 and March 15, 2004 respectively, should no longer be relied upon because of this error in such financial statements as addressed in Accounting Principles Board Opinion No. 20.

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended, we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer, president and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures that were in effect as of the end of the year covered by this report. Based on the material weakness described above, our chief executive officer, president and chief financial officer each concluded that our disclosure controls and procedures were not effective at a reasonable assurance level as of December 31, 2003. However, in light of the implementation of the new remediation measures described above, our chief executive officer, president and chief financial officer believe, as of the date of this report, management has taken appropriate action to modify our internal control over financial reporting relating to ground lease depreciation and remediate this material weakness. The changes in our internal control over financial reporting discussed above materially affected our internal control over financial reporting.

Except as stated above, there have been no other changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART III

Items 10, 11, 12, 13 and 14.

The information required by Items 10 through 14 will be contained in a definitive proxy statement for our Annual Meeting of Stockholders, which we anticipate will be filed no later than 120 days after the end of our fiscal year pursuant to Regulation 14A and accordingly these items have been omitted in accordance with General Instruction G(3) to Form 10-K.

PART IV

Item 15. *Exhibits and Financial Statement Schedules*

(a)(1) and (2) **Financial Statements and Schedules:**

The following consolidated financial information is included as a separate section of this report on Form 10-K.

All other schedules are omitted since the required information is not present in amounts sufficient to require submission of the schedule or because the information required is included in the financial statements and notes thereto.

(a)(3) **Exhibits:**

Exhibit Number	Description
3.1	Articles of Incorporation of AMB Property Corporation (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)).
3.2	Articles Supplementary establishing and fixing the rights and preferences of the 8 5/8% Series B Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 7, 1999).
3.3	Articles Supplementary establishing and fixing the rights and preferences of the 8.75% Series C Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.2 of AMB Property Corporation's Current Report on Form 8-K filed on January 7, 1999).
3.4	Articles Supplementary establishing and fixing the rights and preferences of the 7.75% Series D Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999).
3.5	Articles Supplementary establishing and fixing the rights and preferences of the 7.75% Series E Cumulative Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 14, 1999).

Exhibit Number	Description
3.6	Articles Supplementary establishing and fixing the rights and preferences of the 7.95% Series F Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on April 14, 2000).
3.7	Articles Supplementary establishing and fixing the rights and preferences of the 7.95% Series G Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 29, 2000).
3.8	Articles Supplementary establishing and fixing the rights and preferences of the 8.125% Series H Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Current Report on Form 8-K filed on September 29, 2000).
3.9	Articles Supplementary establishing and fixing the rights and preferences of the 8.00% Series I Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 23, 2001).
3.10	Articles Supplementary establishing and fixing the rights and preferences of the 7.95% Series J Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on October 3, 2001).
3.11	Articles Supplementary redesignating and reclassifying all 2,200,000 Shares of the 8.75% Series C Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on December 7, 2001).
3.12	Articles Supplementary establishing and fixing the rights and preferences of the 7.95% Series K Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on April 23, 2002).
3.13	Articles Supplementary Redesignating and Reclassifying 130,000 Shares of 7.95% Series F Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.2 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).
3.14	Articles Supplementary Redesignating and Reclassifying all 20,000 Shares of 7.95% Series G Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).
3.16	Articles Supplementary establishing and fixing the rights and preferences of the 6 1/2% Series L Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.16 of AMB Property Corporation's Current Report on Form 8-A filed on June 20, 2003).
3.17	Articles Supplementary establishing and fixing the rights and preferences of the 6 3/4% Series M Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.17 of AMB Property Corporation's Form 8-K filed on November 26, 2003).
3.18	Third Amended and Restated Bylaws of AMB Property Corporation (incorporated by reference to Exhibit 3.17 of AMB Property Corporation's 8-A filed on June 20, 2003).
4.1	Form of Certificate for Common Stock of AMB Property Corporation (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)).
4.2	Form of Certificate for 6 1/2% Series L Cumulative Redeemable Preferred Stock of AMB Property Corporation (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Form 8-A filed on June 20, 2003).
4.3	Form of Certificate for 6 3/4% Series M Cumulative Redeemable Preferred Stock of AMB Property Corporation (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Form 8-A filed on November 12, 2003).
4.4	$30,000,000 7.925% Fixed Rate Note No. 1 dated August 18, 2000, attaching the Parent Guarantee dated August 18, 2000 (incorporated by reference to Exhibit 4.5 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000).

Exhibit Number	Description
4.5	$25,000,000,000 7.925% Fixed Rate Note No. 2 dated September 12, 2000, attaching the Parent Guarantee dated September 12, 2000 (incorporated by reference to Exhibit 4.6 of AMB Property Corporation’s Annual Report on Form 10-K for the year ended December 31, 2000).
4.6	$50,000,000 8.00% Fixed Rate Note No. 3 dated October 26, 2000, attaching the Parent Guarantee dated October 26, 2000 (incorporated by reference to Exhibit 4.7 of AMB Property Corporation’s Annual Report on Form 10-K for the year ended December 31, 2000).
4.7	$25,000,000 8.000% Fixed Rate Note No. 4 dated October 26, 2000, attaching the Parent Guarantee dated October 26, 2000 (incorporated by reference to Exhibit 4.8 of AMB Property Corporation’s Annual Report on Form 10-K for the year ended December 31, 2000).
4.8	$50,000,000 7.20% Fixed Rate Note No. 5 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.1 of AMB Property Corporation’s Current Report on Form 8-K filed on January 8, 2001).
4.9	$50,000,000 7.20% Fixed Rate Note No. 6 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.2 of AMB Property Corporation’s Current Report on Form 8-K filed on January 8, 2001).
4.10	$50,000,000 7.20% Fixed Rate Note No. 7 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.3 of AMB Property Corporation’s Current Report on Form 8-K filed on January 8, 2001).
4.11	Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property Corporation’s Registration Statement on Form S-11 (No. 333-49163)).
4.12	First Supplemental Indenture dated as of June 30, 1998 by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.2 of AMB Property Corporation’s Registration Statement on Form S-11 (No. 333-49163)).
4.13	Second Supplemental Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.3 of AMB Property Corporation’s Registration Statement on Form S-11 (No. 333-49163)).
4.14	Third Supplemental Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.4 of AMB Property Corporation’s Registration Statement on Form S-11 (No. 333-49163)).
4.15	Fourth Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property Corporation’s Current Report on Form 8-K/ A filed on November 9, 2000).
4.16	Fifth Supplemental Indenture dated as of May 7, 2002, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.15 of AMB Property Corporation’s Annual Report on Form 10-K for the year ended December 31, 2002).
4.17	Specimen of 7.10% Notes due 2008 (included in the First Supplemental Indenture incorporated by reference as Exhibit 4.2 of AMB Property Corporation’s Registration Statement on Form S-11 (No. 333-49163)).
4.18	Specimen of 7.50% Notes due 2018 (included in the Second Supplemental Indenture incorporated by reference as Exhibit 4.3 of AMB Property Corporation’s Registration Statement on Form S-11 (No. 333-49163)).
4.19	Specimen of 6.90% Reset Put Securities due 2015 (included in the Third Supplemental Indenture incorporated by reference as Exhibit 4.4 of AMB Property Corporation’s Registration Statement on Form S-11 (No. 333-49163)).

Exhibit Number	Description
4.20	$25,000,000 6.90% Fixed Rate Note No. 8 dated January 9, 2001, attaching the Parent Guarantee dated January 9, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 31, 2001).
4.21	$50,000,000 7.00% Fixed Rate Note No. 9 dated March 7, 2001, attaching the Parent Guarantee dated March 7, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 16, 2001).
4.22	$25,000,000 6.75% Fixed Rate Note No. 10 dated September 6, 2001, attaching the Parent Guarantee dated September 6, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 18, 2001).
4.23	$20,000,000 5.90% Fixed Rate Note No. 11 dated January 17, 2002, attaching the Parent Guarantee dated January 17, 2002 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 23, 2002).
4.24	$75,000,000 5.53% Fixed Rate Note No. B-1 dated November 10, 2003, attaching the Parent Guarantee dated November 10, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003).
4.25	$50,000,000 Floating Rate Note No. B-1 dated November 21, 2003, attaching the Parent Guarantee dated November 21, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 21, 2003).
4.26	Registration Rights Agreement dated November 14, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 17, 2003).
10.1	Distribution Agreement dated May 7, 2002, by and among AMB Property Corporation, AMB Property, L.P., Morgan Stanley & Co. Incorporated, A.G. Edwards & Sons, Inc., Banc of America Securities LLC, Bear, Stearns & Co. Inc., Commerzbank Capital Markets Corp., First Union Securities, Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc., and PNC Capital Markets, Inc. (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2003).
10.2	Terms Agreement dated as of December 14, 2000, by and between Morgan Stanley & Co., Incorporated and J.P. Morgan Securities Inc. and AMB Property, L.P. (incorporated herein by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001).
10.3	Terms Agreement dated as of January 4, 2001, by and between A.G. Edwards & Sons, Inc. and AMB Property, L.P. (incorporated herein by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 31, 2001).
10.4	Terms Agreement dated as of March 2, 2001, by and among First Union Securities, Inc., AMB Property, L.P. and AMB Property Corporation (incorporated by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 16, 2001).
10.5	Tenth Amended and Restated Agreement of Limited Partnership of AMB Property, L.P. dated as of November 26, 2003 (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on November 26, 2003).
10.6	Form of Registration Rights Agreement among AMB Property Corporation and the persons named therein (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)).
10.7	Form of Change in Control and Noncompetition Agreement between AMB Property Corporation and Executive Officers (incorporated by reference to Exhibit 10.6 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 1998).
10.8	Dividend Reinvestment and Direct Purchase Plan, dated July 9, 1999 (incorporated by reference to Exhibit 10.4 of AMB Property Corporation's Quarterly Report on Report Form 10-Q for the quarter ended June 30, 1999).
10.9	Twelfth Amended and Restated Agreement of Limited Partnership of AMB Property II, L.P., dated as of November 14, 2003 (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 17, 2003).

Exhibit Number	Description
10.10	Amended and Restated Revolving Credit Agreement, dated as of December 11, 2002, by and among AMB Property, L.P., the banks listed therein, JPMorgan Chase Bank, as administrative agent, J.P. Morgan Europe Limited, as administrative agent for alternate currencies, Bank of America, N.A., as syndication agent, J.P. Morgan Securities Inc. and Banc of America Securities LLC, as joint lead arrangers and joint bookrunners, Bank One, NA, Commerzbank Aktiengesellschaft, New York and Grand Cayman Branches and Wachovia Bank, N.A., as documentation agents, PNC Bank, National Association, The Bank of Nova Scotia, acting through its San Francisco Agency, and Wells Fargo Bank, N.A., as managing agents, and KeyBank National Association, as co-agent (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on December 18, 2002).
10.11	Amendment to Amended and Restated Credit Agreement dated as of July 10, 2003, by and among AMB Property, L.P., the banks listed therein, JP Morgan Chase Bank, as administrative agent, Bank of America, N.A., as syndication agent, and Bank One, N.A., Commerzbank, A.G., New York and Grand Cayman Branches, and Wachovia Bank, as documentation agent (incorporated by reference to Exhibit 10.3 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003).
10.12	Guaranty of Payment, dated as of December 11, 2002, by AMB Property Corporation for the benefit of JPMorgan Chase Bank, as administrative agent, and J.P. Morgan Europe Limited, as administrative agent for alternate currencies, for the banks listed on the signature page to the Revolving Credit Agreement (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on December 18, 2002).
10.13	Qualified Borrower Guaranty, dated as of December 11, 2002, by AMB Property, L.P. for the benefit of JPMorgan Chase Bank and J.P. Morgan Europe Limited, as administrative agents for the banks listed on the signature page to the Revolving Credit Agreement (incorporated by reference to Exhibit 10.3 of AMB Property Corporation's Current Report on Form 8-K filed on December 18, 2002).
10.14	Terms Agreement dated as of August 30, 2001, by and among Lehman Brothers Inc., AMB Property, L.P., and AMB Property Corporation (incorporated by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 18, 2001).
10.15	Terms Agreement dated as of January 14, 2002, by and among Lehman Brothers Inc., AMB Property, L.P., and AMB Property Corporation (incorporated by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 23, 2002).
10.16	Third Amended and Restated 1997 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 10.22 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2001).
10.17	Amendment No. 1 to the Third Amended and Restated 1997 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 10.23 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2001).
10.18	2002 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 4.15 of AMB Property Corporation's Registration Statement on Form S-8 (No. 333-90042)).
10.19	Amended and Restated AMB Nonqualified Deferred Compensation Plan (incorporated by reference to Exhibit 4.17 of AMB Property Corporation's Registration Statement on Form S-8 (No. 333-100214)).
10.20	Note Purchase Agreement dated as of November 5, 2003, by and between AMB Property, L.P. and Teachers Insurance and Annuity Association of America (incorporated by reference to Exhibit 99.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 6, 2003).
10.21	Agreement of Sale, made as of October 6, 2003, by and between AMB Property, L.P., International Airport Centers L.L.C. and certain affiliated entities (incorporated by reference to Exhibit 99.3 of AMB Property Corporation's Current Report on Form 8-K filed on November 6, 2003).
21.1	Subsidiaries of AMB Property Corporation (incorporated by reference to Exhibit 21.1 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2003).

Exhibit Number	Description
23.1	Consent of PricewaterhouseCoopers LLP.
24.1	Powers of Attorney (incorporated by reference to Exhibit 24.1 of AMB Property Corporation’s Annual Report on Form 10-K for the year ended December 31, 2003).
31.1	Rule 13a-14(a)/15d-14(a) Certifications dated November 9, 2004.
32.1	18 U.S.C. § 1350 Certifications dated November 9, 2004. The certifications in this exhibit are being furnished solely to accompany this report pursuant to 18 U.S.C. § 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any of our filings, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

(b) **Exhibits:**

See Item 15(a)(3) above.

(c) **Financial Statement Schedules:**

See Item 15(a)(1) and (2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, AMB Property Corporation has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on November 9, 2004.

AMB PROPERTY CORPORATION

By: /s/ MICHAEL A. COKE

Michael A. Coke
Chief Financial Officer and
Executive Vice President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of AMB Property Corporation and in the capacities and on the dates indicated.

Name	Title	Date
/s/ HAMID R. MOGHADAM* Hamid R. Moghadam	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	November 9, 2004
/s/ W. BLAKE BAIRD* W. Blake Baird	President and Director	November 9, 2004
/s/ T. ROBERT BURKE* T. Robert Burke	Director	November 9, 2004
/s/ DAVID A. COLE* David A. Cole	Director	November 9, 2004
/s/ J. MICHAEL LOSH* J. Michael Losh	Director	November 9, 2004
/s/ FREDERICK W. REID* Frederick W. Reid	Director	November 9, 2004
/s/ JEFFREY L. SKELTON* Jeffrey L. Skelton	Director	November 9, 2004
Thomas W. Tusher	Director	
/s/ CARYL B. WELBORN* Caryl B. Welborn	Director	November 9, 2004

Name	Title	Date
/s/ MICHAEL A. COKE Michael A. Coke	Chief Financial Officer and Executive Vice President (Duly Authorized Officer and Principal Financial and Accounting Officer)	November 9, 2004
*By: /s/ MICHAEL A. COKE Michael A. Coke *Attorney-in-Fact*		

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

AMB Property Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of AMB Property Corporation and its subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements, the Company has restated its financial statements for each of the three years in the period ended December 31, 2003.

As discussed in Note 2 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 150,*Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity,* in 2003 and the expense recognition provisions of SFAS No. 123,*Accounting for Stock-based Compensation,* and SFAS No. 144, *Accounting for the Impairment or Disposal of Long Lived Assets,* in 2002. In addition, as discussed in Note 2 to the consolidated financial statements, the Company restated its net income available to common stockholders for the year ended December 31, 2001 for the application of Emerging Issues Task Force Topic No. D-42, *The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock.*

PricewaterhouseCoopers LLP

San Francisco, California

February 13, 2004, except for Note 2,
as to which the date is November 8, 2004

AMB PROPERTY CORPORATION

CONSOLIDATED BALANCE SHEETS

As of December 31, 2003 (Restated) and 2002 (Restated)

	December 31, 2003 (Restated)	December 31, 2002 (Restated)
	(Dollars in thousands, except share amounts)	
ASSETS		
Investments in real estate:		
Land	**$1,403,807**	$1,236,406
Buildings and improvements	**3,888,272**	3,553,886
Construction in progress	**199,628**	132,490
Total investments in properties	**5,491,707**	4,922,782
Accumulated depreciation and amortization	**(485,559)**	(368,205)
Net investments in properties	**5,006,148**	4,554,577
Investments in unconsolidated joint ventures	**52,009**	64,428
Properties held for divestiture, net	**11,751**	107,871
Net investments in real estate	**5,069,908**	4,726,876
Cash and cash equivalents	**127,678**	89,332
Restricted cash	**28,985**	27,882
Mortgages receivable	**43,145**	13,133
Accounts receivable, net of allowance for doubtful accounts of $6,581 and $6,720, respectively	**88,452**	74,207
Other assets	**51,391**	52,199
Total assets	**$5,409,559**	$4,983,629
LIABILITIES AND STOCKHOLDERS' EQUITY		
Debt:		
Secured debt	**$1,363,890**	$1,284,675
Unsecured senior debt securities	**925,000**	800,000
Alliance Fund II credit facility	**—**	45,500
Unsecured debt	**9,628**	10,186
Unsecured credit facility	**275,739**	95,000
Total debt	**2,574,257**	2,235,361
Dividends payable	**39,076**	41,213
Accounts payable and other liabilities	**148,019**	140,503
Total liabilities	**2,761,352**	2,417,077
Commitments and contingencies (Note 15)		
Minority interests:		
Joint venture partners	**658,723**	488,026
Preferred unitholders	**241,899**	308,369
Limited partnership unitholders	**90,448**	94,078
Total minority interests	**991,070**	890,473
Stockholders' equity:		
Series A preferred stock, cumulative, redeemable, $.01 par value, 4,600,000 shares authorized and 3,995,800 issued and outstanding, $99,895 liquidation preference at December 31, 2002	**—**	95,994
Series L preferred stock, cumulative, redeemable, $.01 par value, 2,300,000 shares authorized and 2,000,000 issued and outstanding, $50,000 liquidation preference at December 31, 2003	**48,018**	—
Series M preferred stock, cumulative, redeemable, $.01 par value, 2,300,000 shares authorized and 2,300,000 issued and outstanding, $57,500 liquidation preference at December 31, 2003	**55,355**	—
Common stock $.01 par value, 500,000,000 shares authorized, 81,792,913 and 82,029,449 issued and outstanding, respectively	**818**	820
Additional paid-in capital	**1,551,441**	1,579,234
Retained earnings	**—**	—
Accumulated other comprehensive income	**1,505**	31
Total stockholders' equity	**1,657,137**	1,676,079
Total liabilities and stockholders' equity	**$5,409,559**	$4,983,629

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

AMB PROPERTY CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2003 (Restated), 2002 (Restated) and 2001 (Restated)

	2003	2002	2001
	(Restated)	(Restated) (Dollars in thousands, except share and per share amounts)	(Restated)
REVENUES			
Rental revenues	**$ 601,700**	$ 578,489	$ 523,294
Private capital income	**13,337**	11,193	10,972
Total revenues	**615,037**	589,682	534,266
COSTS AND EXPENSES			
Property operating expenses	**(88,513)**	(76,431)	(63,710)
Real estate taxes	**(71,394)**	(67,698)	(62,632)
Depreciation and amortization	**(138,956)**	(126,916)	(105,694)
Impairment losses	**(5,251)**	(2,846)	(18,600)
General and administrative	**(47,729)**	(47,207)	(35,820)
Total costs and expenses	**(351,843)**	(321,098)	(286,456)
OTHER INCOME AND EXPENSES			
Equity in earnings of unconsolidated joint ventures, net	**5,445**	5,674	5,467
Interest and other income	**4,648**	10,460	16,340
Gains from dispositions of real estate	**7,429**	2,480	41,859
Development profits, net of taxes	**14,441**	1,171	17,276
Loss on investments in other companies	**—**	—	(20,758)
Interest, including amortization	**(146,773)**	(146,200)	(124,833)
Total other income and expenses	**(114,810)**	(126,415)	(64,649)
Income before minority interests and discontinued operations	**148,384**	142,169	183,161
Minority interests’ share of income:			
Joint venture partners’ share of operating income	**(34,146)**	(28,706)	(25,709)
Joint venture partners’ share of development profits	**(8,442)**	(196)	(4,871)
Preferred unitholders	**(24,607)**	(25,149)	(28,682)
Limited partnership unitholders	**(3,493)**	(4,477)	(5,718)
Total minority interests’ share of income	**(70,688)**	(58,528)	(64,980)
Income from continuing operations	**77,696**	83,641	118,181
Discontinued operations:			
Income attributable to discontinued operations, net of minority interests	**8,536**	20,575	18,019
Gains from dispositions of real estate, net of minority interests	**42,896**	16,903	—
Total discontinued operations	**51,432**	37,478	18,019
Net income	**129,128**	121,119	136,200
Preferred stock dividends	**(6,999)**	(8,496)	(8,500)
Preferred stock and unit redemption discount/(issuance costs or premium)	**(5,413)**	412	(7,600)
Net income available to common stockholders	**$ 116,716**	$ 113,035	$ 120,100
Basic income per common share			
Income from continuing operations (includes preferred stock dividends and preferred stock and unit redemption discount/(issuance costs or premium))	**$ 0.81**	$ 0.91	$ 1.21
Discontinued operations	**0.63**	0.45	0.22
Net income available to common stockholders	**$ 1.44**	$ 1.36	$ 1.43
Diluted income per common share			
Income from continuing operations (includes preferred stock dividends and preferred stock and unit redemption discount/(issuance costs or premium))	**$ 0.79**	$ 0.89	$ 1.20
Discontinued operations	**0.62**	0.44	0.21
Net income available to common stockholders	**$ 1.41**	$ 1.33	$ 1.41
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING			
Basic	**81,096,062**	83,310,885	84,174,644

Diluted	**82,852,528**	84,795,987	85,214,066

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

AMB PROPERTY CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2003 (Restated), 2002 (Restated) and 2001 (Restated)

	Preferred Stock	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
				(Restated)	(Restated)		(Restated)
				(Dollars in thousands, except share amounts)			
Balance as of December 31, 2000	$ 96,100	84,138,751	$ 841	1,638,655	$ 36,066	$ (3,732)	$1,767,930
Net income	8,500	—	—	—	120,100	—	
Reversal of unrealized loss on securities	—	—	—	—	—	3,732	
Currency translation adjustment	—	—	—	—	—	—	
Total comprehensive income						—	132,332
Issuance of restricted stock, net	—	237,920	2	5,851	—	—	5,853
Exercise of stock options	—	201,960	2	4,272	—	—	4,274
Conversion of partnership units	—	635,798	7	15,248	—	—	15,255
Retirement of common stock	—	(1,392,600)	(14)	(32,878)	—	—	(32,892)
Stock-based deferred compensation	—	—	—	(5,853)	—	—	(5,853)
Stock-based compensation amortization	—	—	—	2,725	—	—	2,725
Reallocation of partnership interest	—	—	—	(256)	—	—	(256)
Dividends	(8,500)	—	—	—	(133,479)	—	(141,979)
Balance as of December 31, 2001 (Restated)	96,100	83,821,829	838	1,627,764	22,687	—	1,747,389
Net income	8,496	—	—	—	113,035	—	
Currency translation adjustment	—	—	—	—	—	31	
Total comprehensive income						—	121,562
Issuance of restricted stock, net	—	170,604	2	4,706	—	—	4,708
Issuance of stock options, net	—	—	—	2,770	—	—	2,770
Exercise of stock options	—	565,976	6	14,824	—	—	14,830
Conversion of partnership units	—	122,640	1	2,308	—	—	2,309
Retirement of common and preferred stock	(106)	(2,651,600)	(27)	(69,372)	—	—	(69,505)
Stock-based deferred compensation	—	—	—	(7,478)	—	—	(7,478)
Stock-based compensation amortization	—	—	—	5,265	—	—	5,265
Reallocation of partnership interest	—	—	—	(54)	—	—	(54)
Dividends	(8,496)	—	—	(1,499)	(135,722)	—	(145,717)
Balance as of December 31, 2002 (Restated)	95,994	82,029,449	820	1,579,234	—	31	1,676,079
Net income	**6,999**	—	—	—	**116,716**	—	
Unrealized gain on securities	—	—	—	—	—	**812**	
Currency translation adjustment	—	—	—	—	—	**662**	
Total comprehensive income						—	**125,189**
Issuance of preferred stock, net	**103,373**	—	—	—	—	—	**103,373**
Issuance of restricted stock, net	—	**256,611**	**3**	**6,960**	—	—	**6,963**
Issuance of stock options, net	—	—	—	**4,510**	—	—	**4,510**
Exercise of stock options	—	**317,753**	**3**	**6,944**	—	—	**6,947**
Conversion of partnership units	—	**2,000**	—	**58**	—	—	**58**
Retirement of common and preferred stock	**(95,994)**	**(812,900)**	**(8)**	**(21,231)**	—	—	**(117,233)**
Stock-based deferred compensation	—	—	—	**(11,470)**	—	—	**(11,470)**
Stock-based compensation amortization	—	—	—	**8,076**	—	—	**8,076**
Reallocation of partnership interest	—	—	—	**(1,102)**	—	—	**(1,102)**
Dividends	**(6,999)**	—	—	**(20,538)**	**(116,716)**	—	**(144,253)**
Balance as of December 31, 2003 (Restated)	**$103,373**	**81,792,913**	**$ 818**	**$1,551,441**	**$ —**	**$ 1,505**	**$1,657,137**

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

AMB PROPERTY CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2003 (Restated), 2002 (Restated) and 2001 (Restated)

	2003	2002	2001
	(Restated)	(Restated) (Dollars in thousands)	(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	**$ 129,128**	$ 121,119	$ 136,200
Adjustments to net income:			
Straight-line rents	**(10,662)**	(11,013)	(10,093)
Depreciation and amortization	**138,956**	126,916	105,694
Impairment losses	**5,251**	2,846	18,600
Stock-based compensation amortization	**8,075**	5,265	2,725
Equity in earnings of unconsolidated joint ventures	**(5,445)**	(5,674)	(5,467)
Equity in loss of AMB Investment Management, Inc.	**—**	—	43
Gains from dispositions of real estate	**(7,429)**	(2,480)	(41,859)
Development profits, net of taxes	**(14,441)**	(1,171)	(17,276)
Loss on investments in other companies	**—**	—	20,758
Debt premiums, discounts and finance cost amortization, net	**2,049**	(58)	(3,562)
Total minority interests' share of net income	**70,688**	58,528	64,980
Discontinued operations:			
Depreciation and amortization	**3,381**	9,587	7,849
Joint venture partners' share of net income	**1,471**	2,049	1,183
Limited partnership unitholders' share of net income	**497**	1,197	1,109
Gains from dispositions of real estate, net of minority interests	**(42,896)**	(16,903)	—
Changes in assets and liabilities:			
Accounts receivable and other assets	**(14,603)**	(8,269)	14,303
Accounts payable and other liabilities	**7,516**	6,862	(6,625)
Net cash provided by operating activities	**271,536**	288,801	288,562
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in restricted cash	**1,103**	(19,221)	13,703
Cash paid for property acquisitions	**(477,261)**	(355,964)	(402,208)
Additions to land, buildings, development costs and other first generation improvements	**(227,628)**	(152,196)	(174,651)
Additions to second generation building improvements and lease costs	**(56,250)**	(54,931)	(47,842)
Net proceeds from divestiture of real estate	**423,996**	257,383	242,505
Additions to interests in unconsolidated joint ventures	**(20,147)**	—	—
Distributions received from unconsolidated joint ventures	**38,196**	6,458	5,341
Repayment/(issuance) of mortgage receivable	**(30,012)**	74,081	—
Net cash used in investing activities	**(348,003)**	(244,390)	(363,152)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock, proceeds from stock option exercises	**6,947**	14,830	4,274
Repurchase and retirement of common and preferred stock	**(121,239)**	(69,505)	(32,892)
Borrowings on secured debt	**192,750**	167,960	362,052
Payments on secured debt	**(157,310)**	(146,118)	(88,866)
Borrowings on unsecured credit facility	**603,550**	230,000	210,000
Payments on unsecured credit facility	**(431,000)**	(147,000)	(414,000)
Borrowings on Alliance Fund II credit facility	**8,000**	67,250	125,000
Payments on Alliance Fund II credit facility	**(53,500)**	(145,250)	(1,500)
Payment of financing fees	**(3,187)**	(6,837)	(7,296)
Net proceeds from issuances of senior debt securities	**124,566**	19,883	99,406
Net proceeds from issuances of preferred stock or units	**103,373**	38,932	63,727
Repurchase of preferred units	**(71,883)**	(7,927)	(114,400)
Contributions from co-investment partners	**171,042**	146,572	134,770
Dividends paid to common and preferred stockholders	**(152,239)**	(112,085)	(141,979)
Distributions to minority interests, including preferred units	**(107,848)**	(78,855)	(70,993)
Net cash provided by/(used in) financing activities	**112,022**	(28,150)	127,303
Effect of exchange rate changes on cash	**2,791**	—	—
Net increase in cash and cash equivalents	**35,555**	16,261	52,713
Cash and cash equivalents at beginning of period	**89,332**	73,071	20,358
Cash and cash equivalents at end of period	**$ 127,678**	$ 89,332	$ 73,071
Supplemental Disclosures of Cash Flow Information			
Cash paid for interest, net of capitalized interest	**$ 153,300**	$ 165,154	$ 147,637
Non-cash transactions:			
Acquisition of properties	**$ 533,864**	$ 403,318	$ 428,254
Assumption of debt	**(42,246)**	(39,687)	(9,724)
Acquisition capital	**(9,870)**	(7,667)	(16,322)
Minority interests' contributions, including units issued	**(4,487)**	—	—
Net cash paid	**$ 477,261**	$ 355,964	$ 402,208

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

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 and 2002

1. Organization and Formation of the Company

AMB Property Corporation, a Maryland corporation (the "Company"), commenced operations as a fully integrated real estate company effective with the completion of its initial public offering on November 26, 1997. The Company elected to be taxed as a real estate investment trust ("REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986 (the "Code"), commencing with its taxable year ended December 31, 1997, and believes its current organization and method of operation will enable it to maintain its status as a real estate investment trust. The Company, through its controlling interest in its subsidiary, AMB Property, L.P., a Delaware limited partnership (the "Operating Partnership"), is engaged in the acquisition, ownership, operation, management, renovation, expansion and development of primarily industrial properties in key distribution markets throughout North America, Europe and Asia. Unless the context otherwise requires, the "Company" means AMB Property Corporation, the Operating Partnership and their other controlled subsidiaries.

As of December 31, 2003, the Company owned an approximate 94.5% general partnership interest in the Operating Partnership, excluding preferred units. The remaining 5.5% limited partnership interests are owned by non-affiliated investors and certain current and former directors and officers of the Company. For local law purposes, certain properties are owned through limited partnerships, limited liability companies and other entities. The ownership of such properties through such entities does not materially affect the Company's overall ownership interests in the properties. As the sole general partner of the Operating Partnership, the Company has full, exclusive and complete responsibility and discretion in the day-to-day management and control of the Operating Partnership. Net operating results of the Operating Partnership are allocated after preferred unit distributions based on the respective partners' ownership interests.

Through the Operating Partnership, the Company enters into co-investment joint ventures with institutional investors. These co-investment joint ventures provide the Company with an additional source of capital and income. As of December 31, 2003, the Company had investments in six co-investment joint ventures, which are consolidated for financial reporting purposes.

AMB Capital Partners, LLC, a Delaware limited liability company ("AMB Capital Partners"), provides real estate investment services to clients and co-investment joint venture clients on a fee basis. Headlands Realty Corporation, a Maryland corporation, conducts a variety of businesses that include incremental income programs and development projects available for sale to third parties. IMD Holding Corporation, a Delaware corporation, also conducts a variety of businesses that include development projects available for sale to third parties. AMB Capital Partners, Headlands Realty Corporation and IMD Holding Corporation are wholly-owned subsidiaries of the Company.

Any references to the number of buildings, square footage, customers and occupancy data in the financial statement footnotes are unaudited.

As of December 31, 2003, the Company owned 948 operating industrial buildings and six retail and other properties, aggregating approximately 87.6 million rentable square feet, located in 34 markets throughout North America and in France, Germany and Japan. The Company's strategy is to become a leading provider of distribution properties in supply-constrained submarkets located near key international passenger and cargo airports, highway systems and seaports in major metropolitan areas of North America, Europe and Asia. These markets are generally tied to global trade. As of December 31, 2003, the industrial buildings, principally warehouse distribution buildings, encompassed approximately 87.1 million rentable square feet and were 93.1% leased. As of December 31, 2003, the retail centers, principally grocer-anchored community shopping centers, encompassed approximately 0.5 million rentable square feet and were 75.2% leased.

As of December 31, 2003, through AMB Capital Partners, the Company also managed, but did not have an ownership interest in, industrial, retail and other properties, totaling approximately 0.5 million rentable square feet. In addition, the Company had investments in industrial operating properties, totaling approximately 7.9 million rentable square feet, through unconsolidated joint ventures. As of December 31, 2003, the Company also had investments in industrial development projects, some of which were held for sale, totaling approximately 5.5 million square feet.

2. Summary of Significant Accounting Policies

Restatement. On October 12, 2004, the Company announced a restatement of depreciation expense for its prior period results relating to 39 buildings in its portfolio, 38 of which are located on-tarmac, which is land owned by federal, state or local airport authorities. As part of management's on-going review of its accounting policies and internal control over financial reporting, management determined that it should have depreciated certain of its investments in buildings that reside on land subject to ground leases over the remaining terms of the ground leases, rather than over 40 years, which is the period used to depreciate buildings that the Company holds in fee simple. The Company did not segregate these assets into a separate expected useful life category for depreciation purposes. In connection with correcting this error, the Company has taken appropriate action to modify its system of internal control over financial reporting to remediate this internal control deficiency. Going forward, these assets will be depreciated over the lesser of 40 years or the contractual term of the underlying ground lease. To reflect additional depreciation expense, management has restated the Company's consolidated financial statements contained in its previously issued consolidated financial statements for the years ended December 31, 2003, 2002 and 2001 filed on Forms 10-K and 10-K/A for the year ended December 31, 2003.

The effect of the restatement of depreciation expense is reflected in the restated consolidated financial statements contained in this Form 10-K/A, which includes a reduction in diluted earnings per share by $0.02 from $1.43 to $1.41 for 2001, by $0.04 from $1.37 to $1.33 for 2002 and by $0.06 from $1.47 to $1.41 for 2003; a reduction in net income available to common stockholders from $121.9 million to $120.1 million for 2001, from $116.2 million to $113.0 million for 2002 and from $121.6 million to $116.7 million for 2003; and an increase in depreciation and amortization expense from $103.6 million to $105.7 million for 2001, from $123.4 million to $126.9 million for 2002 and from $133.5 million to $139.0 million for 2003.

Restatements on Consolidated Balance Sheets

	December 31, 2003		December 31, 2002	
	As Previously Reported	As Restated	As Previously Reported	As Restated
	(Amounts in thousands)			
Accumulated depreciation and amortization	$ (474,452)	$ (485,559)	$ (362,540)	$ (368,205)
Net investments in properties	$5,017,255	$5,006,148	$4,560,242	$4,554,577
Minority interests:				
Joint venture partners	$ 659,487	$ 658,723	$ 488,524	$ 488,026
Limited partnership unitholders	$ 91,029	$ 90,448	$ 94,374	$ 94,078
Total stockholder's equity	$1,666,899	$1,657,137	$1,680,950	$1,676,079

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Restatements on Consolidated Statements of Operations

	For the Year Ended December 31, 2003		For the Year Ended December 31, 2002		For the Year Ended December 31, 2001	
	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated
	(Amounts in thousands, except per share amounts)					
Depreciation and amortization	$(133,514)	$(138,956)	$(123,380)	$(126,916)	$(103,565)	$(105,694)
Minority interests' share of income:						
Joint venture partners' share of operating income	$ (34,412)	$ (34,146)	$ (28,940)	$ (28,706)	$ (25,973)	$ (25,709)
Limited partnership unitholders	$ (3,778)	$ (3,493)	$ (4,661)	$ (4,477)	$ (5,830)	$ (5,718)
Net income	$ 134,019	$ 129,128	$ 124,237	$ 121,119	$ 137,953	$ 136,200
Net income available to common stockholders	$ 121,607	$ 116,716	$ 116,153	$ 113,035	$ 121,853	$ 120,100
Basic income per common share:						
Income from continuing operations (includes preferred stock dividends)	$ 0.87	$ 0.81	$ 0.94	$ 0.91	$ 1.23	$ 1.21
Net income available to common stockholders	$ 1.50	$ 1.44	$ 1.39	$ 1.36	$ 1.45	$ 1.43
Diluted income per common share:						
Income from continuing operations (includes preferred stock dividends)	$ 0.85	$ 0.79	$ 0.93	$ 0.89	$ 1.22	$ 1.20
Net income available to common stockholders	$ 1.47	$ 1.41	$ 1.37	$ 1.33	$ 1.43	$ 1.41

Basis of Presentation. These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying consolidated financial statements include the financial position, results of operations and cash flows of the Company, its wholly-owned qualified REIT and taxable REIT subsidiaries, the Operating Partnership and joint ventures, in which the Company has a controlling interest. Third-party equity interests in the Operating Partnership and joint ventures are reflected as minority interests in the consolidated financial statements. The Company also has non-controlling partnership interests in unconsolidated real estate joint ventures, which are accounted for under the equity method. All significant intercompany amounts have been eliminated.

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications. Certain items in the consolidated financial statements for prior periods have been reclassified to conform to current classifications.

Foreign Operations. The U.S. dollar is the functional currency for the Company's subsidiaries operating in the United States and Mexico. The functional currency for the Company's subsidiaries operating outside North America is generally the local currency of the country in which the entity is located. The Company's subsidiaries whose functional currency is not the U.S. dollar translate their financial statements into U.S. dollars. Assets and liabilities are translated at the exchange rate in effect as of the financial statement date. The Company translates income statement accounts using the average exchange rate for the period and significant nonrecurring transactions using the rate on the transaction date. Gains and losses resulting from the translation are included in accumulated other comprehensive income as a separate component of stockholders' equity.

The Company's foreign subsidiaries may have transactions denominated in currencies other than their functional currency. In these instances, non-monetary assets and liabilities are reflected at the historical exchange rate, monetary assets and liabilities are remeasured at the exchange rate in effect at the end of the period and income statement accounts are remeasured at the average exchange rate for the period. Gains and losses from remeasurement are generally included in the Company's results of operations.

The Company also records gains or losses in the income statement when a transaction with a third party, denominated in a currency other than the entity's functional currency, is settled and the functional currency cash flows realized are more or less than expected based upon the exchange rate in effect when the transaction was initiated.

Investments in Real Estate. Investments in real estate and leasehold interests are stated at cost unless circumstances indicate that cost cannot be recovered, in which case, the carrying value of the property is reduced to estimated fair value. Carrying values for financial reporting purposes are reviewed for impairment on a property-by-property basis whenever events or changes in circumstances indicate that the carrying value of a property may not be recoverable. Impairment is recognized when estimated expected future cash flows (undiscounted and without interest charges) are less than the carrying value of the property. The estimation of expected future net cash flows is inherently uncertain and relies on assumptions regarding current and future economics and market conditions and the availability of capital. If impairment analysis assumptions change, then an adjustment to the carrying value of the Company's long-lived assets could occur in the future period in which the assumptions change. To the extent that a property is impaired, the excess of the carrying amount of the property over its estimated fair value is charged to earnings. As a result of recent leasing activity and the current economic environment, the Company re-evaluated the carrying value of its investments and recorded an impairment charge of $5.3 million, $2.9 million and $18.6 million in 2003, 2002 and 2001, respectively, on certain of its investments. The Company believes that there are no additional impairments of the carrying values of its investments in real estate as of December 31, 2003. Also during the year ended December 31, 2003, the Company recorded a reduction of depreciation expense of $2.1 million to reflect the recovery, through the settlement of a lawsuit, of capital expenditures paid in prior years.

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 141, *Business Combinations.* SFAS No. 141 requires the Company to record at acquisition an intangible asset or liability for the value attributable to above or below-market leases, in-place leases and lease origination costs. The requirements are applicable to all acquisitions subsequent to July 1, 2001. The Company regularly reviews the impact of above or below-market leases, in-place leases and lease origination costs for all new acquisitions and records an intangible asset or liability accordingly when deemed material. The adoption of SFAS No. 141 did not have a material impact on the Company's financial position or results of operations.

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the real estate investments. The estimated lives and components of depreciation and amortization expense for the years ended December 31, are as follows (dollars in thousands):

Depreciation and Amortization Expense	Estimated Lives	2003	2002	2001
	(Restated)	(Restated)	(Restated)	(Restated)
Building costs on land owned by the Company	Various	$ 74,820	$ 75,853	$ 69,764
Building costs on ground leases	Various	11,581	8,346	5,827
Buildings and improvements:				
Roof/ HVAC/parking lots	10	5,280	5,471	3,836
Plumbing/signage	7	1,319	1,170	805
Painting and other	Various	10,696	13,370	7,664
Tenant improvements	Various	16,026	13,762	12,305
Lease commissions	Various	20,306	16,004	11,311
Total real estate depreciation and amortization		140,028	133,976	111,512
Other depreciation and amortization	Various	2,309	2,527	2,031
Discontinued operations' depreciation	Various	(3,381)	(9,587)	(7,849)
Total depreciation and amortization from continuing operations		$138,956	$126,916	$105,694

The cost of buildings and improvements includes the purchase price of the property or interest in property, including legal fees and acquisition costs. Project costs directly associated with the development and construction of a real estate project, which include interest and property taxes, are capitalized as construction in progress. Capitalized interest related to construction projects for the years ended December 31, 2003, 2002 and 2001, was $8.5 million, $6.9 million and $13.7 million, respectively.

Expenditures for maintenance and repairs are charged to operations as incurred. Maintenance expenditures include painting and repair costs. The Company expenses costs as incurred and does not accrue in advance of planned major maintenance activities. Significant renovations or betterments that extend the economic useful life of assets are capitalized and include parking lot, HVAC and roof replacement costs.

Investments in Consolidated and Unconsolidated Joint Ventures. Minority interests represent the limited partnership interests in the Operating Partnership and interests held by certain third parties in several real estate joint ventures, aggregating approximately 38.1 million square feet, which are consolidated for financial reporting purposes. Such investments are consolidated because the Company owns a majority interest or it exercises significant control over major operating decisions such as approval of budgets, selection of property managers, asset management, investment activity and changes in financing. When the Company contributes properties to its joint ventures, it recognizes a gain on the contributed properties acquired by the third-party co-investors.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* ("SFAS 150"). This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). SFAS 150 was effective beginning in the third quarter of 2003, however, the FASB deferred the implementation of SFAS 150 as it applied to certain minority interests in finite-lived entities indefinitely. The disclosure requirements for certain minority interests in finite-lived entities still apply. The Company adopted the requirements of SFAS 150 in the third quarter of 2003, and, considering the aforementioned deferral, there was no impact on the Company's financial position, results of operations or cash flows. However, the minority interests associated with certain of the Company's consolidated joint ventures, those that have finite lives under the terms of the partnership agreements, represent mandatorily redeemable interests as defined in SFAS 150. As of December 31, 2003, the aggregate book value of these minority interests in the accompanying consolidated balance sheet was $659.5 million and the Company believes that the aggregate settlement value of these interests was approximately $729.2 million. This amount is based on the estimated liquidation values of the assets and liabilities and the resulting proceeds that the Company would distribute to its joint venture partners upon dissolution, as required under the terms of the respective partnership agreements. Subsequent changes to the estimated fair values of the assets and liabilities of the consolidated joint ventures will affect the Company's estimate of the aggregate settlement value. The partnership agreements do not limit the amount that the minority partners would be entitled to in the event of liquidation of the assets and liabilities and dissolution of the respective partnerships. SFAS 150 was effective beginning in the third quarter of 2003, however, the FASB deferred the implementation of SFAS 150 as it applied to certain minority interests in finite-lived entities. The Company adopted the disclosure requirements of SFAS 150 in the third quarter of 2003, and, considering the aforementioned deferral, there was no impact on the Company's financial position, results of operations or cash flows.

The Company has non-controlling limited partnership interests in unconsolidated joint ventures. These investments are not consolidated because the Company does not exercise significant control over major operating decisions such as approval of budgets, selection of property managers, investment activity and changes in financing. The Company accounts for the joint ventures using the equity method of accounting. When the Company contributes properties to its joint ventures in exchange for cash, it recognizes a gain representing the portion of the contributed properties acquired by the third-party investors.

In December 2003, the FASB issued Interpretation No. 46R, *Consolidation of Variable Interest Entities* ("FIN 46R"). FIN 46R requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. FIN 46R requires disclosures about variable interest entities that a company is not required to consolidate, but in which it has a significant variable interest. The consolidation requirements apply to existing entities in the first reporting period that ends after March 15, 2004. The Company will adopt the consolidation requirements of FIN 46R in the first quarter of 2004 and does not believe that any of its consolidated or unconsolidated joint ventures are variable interest entities under the provisions of FIN 46R.

Cash and Cash Equivalents. Cash and cash equivalents include cash held in financial institutions and other highly liquid short-term investments with original maturities of three months or less.

Restricted Cash. Restricted cash includes cash held in escrow in connection with property purchases, Section 1031 exchange accounts and debt or real estate tax payments.

Mortgages Receivable. Through a wholly-owned subsidiary, the Company holds a mortgage loan receivable on AMB Pier One, LLC, an unconsolidated joint venture. The Company also holds short-term mortgages on properties totaling $30.1 million at December 31, 2003. The book value of the mortgages approximates fair value.

Accounts Receivable. Accounts receivable includes all current accounts receivable, net of allowances, other accruals and deferred rent receivable of $50.4 million and $46.3 million as of December 31, 2003 and 2002, respectively. The Company regularly reviews the credit worthiness of its customers and adjusts its allowance for doubtful accounts, straight-line rent receivable balance and tenant improvement and leasing costs amortization accordingly.

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Concentration of Credit Risk. Other real estate companies compete with the Company in its real estate markets. This results in competition for customers to occupy space. The existence of competing properties could have a material impact on the Company's ability to lease space and on the amount of rent received. As of December 31, 2003, the Company did not have any single tenant that accounted for greater than 3.1% of annualized base rental revenues.

Deferred Financing Costs. Costs incurred in connection with financings are capitalized and amortized to interest expense using the effective-interest method over the term of the related loan. As of December 31, 2003 and 2002, deferred financing costs were $18.6 million and $19.6 million, respectively, net of accumulated amortization. Such amounts are included in other assets on the accompanying consolidated balance sheets.

Financial Instruments. The Company adopted SFAS No. 133, *Accounting for Derivative Instruments and for Hedging Activities*, as amended, on January 1, 2001. SFAS No. 133 provides comprehensive guidelines for the recognition and measurement of derivatives and hedging activities and, specifically, requires all derivatives to be recorded on the balance sheet at fair value as an asset or liability, with an offset to accumulated other comprehensive income or income. For revenues or expenses denominated in nonfunctional currencies, the Company may use derivative financial instruments to manage foreign currency exchange rate risk. The Company's derivative financial instruments in effect at December 31, 2003 were a forward contract hedging against adverse foreign exchange fluctuations in the Mexican peso against the U.S. dollar and stock warrants obtained from customers.

In April 2003, the FASB issued SFAS No. 149, *Amendment of Statement No. 133 on Derivative Instruments and Hedging Activities*. This Statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*. The Company adopted the requirements of SFAS 149 in the third quarter of 2003. The adoption did not impact the Company's financial position, results of operations or cash flows.

Debt. The Company's debt includes both fixed and variable rate secured debt, unsecured fixed rate debt, unsecured variable rate debt and a credit facility. Based on borrowing rates available to the Company at December 31, 2003, the book value and the estimated fair value of the fixed rate debt (both secured and unsecured) were $2.2 billion and $2.5 billion, respectively. The carrying value of the variable rate debt approximates fair value.

Debt Premiums. Debt premiums represent the excess of the fair value of debt over the principal value of debt assumed in connection with the Company's initial public offering and subsequent property acquisitions. The debt premiums are being amortized as an offset to interest expense over the term of the related debt instrument using the effective interest method. As of December 31, 2003 and 2002, the net unamortized debt premium was $10.8 million and $9.8 million, respectively, and are included as a component of secured debt on the accompanying consolidated balance sheets.

Rental Revenues and Allowance for Doubtful Accounts. The Company, as a lessor, retains substantially all of the benefits and risks of ownership of the properties and accounts for its leases as operating leases. Rental income is recognized on a straight-line basis over the term of the leases. Reimbursements from customers for real estate taxes and other recoverable operating expenses are recognized as revenue in the period the applicable expenses are incurred. The Company also records lease termination fees when a customer terminates its lease by executing a definitive termination agreement with the Company and the payment of the termination fee is not subject to any conditions that must be met before the fee is due to the Company. In addition, the Company nets its allowance for doubtful accounts against rental income for financial reporting purposes. Such amounts totaled $5.6 million, $1.8 million and $5.2 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Private Capital Income. Private capital income consists primarily of acquisition and development fees, asset management fees and priority distributions earned by AMB Capital Partners from joint ventures and clients. Private capital income also includes promoted interests and incentive fees from the Operating Partnership's co-investment joint ventures. For the year ended December 31, 2003, private capital income includes incentive distributions of $2.5 million earned from AMB Partners II, L.P. ("Partners II").

Stock-based Compensation Expense. In 2002, the Company adopted the expense recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation.* The Company values stock options using the Black-Scholes option-pricing model and recognizes this value as an expense over the three to five-year vesting periods. Under this standard, recognition of expense for stock options is applied to all options granted after the beginning of the year of adoption. Under SFAS No. 123, related stock-based compensation expense was $2.4 million and $0.9 million in 2003 and 2002, respectively. The expense is included in general and administrative expenses in the accompanying consolidated statements of operations. Prior to 2002, the Company followed the intrinsic method set forth in APB Opinion 25, *Accounting for Stock Issued to Employees.* Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards prior to 2002 consistent with the method of SFAS No. 123, the Company's pro forma net income available to common stockholders would have been:

	2003	2002	2001
	(Restated)	(Restated)	(Restated)
Reduction to net income	$ 1,613	$ 2,402	$ 3,877
Adjusted earnings per share:			
Basic	$ 1.42	$ 1.33	$ 1.38
Diluted	$ 1.39	$ 1.30	$ 1.36

Interest and Other Income. Interest and other income consists primarily of interest income from mortgages receivable and on cash and cash equivalents.

Loss on Investments in Other Companies. Investments in other companies were accounted for on a cost basis and realized gains and losses were included in current earnings. For its investments in private companies, the Company periodically reviewed its investments and management determined if the value of such investments had been permanently impaired. During 2001, the Company recognized losses on its investments in other companies totaling $20.8 million, including its investment in Webvan Group, Inc. The Company had previously recognized gains and losses on its investment in Webvan Group, Inc. as a component of other comprehensive income. As of December 31, 2001, the Company had realized losses on 100% of its investments in such other companies. The Company recognized no gains or losses in 2003 or 2002 related to its investments in other companies.

Discontinued Operations. The Company reported real estate dispositions as discontinued operations separately as prescribed under the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Beginning in 2002, SFAS No. 144 requires the Company to separately report as discontinued operations the historical operating results attributable to operating properties sold and held for disposition and the applicable gain or loss on the disposition of the properties. The consolidated statements of operations for prior periods are also adjusted to conform with this classification. There is no impact on the Company's previously reported consolidated financial position, net income or cash flows.

Preferred Stock and Unit Redemption Issuance Costs. In July 2003, the U.S. Securities and Exchange Commission ("SEC") announced that it had revised its position relating to the application of Emerging Issues Task Force Topic No. D-42, *The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock,* ("Topic D-42"). As a result of this announcement, original issuance costs related to preferred equity are to be reflected as a reduction of net income available to common stockholders in determining earnings per share for the period in which the preferred equity is redeemed. The announcement requires retroactive application of the revised position in previously issued financial statements. As a result, the Company's financial statements for the year ending December 31, 2001, have been restated to reflect a reduction in net income available to common stockholders of $3.2 million, representing the original issuance costs of AMB Property II, L.P.'s series C preferred units, which were redeemed in December 2001. Diluted earnings per share for the year ended December 31, 2001, was $1.41 (restated) compared to $1.47 as previously reported. The SEC's revised position on Topic D-42 did not require the Company to file amendments to previously filed reports and will not impact any other previously reported periods.

3. Transactions with Affiliates

AMB Capital Partners provides real estate investment services to clients on a fee basis. The fees are recorded as private capital income in the accompanying consolidated statements of operations. For the year ended December 31, 2003, private capital income includes incentive distributions of $2.5 million earned from Partners II. Headlands Realty Corporation conducts a variety of businesses that include incremental income programs and development projects available for sale to third parties. IMD Holding Corporation also conducts a variety of businesses that include development projects available for sale to third parties. On December 31, 2001, AMB Investment Management, Inc. ("AMB Investment Management") was reorganized through a series of related transactions into AMB Capital Partners. The Operating Partnership is the managing member of AMB Capital Partners. On May 31, 2001, the Operating Partnership acquired 100% of the common stock of AMB Investment Management and Headlands Realty Corporation from current and former executive officers of the Company, a former executive officer of AMB Investment Management, and a director of Headlands Realty Corporation, thereby acquiring 100% of both entities' capital stock. The Operating Partnership began consolidating its investments in AMB Investment Management (predecessor-in-interest to AMB Capital Partners) and Headlands Realty Corporation on May 31, 2001. Prior to May 31, 2001, the Operating Partnership reflected its investment using the equity method and did not include expenses incurred by these two unconsolidated preferred stock subsidiaries in general and administrative expenses, they were netted with private capital income. The net impact of consolidating AMB Investment Management and Headlands Realty Corporation was not material. General and administrative expenses for the twelve months ended December 31, 2001, would have been $39.4 million had the subsidiaries been consolidated beginning January 1, 2001.

4. Real Estate Acquisition and Development Activity

During the year ended December 31, 2003, the Company invested $533.9 million in 82 industrial buildings, aggregating approximately 6.5 million square feet, of which the Company invested $238.3 million in 43 industrial buildings, aggregating approximately 3.7 million square feet, through two of the Company's co-investment joint ventures.

During 2003, the Company completed industrial developments valued at $105.7 million, aggregating approximately 1.6 million square feet. The Company also initiated new industrial development projects in North America and Spain valued at $226.4 million, aggregating approximately 4.9 million square feet. As of December 31, 2003, the Company had in its development pipeline: (1) 16 industrial projects, which will total approximately 5.0 million square feet and will have an aggregate estimated investment of $233.0 million upon completion and (2) four development projects available for sale, which will total approximately 0.6 million square feet and will have an aggregate estimated investment of $38.8 million upon completion. As of December 31, 2003, the Company and its Development Alliance Partners had funded an aggregate of $112.2 million and needed to fund an estimated additional $159.6 million in order to complete current and planned projects. The Company's development pipeline includes projects expected to be completed through the second quarter of 2006.

During 2002, the Company invested $403.3 million in operating properties, consisting of 43 industrial buildings, aggregating approximately 5.4 million square feet, and a parking lot adjacent to Los Angeles International Airport. The Company's acquisitions included the investment of $166.5 million in 31 industrial buildings, aggregating approximately 3.1 million square feet, through three of the Company's co-investment joint ventures.

During 2002, the Company completed industrial developments valued at $135.4 million, aggregating approximately 3.1 million square feet. The Company also initiated new industrial development projects in North America, France and Singapore valued at $90.6 million, aggregating approximately 1.8 million square feet.

5. Gains from Dispositions of Real Estate, Development Sales, and Discontinued Operations

Gains from Dispositions of Real Estate. On February 19, 2003, the Company contributed $94.0 million in operating properties, consisting of 24 industrial buildings, aggregating approximately 2.4 million square feet, to its newly formed unconsolidated joint venture, Industrial Fund I, LLC. The Company recognized a gain of $7.4 million on the contribution, representing the portion of the contributed properties acquired by the third-party investors in exchange for cash.

In 2002, the Company divested itself of two industrial buildings and one retail center, aggregating approximately 0.8 million square feet, for an aggregate price of $50.6 million, with a resulting loss of $0.8 million. In June 2002, the Company also contributed $76.9 million in operating properties, consisting of 15 industrial buildings, aggregating approximately 1.9 million square feet, to its consolidated co-investment joint venture, AMB-SGP, L.P. The Company recognized a gain of $3.3 million on the contribution, representing the portion of the contributed properties acquired by the third-party investors to the extent of cash proceeds received.

During 2001, the Company divested itself of 24 industrial and two retail buildings, aggregating approximately 3.2 million square feet, for an aggregate price of $193.4 million, with a resulting net gain of $24.1 million, which is net of minority interests' share. The resulting net gain is before the gain on the Company's contributed properties of $17.8 million. During 2001, the Company also contributed operating properties valued at $539.2 million, consisting of 111 industrial buildings, aggregating approximately 10.8 million square feet, to three of its co-investment joint ventures. The properties contributed to the co-investment joint ventures were reflected at the Company's historical cost because the Company controls these]joint ventures and, therefore, they were under common control. The Company recognized a gain of $17.8 million related to these contributions representing the portion of the contributed properties acquired by the third-party co-investors.

Development Sales. During 2003, the Company sold seven development-for-sale and other projects, aggregating approximately 0.5 million square feet, for an aggregate price of $74.8 million, resulting in an after-tax gain of $14.4 million. The other projects included the sale of the Company's purchase right on Platinum Distribution Center and the sale of the North Bay Business Center, which the Company purchased in October 2003.

During 2002, the Company sold seven development-for-sale projects, aggregating approximately 0.2 million square feet, for an aggregate price of $17.0 million, with a resulting gain of $1.2 million.

During 2001, the Company sold two development-for-sale projects, aggregating approximately 0.3 million square feet, for an aggregate price of $52.3 million, with a resulting gain of $17.3 million.

Discontinued Operations. The Company reported its property divestitures as discontinued operations separately as prescribed under the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets.* Beginning in 2002, SFAS No. 144 requires the Company to separately report as discontinued operations the historical operating results attributable to operating properties sold and held for disposition and the applicable gain or loss on the disposition of the properties. Although the application of SFAS No. 144 may affect the presentation of the Company's results of operations for the periods that it has already reported in filings with the SEC, there will be no effect on its previously reported financial position, net income or cash flows.

During 2003, the Company divested itself of 24 industrial buildings and two retail centers, aggregating approximately 2.8 million square feet, for an aggregate price of $272.3 million, with a resulting net gain of $42.9 million.

During 2002, the Company divested itself of 56 industrial buildings, one retail center and an undeveloped land parcel, aggregating approximately 4.9 million square feet, for an aggregate price of $193.4 million, with a resulting net gain of $10.6 million. In November 2002, the Company's joint venture partner in Partners II increased its ownership in Partners II from 50% to 80% by acquiring 30% of the Operating Partnership's interest in Partners II. The Company recognized a gain of $6.3 million on the sale of the Operating Partnership's 30% interest.

Properties Held for Divestiture. As of December 31, 2003, the Company had decided to divest itself of one industrial building and one undeveloped land parcel with a net book value of $11.8 million. The properties either are not in the Company's core markets or do not meet its current strategic objectives. The divestitures of the properties are subject to negotiation of acceptable terms and other customary conditions. Properties held for divestiture are stated at the lower of cost or estimated fair value less costs to sell. The following summarizes the condensed results of operations of the properties held for divestiture and sold under SFAS No. 144 for the years ended December 31, (dollars in thousands):

	2003	2002	2001
Rental revenues	$19,700	$48,028	$44,474
Straight-line rents	(259)	2,330	298
Property operating expenses	(2,145)	(5,845)	(5,306)
Real estate taxes	(1,544)	(6,203)	(6,548)
Depreciation and amortization	(3,381)	(9,587)	(7,849)
Interest, including amortization	(1,867)	(4,902)	(4,758)
Joint venture partners' share of income	(1,471)	(2,049)	(1,183)
Limited partnership unitholders' share of income	(497)	(1,197)	(1,109)
Income attributable to discontinued operations	$ 8,536	$20,575	$18,019

As of December 31, 2003 and 2002, assets and liabilities attributable to properties held for divestiture under the provisions of SFAS No. 144 consisted of the following (dollars in thousands):

	December 31, 2003	December 31, 2002
Accounts receivable, net	$ —	$ 398
Other assets	$ —	$ 1
Secured debt	$ —	$ —
Accounts payable and other liabilities	$ 3	$ 235

6. Mortgages Receivable

Through a wholly-owned subsidiary, the Company holds a mortgage loan receivable on AMB Pier One, LLC, an unconsolidated joint venture. As of December 31, 2003 and 2002, the outstanding balance on the note was $13.0 million and $13.1 million, respectively. The Company also holds various other mortgages receivable from property sales. The Company's mortgages receivable at December 31, 2003 and 2002, consisted of the following:

Mortgage Receivable	Market	Maturity	2003	2002	Rate	Company's Ownership Percentage(1)
1. Pier 1	SF Bay Area	May 2026	$13,042	$13,133	13.0%	100%
2. Platinum Distribution Center	No. New Jersey	February 2004	19,500	—	6.0%	20%
3. Platinum Distribution Center	No. New Jersey	November 2006	1,300	—	12.0%	20%
4. North Bay Distribution Center/BAB	San Francisco Bay Area	December 2004	7,040	—	5.5%	100%
5. North Bay Distribution Center/ Corovan	San Francisco Bay Area	December 2004	2,263	—	7.3%	100%
Total Mortgages Receivable			$43,145	$13,133		

(1) Represents the Company's ownership percentage in the co-investment joint venture that holds the mortgage investment.

7. Debt

As of December 31, 2003 and 2002, debt consisted of the following (dollars in thousands):

	December 31, 2003	December 31, 2002
Wholly-owned secured debt, varying interest rates from 4.0% to 10.4%, due June 2004 to January 2014 (weighted average interest rate of 8.1% at December 31, 2003 and 2002)	$ 291,516	$ 381,764
Joint venture secured debt, varying interest rates from 2.6% to 10.6%, due July 2004 to June 2023 (weighted average interest rates of 6.7% and 7.0% at December 31, 2003 and 2002, respectively)	1,061,585	893,093
Unsecured senior debt securities, varying interest rates from 1.5% to 8.0%, due June 2005 to June 2018 (weighted average interest rates of 6.8% and 7.2% at December 31, 2003 and 2002, respectively)	925,000	800,000
Alliance Fund II credit facility	—	45,500
Unsecured debt, due June 2013 and November 2015, interest rate of 7.5%	9,628	10,186
Unsecured credit facility, variable interest rate, due December 2005 (weighted average interest rates of 1.9% and 2.0% at December 31, 2003 and 2002, respectively)	275,739	95,000
Total debt before unamortized premiums	2,563,468	2,225,543
Unamortized premiums	10,789	9,818
Total consolidated debt	$2,574,257	$2,235,361

Secured debt generally requires monthly principal and interest payments. The secured debt is secured by deeds of trust on certain properties and is generally non-recourse. As of December 31, 2003 and 2002, the total

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

gross investment book value of those properties securing the debt was $2.6 billion and $2.6 billion, respectively, including $1.8 billion and $1.6 billion, respectively, in consolidated joint ventures. All of the secured debt bears interest at fixed rates, except for five loans with an aggregate principal amount of $52.3 million as of December 31, 2003, which bear interest at variable rates (weighted average interest rate of 3.2% as of December 31, 2003). The secured debt has various covenants. Management believes that the Company and the Operating Partnership were in compliance with their financial covenants as of December 31, 2003 and 2002. As of December 31, 2003, the Company had 42 non-recourse, secured loans, which are cross-collateralized by 86 properties, totaling $920.6 million (not including unamortized debt premiums).

In June 1998, the Operating Partnership issued $400.0 million of unsecured senior debt securities. Interest on the unsecured senior debt securities is payable semi-annually. The 2015 notes are putable and callable in September 2005. In August 2000, the Operating Partnership commenced a medium-term note program and subsequently issued $400.0 million of medium-term notes, which are guaranteed by the Company. In May 2002, the Operating Partnership commenced a new medium-term note program for the issuance of up to $400.0 million in principal amount of medium-term notes (unsecured senior debt securities). On November 10, 2003, the Operating Partnership issued $75.0 million aggregate principal amount of senior unsecured notes to Teachers Insurance and Annuity Association of America. The Company guaranteed the principal amount and interest on the notes, which mature on November 1, 2013, and bear interest at 5.53% per annum. Teachers has agreed that until November 10, 2005, the Operating Partnership can require Teachers to return the notes to it for cancellation for an obligation of equal dollar amount under a first mortgage loan to be secured by properties determined by the Operating Partnership, except that in the event the ratings on Operating Partnership's senior unsecured debt are downgraded by two ratings agencies to BBB-, the Operating Partnership will only have ten days after the last of these downgrades to exercise this right. During the period when the Operating Partnership can exercise its cancellation right and until any mortgage loans close, Teachers has agreed not to sell, contract to sell, pledge, transfer or otherwise dispose of, any portion of the notes. On November 21, 2003, the Operating Partnership issued $50.0 million aggregate principal amount of floating rate senior unsecured notes. The Company guaranteed the principal amount and interest on the notes, which mature on November 21, 2006, and bear interest at a floating rate of 3-month LIBOR telerate plus 40 basis points. As of December 31, 2003, $275.0 million of capacity remained under the May 2002 medium- term note program. The senior debt securities are subject to various covenants. Management believes that the Company and the Operating Partnership were in compliance with their financial covenants as of December 31, 2003 and 2002.

In December 2002, the Operating Partnership renewed its $500.0 million unsecured credit facility. The Company guarantees the Operating Partnership's obligations under the credit facility. The credit facility matures in December 2005, has a one-year extension option and is subject to a 20 basis point annual facility fee. The credit facility includes a multi-currency component, which was amended effective July 10, 2003, to increase from $150.0 million to $250.0 million the amount that may be drawn in either British pounds sterling, Euros or Yen (provided that such currency is readily available and freely transferable and convertible to U.S. dollars, the Reuters Monitor Money Rates Service reports LIBOR for such currency in interest periods of 1, 2, 3 or 6 months and the Operating Partnership has an investment grade credit rating). U.S. dollar borrowings under the credit facility currently bear interest at LIBOR plus 60 basis points. Euro borrowings under the credit facility currently bear interest at EURIBOR plus 60 basis points. Yen borrowings under the credit facility currently bear interest at the Japanese Yen TIBOR rate plus 60 basis points. Both the facility fee and the interest rate are based on the Operating Partnership's credit rating, which is currently investment grade. The Operating Partnership has the ability to increase available borrowings to $700.0 million by adding additional banks to the facility or obtaining the agreement of existing banks to increase their commitments. The Company uses its unsecured credit facility principally for acquisitions, funding our development activity and for general working capital requirements. Monthly debt service payments on the credit facility are interest only. The total amount available under the credit facility fluctuates based upon the borrowing base, as defined in the agreement governing the credit facility, generally the value of the Company's unencumbered properties. As of December 31, 2003, the outstanding balance on the credit facility was $275.7 million and the remaining amount available was $171.6 million, net of outstanding letters of credit of $52.7 million (excluding the additional $200.0 million of potential additional capacity). The outstanding balance included borrowings denominated in Euros and Yen and translated to U.S. dollars at December 31, 2003, of $83.1 million and $47.6 million, respectively. Management believes that the Company and the Operating Partnership were in compliance with their financial covenants at December 31, 2003.

In August 2001, AMB Institutional Alliance Fund II, L.P. ("Alliance Fund II") obtained a $150.0 million credit facility secured by the unfunded capital commitments of the investors in AMB Institutional Alliance REIT II, Inc. ("Alliance REIT II") and the Alliance Fund II. In April 2003, the Alliance Fund II repaid the credit facility with capital contributions and secured debt financing proceeds and terminated the credit facility.

As of December 31, 2003, the scheduled maturities of the Company's total debt, excluding unamortized debt premiums, were as follows (dollars in thousands):

	Wholly-owned Secured Debt	Joint Venture Debt	Unsecured Senior Debt Securities	Unsecured Debt	Credit Facilities	Total
2004	$ 57,735	$ 40,135	$ —	$ 600	$ —	$ 98,470
2005	44,567	62,951	250,000	647	275,739	633,904
2006	82,857	62,304	75,000	698	—	220,859
2007	14,661	53,158	75,000	752	—	143,571
2008	32,940	162,383	175,000	810	—	371,133
2009	4,246	107,187	—	873	—	112,306
2010	51,054	128,639	75,000	941	—	255,634
2011	524	275,618	75,000	1,014	—	352,156
2012	2,451	146,946	—	1,093	—	150,490
2013	442	2,045	75,000	920	—	78,407
Thereafter	39	20,219	125,000	1,280	—	146,538
Total	$291,516	$1,061,585	$925,000	$ 9,628	$275,739	$2,563,468

8. Leasing Activity

Future minimum base rental income due under non-cancelable leases with customers in effect as of December 31, 2003, was as follows (dollars in thousands):

2004	$ 480,830
2005	390,969
2006	310,269
2007	238,375
2008	171,272
Thereafter	420,000
Total	$2,011,715

The schedule does not reflect future rental revenues from the renewal or replacement of existing leases and excludes property operating expense reimbursements. In addition to minimum rental payments, certain customers pay reimbursements for their pro rata share of specified operating expenses, which amounted to $103.6 million, $108.0 million and $100.4 million for the years ended December 31, 2003, 2002 and 2001, respectively. These amounts are included as rental revenue and operating expenses in the accompanying consolidated statements of operations. Some leases contain options to renew.

9. Income Taxes

The Company elected to be taxed as a REIT under the Code, commencing with its taxable year ended December 31, 1997. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its taxable income to its stockholders. It is management's current intention to adhere to these requirements and maintain the Company's REIT status. As a REIT, the Company generally will not be subject to corporate level federal income tax on net income it distributes currently to its stockholders. As such, no provision for federal income taxes has been included in the accompanying consolidated financial statements. If the Company fails to qualify as a REIT in any taxable year, it will be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may be ineligible to qualify as a REIT for four subsequent taxable years. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state, local and foreign taxes on its income and property and to federal income and excise taxes on its undistributed taxable income. In addition, the Company is required to pay federal and state income tax on its net taxable income, if any, from the activities conducted by the Company's taxable REIT subsidiaries.

The following is a reconciliation of net income available to common stockholders to taxable income available to common stockholders for the years ended December 31, (dollars in thousands):

	2003	2002	2001
	(Restated)	(Restated)	(Restated)
Net income available to common stockholders	$ 116,716	$ 113,035	$ 120,100
Book depreciation and amortization	138,956	126,916	105,694
Book depreciation discontinued operations	3,381	9,587	7,849
Impairment losses	5,251	2,846	18,600
Tax depreciation and amortization	(129,608)	(125,888)	(117,400)
Book/tax difference on gain on divestitures of real estate	13,783	25,178	(7,563)
Other book/tax differences, net(1)	(5,507)	(40,039)	15,567
Taxable income available to common stockholders	$ 142,972	$ 111,635	$ 142,847

(1) Primarily due to straight-line rent, prepaid rent, joint venture accounting and debt premium amortization timing differences.

For income tax purposes, distributions paid to common stockholders consist of ordinary income, capital gains or a combination thereof. For the years ended December 31, 2003, 2002 and 2001, the Company elected to distribute all of its taxable capital gain. Dividends paid or payable per common share for the years ended December 31, were taxable as follows:

	2003		2002		2001	
Ordinary income	$1.07	64.5%	$1.05	64.0%	$1.29	81.6%
Capital gains	0.47	28.3%	—	0.0%	0.24	15.2%
Unrecaptured Section 1250 gain	0.12	7.2%	0.18	11.0%	0.05	3.2%
Dividends taxed in subsequent year	—	0.0%	0.41	25.0%	—	—%
Dividends paid or payable	$1.66	100.0%	$1.64	100.0%	$1.58	100.0%

10. Minority Interests in Consolidated Joint Ventures and Preferred Units

Minority interests in the Company represent the limited partnership interests in the Operating Partnership and interests held by certain third parties in several real estate joint ventures, aggregating approximately 38.1 million square feet, which are consolidated for financial reporting purposes. Such investments are consolidated because the Company owns a majority interest or exercises significant control over major operating decisions such as approval of budgets, selection of property managers, asset management, investment activity and changes in financing.

Through the Operating Partnership, the Company enters into co-investment joint ventures with institutional investors. The Company's co-investment joint ventures are engaged in the acquisition, ownership, operation, management and, in some cases, the renovation, expansion and development, of industrial buildings in target markets nationwide.

The Company's co-investment joint ventures' total investments in properties at December 31, 2003 and 2002 (dollars in thousands) were:

Co-investment Joint Venture	Joint Venture Partner	Company's Ownership Percentage	2003	2002
AMB/Erie, L.P.	Erie Insurance Company and affiliates	50%	$ 156,174	$ 180,169
AMB Institutional Alliance Fund I, L.P.	AMB Institutional Alliance REIT I, Inc.(1)	21%	417,902	403,760
AMB Partners II, L.P.	City and County of San Francisco Employees' Retirement System	20%	428,837	240,179
AMB-SGP, L.P.	Industrial JV Pte Ltd(2)	50%	408,507	379,207
AMB Institutional Alliance Fund II, L.P.	AMB Institutional Alliance REIT II, Inc.(3)	20%	449,709	355,670
AMB-AMS, L.P.(4)	BPMT and TNO(5)	39%	—	—
Total			$1,861,129	$1,558,985

(1) Included 15 institutional investors as stockholders as of December 31, 2003.

(2) A subsidiary of the real estate investment subsidiary of the Government of Singapore Investment Corporation.

(3) Included 13 institutional investors as stockholders as of December 31, 2003.

(4) AMB-AMS, L.P. is a commitment to form a co-investment partnership with two Dutch pension funds advised by Mn Services NV.

(5) BPMT is Stichting Bedrijfspensioenfonds voor de Metaal en Technische Bedrijfstakken and TNO is Stichting Pensioenfonds TNO.

On November 26, 2003, the Operating Partnership redeemed all 1,300,000 of its outstanding 8 5/8% Series B Cumulative Redeemable Preferred Partnership Units, for an aggregate redemption price of $65.6 million, including accrued and unpaid dividends.

On July 14, 2003, AMB Property II, L.P., one of the Company's subsidiaries, repurchased 66,300 of its outstanding 7.95% Series F Cumulative Redeemable Preferred Limited Partnership Units from a single institutional investor. AMB Property II, L.P. repurchased the units for an aggregate cost of $3.3 million, including accrued and unpaid dividends.

On July 31, 2002, AMB Property II, L.P. repurchased 130,000 of its 7.95% Series F Cumulative Redeemable Preferred Limited Partnership Units and all 20,000 of its outstanding 7.95% Series G Cumulative Redeemable Preferred Limited Partnership Units from a single institutional investor. AMB Property II, L.P. repurchased the units for an aggregate cost of $7.1 million, including accrued and unpaid dividends and a redemption discount of $0.4 million.

On April 17, 2002, the Operating Partnership issued and sold 800,000 7.95% Series K Cumulative Redeemable Preferred Limited Partnership Units at a price of $50.00 per unit in a private placement. Distributions are cumulative from the date of issuance and payable quarterly in arrears. The series K preferred units are redeemable by the Operating Partnership on or after April 17, 2007, subject to certain conditions, for cash at a redemption price equal to $50.00 per unit, plus accumulated and unpaid distributions thereon, if any, to the redemption date. The series K preferred units are exchangeable, at specified times and subject to certain conditions, on a one-for-one basis, for shares of the Company's series K preferred stock. The Operating Partnership used the net proceeds of $39.0 million for general corporate purposes, which included the partial repayment of indebtedness and the acquisition and development of additional properties.

The following table distinguishes the minority interest liability as of December 31, 2003 and 2002 (dollars in thousands):

	December 31, 2003	December 31, 2002
	(Restated)	(Restated)
Joint venture partners	$ 658,723	$ 488,026
Limited Partners in the Operating Partnership	85,970	94,078
Series B preferred units (repurchased in November 2003)	—	63,288
Series J preferred units (liquidation preference of $40,000)	38,883	38,883
Series K preferred units (liquidation preference of $40,000)	38,932	38,932
Held through AMB Property II, L.P.:		
Class B Limited Partners	4,478	—
Series D preferred units (liquidation preference of $79,767)	77,684	77,684
Series E preferred units (liquidation preference of $11,022)	10,788	10,788
Series F preferred units (liquidation preference of $10,057)	9,900	13,082
Series H preferred units (liquidation preference of $42,000)	40,912	40,912
Series I preferred units (liquidation preference of $25,500)	24,800	24,800
Total minority interests	$ 991,070	$ 890,473

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table distinguishes the minority interests' share of income, including minority interests share of development profits, but excluding minority interests share of discontinued operations (dollars in thousands):

	2003	2002	2001
	(Restated)	(Restated)	(Restated)
Joint Venture Partners	$42,588	$28,902	$30,580
Limited Partners in the Operating Partnership	3,469	4,477	5,718
Series B preferred units (repurchased in November 2003)	4,828	5,606	5,608
Series J preferred units (liquidation preference of $40,000)	3,180	3,303	873
Series K preferred units (liquidation preference of $40,000)	3,180	2,367	—
Held through AMB Property II, L.P.:			
Class B Limited Partners	24	—	—
Series C preferred units (repurchased in December 2001)	—	—	8,540
Series D preferred units (liquidation preference of $79,767)	6,182	6,182	6,180
Series E preferred units (liquidation preference of $11,022)	854	854	856
Series F preferred units (liquidation preference of $10,057)	931	1,342	1,580
Series G preferred units (repurchased in July 2002)	—	43	80
Series H preferred units (liquidation preference of $42,000)	3,412	3,412	3,412
Series I preferred units (liquidation preference of $25,500)	2,040	2,040	1,553
Total minority interests' share of net income	$70,688	$58,528	$64,980

11. Investments in Unconsolidated Joint Ventures

The Company's investment in unconsolidated joint ventures at December 31, 2003 and 2002, totaled $52.0 million and $64.4 million, respectively. The Company's unconsolidated joint ventures' net equity investments at December 31, 2003 and 2002 (dollars in thousands) were:

Unconsolidated Joint Ventures	Market	Alliance Partner	Square Feet	2003	2002	Ownership Percentage
1. Elk Grove Du Page	Chicago	Hamilton Partners	4,046,721	$31,548	$58,966	56%
2. Pico Rivera	Los Angeles	Majestic Realty	855,600	1,091	2,444	50%
3. Monte Vista Spectrum	Los Angeles	Majestic Realty	576,852	487	2,983	50%
4. Industrial Fund I, LLC	Various	Citigroup	2,446,334	4,173	—	15%
5. Sterling Distribution Center	Los Angeles	Majestic Realty	1,880,000	12,643	—	50%
6. Airport Logistics Park of Singapore Phase I	Singapore	Boustead Projects	233,773	2,067	35	50%
Total Unconsolidated Joint Ventures			10,039,280	$52,009	$64,428	

On February 19, 2003, the Company formed Industrial Fund I, LLC, a joint venture with Citigroup Global Investments Real Estate LP, LLC, a Delaware limited liability company, and certain of its private investor clients. The Company contributed $94.0 million in operating properties, consisting of 24 industrial buildings, aggregating approximately 2.4 million square feet, to Industrial Fund I, LLC in which it retained a 15% interest. The Company recognized a gain of $7.4 million on the contribution, representing the gain on the contributed properties acquired by the third-party investors.

Under the agreements governing the joint ventures, the Company and the other parties to the joint venture may be required to make additional capital contributions and, subject to certain limitations, the joint ventures may incur additional debt.

The Company also has a 0.1% unconsolidated equity interest (with an approximate 33% economic interest) in AMB Pier One, LLC, a joint venture to redevelop the Company's office space in San Francisco. The investment is not consolidated because the Company does not exercise significant control over major operating decisions such as approval of budgets, selection of property managers, investment activity and changes in financing. The Company has an option to purchase the remaining equity interest beginning January 1, 2007, and expiring December 31, 2009, based on the fair market value as stipulated in the operating agreement.

12. Stockholders' Equity

Holders of common limited partnership units of the Operating Partnership and class B common limited partnership units of AMB Property II, L.P. have the right, commencing generally on or after the first anniversary of the holder becoming a limited partner of the Operating Partnership or AMB Property II, L.P., as applicable (or such other date agreed to by the Operating Partnership or AMB Property II, L.P. and the applicable unit holders), to require the Operating Partnership or AMB Property II, L.P. to redeem part or all of their common units or class B common units, as applicable, for cash (based upon the fair market value, as defined in the applicable partnership agreement, of an equivalent number of shares of common stock at the time of redemption) or the Operating Partnership or AMB Property II, L.P. may, in its sole and absolute discretion (subject to the limits on ownership and transfer of common stock set forth in the Company's charter), elect to have the Company exchange those common units or class B common limited partnership units, as applicable, for shares of the Company's common stock on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, issuance of certain rights, certain extraordinary distributions and similar events. With each redemption or exchange of the Operating Partnership's common units, the Company's percentage ownership in the Operating Partnership will increase. Common limited partners and class B common limited partners may exercise this redemption right from time to time, in whole or in part, subject to the limitations that limited partners may not exercise this right if such exercise would result in any person actually or constructively owning shares of common stock in excess of the ownership limit or any other amount specified by the board of directors, assuming common stock was issued in the exchange. During 2003, the Operating Partnership redeemed 226,145 of its common limited partnership units for cash and 2,000 of its common limited partnership units for shares of the Company's common stock. In November 2003, AMB Property II, L.P. issued 145,548 of its class B common limited partnership units in connection with a property acquisition. During 2002, the Operating Partnership redeemed 122,640 of its common limited partnership units for shares of the Company's common stock.

During 2003, the Company repurchased and retired 812,900 shares of its common stock for an aggregate purchase price of $21.2 million, including commissions. During 2002, the Company repurchased and retired 2,651,600 shares of its common stock for $69.4 million, including commissions. In December 2003, the Company's board of directors approved a new two-year common stock repurchase program for the repurchase of up to $200.0 million worth of common stock.

On November 25, 2003, the Company issued and sold 2,300,000 shares of 6.75% Series M Cumulative Redeemable Preferred Stock for $25.00 per share. Dividends are cumulative from the date of issuance and payable quarterly in arrears at a rate per share equal to $1.6875 per annum. The series M preferred stock is redeemable by the Company on or after November 25, 2008, subject to certain conditions, for cash at a redemption price equal to $25.00 per share, plus accumulated and unpaid dividends thereon, if any, to the redemption date. The Company contributed the net proceeds of $55.4 million to the Operating Partnership, and in exchange, the Operating Partnership issued to the Company 2,300,000 6.75% Series M Cumulative Redeemable Preferred Units.

On June 23, 2003, the Company issued and sold 2,000,000 shares of 6.5% Series L Cumulative Redeemable Preferred Stock for $25.00 per share. Dividends are cumulative from the date of issuance and payable quarterly in arrears at a rate per share equal to $1.625 per annum. The series L preferred stock is redeemable by the Company on or after June 23, 2008, subject to certain conditions, for cash at a redemption price equal to $25.00 per share, plus accumulated and unpaid dividends thereon, if any, to the redemption date. The Company contributed the net proceeds of $48.0 million to the Operating Partnership, and in exchange, the Operating Partnership issued to the Company 2,000,000 6.5% Series L Cumulative Redeemable Preferred Units. The Operating Partnership used the proceeds, in addition to proceeds previously contributed to the Operating Partnership from other equity issuances, to redeem all 3,995,800 shares of its 8.5% Series A Cumulative Redeemable Preferred Units from the Company on July 28, 2003. The Company, in turn, used those proceeds to redeem all 3,995,800 shares of its 8.5% Series A Cumulative Redeemable Preferred Stock for $100.2 million, including accumulated and unpaid dividends through the redemption date. During 2003, the Company recognized a reduction of net income available to common stockholders of $3.7 million for the original preferred stock issuance costs.

In July 2002, the Company repurchased 4,200 shares of its series A preferred stock for an aggregate cost of $0.1 million, including accrued and unpaid dividends.

The Company has authorized 100,000,000 shares of preferred stock for issuance, of which the following series were designated as of December 31, 2003: 1,595,337 shares of series D preferred; 220,440 shares of series E preferred; 201,139 shares of series F preferred; 840,000 shares of series H preferred; 510,000 shares of series I preferred; 800,000 shares of series J preferred; 800,000 shares of series K preferred; 2,000,000 shares of series L preferred; and 2,300,000 shares of series M preferred. The following table sets forth the dividends and distributions paid per share or unit:

Paying Entity	Security	2003	2002	2001
AMB Property Corporation	Common stock	$1.66	$1.64	$1.58
AMB Property Corporation	Series A preferred stock	$1.15	$2.13	$2.13
AMB Property Corporation	Series L preferred stock	$0.85	n/a	n/a
AMB Property Corporation	Series M preferred stock	$0.17	n/a	n/a
Operating Partnership	Common limited partnership units	$1.66	$1.64	$1.58
Operating Partnership	Series B preferred units	$3.71	$4.31	$4.31
Operating Partnership	Series J preferred units	$3.98	$3.98	$1.24
Operating Partnership	Series K preferred units	$3.98	$2.96	n/a
AMB Property II, L.P.	Class B common limited partnership units	$0.22	n/a	n/a
AMB Property II, L.P.	Series C preferred units	n/a	n/a	$3.88
AMB Property II, L.P.	Series D preferred units	$3.88	$3.88	$3.88
AMB Property II, L.P.	Series E preferred units	$3.88	$3.88	$3.88
AMB Property II, L.P.	Series F preferred units	$3.98	$3.98	$3.98
AMB Property II, L.P.	Series G preferred units	n/a	$2.14	$3.98
AMB Property II, L.P.	Series H preferred units	$4.06	$4.06	$4.06
AMB Property II, L.P.	Series I preferred units	$4.00	$4.00	$3.04

13. Stock Incentive Plan, 401(k) Plan and Deferred Compensation Plan

Stock Incentive Plan. The Company has Stock Option and Incentive Plans ("Stock Incentive Plans") for the purpose of attracting and retaining eligible officers, directors and employees. The Company has reserved for issuance 18,950,000 shares of common stock under its Stock Incentive Plans. As of December 31, 2003, the Company had 10,286,057 non-qualified options outstanding granted to certain directors, officers and employees. Each option is exchangeable for one share of the Company's common stock. As of December 31, 2003, the options had a weighted average exercise price of $23.92 and the exercise prices range from $18.94 to $30.83. Each option's exercise price is equal to the Company's market price on the date of grant. The options have an original ten-year term and generally vest pro rata in annual installments over a three- to five-year period from the date of grant.

In 2002, the Company adopted the expense recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation.* The Company values stock options issued using the Black-Scholes option-pricing model and recognizes this value as an expense over the period in which the options vest. Under this standard, recognition of expense for stock options is applied to all options granted after the beginning of the year of adoption. Prior to 2002, the Company followed the intrinsic method set forth in APB Opinion 25, *Accounting for Stock Issued to Employees.* In accordance with SFAS No. 123, the Company will recognize the associated expense over the three to five-year vesting periods. Under SFAS No. 123, related stock-based compensation expense was $2.4 million and $0.9 million for the years ended December 31, 2003 and 2002, respectively. The expense is included in general and administrative expenses in the accompanying consolidated statements of operations. The adoption of SFAS No. 123 is prospective and the 2002 and 2003 expense relates only to stock options granted in 2002 and subsequent periods. Prior to January 1, 2002, the Company applied APB Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations in accounting for its Stock Incentive Plan. Opinion 25 measures compensation cost using the intrinsic value based method of accounting. Under this method, compensation cost is the excess, if any, of the quoted market price of the stock at the date of grant over the amount an employee must pay to acquire the stock. Accordingly, no compensation cost had been recognized for the Company's Stock Incentive Plan as of December 31, 2001.

As permitted by SFAS No. 148, *Accounting for Stock-based Compensation — Transition and Disclosure — An Amendment of FASB Statement No. 123*, the Company has changed its method of accounting for stock options beginning January 1, 2002. The Company has not retroactively changed its method of accounting for stock options but has provided additional required disclosures.

Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards prior to 2002 consistent with the method of SFAS No. 123, the Company's pro forma net income available to common stockholders would have been reduced by $1.6 million, $2.4 million and $3.9 million and pro forma basic and diluted earnings per share would have been reduced to $1.42 (restated) and $1.39 (restated); $1.33 (restated) and $1.30 (restated); and $1.38 (restated) and $1.36 (restated), respectively, for the years ended December 31, 2003, 2002 and 2001.

The fair value of each option grant was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions used for grants in 2003, 2002 and 2001, respectively: dividend yields of 6.1%, 5.9% and 6.4%; expected volatility of 17.7%, 13.3% and 14.9%; risk-free interest rates of 3.4%, 4.0% and 5.2%; and expected lives of seven, seven and 10 years.

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Following is a summary of the option activity for the years ended December 31 (options in thousands):

	Shares Under Option	Weighted Average Exercise Price	Options Exercisable at Year End
Outstanding as of December 31, 2000	5,767	$ 20.83	3,326
Granted	1,924	24.61	
Exercised	(202)	21.15	
Forfeited	(52)	22.45	
Outstanding as of December 31, 2001	7,437	22.16	4,623
Granted	1,990	26.48	
Exercised	(566)	21.41	
Forfeited	(96)	24.48	
Outstanding as of December 31, 2002	8,765	23.16	5,526
Granted	1,854	27.18	
Exercised	(318)	21.94	
Forfeited	(15)	25.67	
Outstanding as of December 31, 2003	10,286	$ 23.92	7,210
Remaining average contractual life	6.7 years		
Fair value of options granted during the year	$ 2.04		

In 2003, 2002 and 2001, the Company issued 272,620, 204,072 and 238,790 restricted shares, respectively, to certain officers of the Company as part of the performance pay program and in connection with employment with the Company. As of December 31, 2003, 52,209 shares of restricted stock have been forfeited. The 974,222 outstanding restricted shares are subject to repurchase rights, which generally lapse over a period from three to five years.

401(k) Plan. In November 1997, the Company established a Section 401(k) Savings/ Retirement Plan (the "401(k) Plan"), which is a continuation of the 401(k) Plan of the predecessor, to cover eligible employees of the Company and any designated affiliates. During 2003 and 2002, the 401(k) Plan permitted eligible employees of the Company to defer up to 20% of their annual compensation, subject to certain limitations imposed by the Code. The employees' elective deferrals are immediately vested and non-forfeitable upon contribution to the 401(k) Plan. During 2003 and 2002, the Company matched employee contributions to the 401(k) Plan in an amount equal to 50% of the first 5.5% of annual compensation deferred by each employee. The Company may also make discretionary contributions to the 401(k) Plan. In 2003 and 2002, the Company paid $0.4 million and $0.4 million, respectively, for its 401(k) match. No discretionary contributions were made by the Company to the 401(k) Plan in 2003, 2002 and 2001.

Deferred Compensation Plan. Effective September 1, 1999, the Company established a non-qualified deferred compensation plan for officers of the Company and certain of its affiliates. As of January 1, 2002, the plan enables participants to defer income up to 100% of annual base pay and up to 100% of annual bonuses on a pre-tax basis. The Company may make discretionary matching contributions to participant accounts at any time. The Company made no such discretionary matching contributions in 2003, 2002 or 2001. The participant's elective deferrals and any matching contributions are immediately 100% vested. As of December 31, 2003 and 2002, the total amount of compensation deferred was $6.5 million and $2.9 million, respectively.

14. Income Per Share

The Company's only dilutive securities outstanding for the years ended December 31, 2003, 2002 and 2001 were stock options and restricted stock granted under its Stock Incentive Plans. The effect on income per share was to increase weighted average shares outstanding. Such dilution was computed using the treasury stock method.

	2003	2002	2001
WEIGHTED AVERAGE COMMON SHARES			
Basic	81,096,062	83,310,885	84,174,644
Stock options and restricted stock	1,756,466	1,485,102	1,039,422
Diluted weighted average common shares	82,852,528	84,795,987	85,214,066

15. Commitments and Contingencies

Commitments

Lease Commitments. The Company holds operating ground leases on land parcels at its on-tarmac facilities, leases on office spaces for corporate use, and a leasehold interest that it holds for investment purposes. The remaining lease terms are from one to 37 years. Operating lease payments are being amortized ratably over the terms of the related leases. Future minimum rental payments required under non-cancelable operating leases in effect as of December 31, 2003, were as follows (dollars in thousands):

2004	$ 20,149
2005	20,272
2006	20,922
2007	21,120
2008	21,340
Thereafter	283,965
Total	$387,768

Standby Letters of Credit. As of December 31, 2003, the Company had provided approximately $64.1 million in letters of credit, of which $52.7 million was provided under the Operating Partnership's $500.0 million unsecured credit facility. The letters of credit were required to be issued under certain ground lease provisions, bank guarantees and other commitments.

Guarantees. Other than disclosed elsewhere in this report, as of December 31, 2003, the Company had outstanding guarantees in the aggregate amount of $50.2 million in connection with certain acquisitions, which are currently expected to close in 2004.

Performance and Surety Bonds. As of December 31, 2003, the Company had outstanding performance and surety bonds in an aggregate amount of $0.9 million. These bonds were issued in connection with certain of its development projects and were posted to guarantee certain tax obligations and the construction of certain real property improvements and infrastructure, such as grading, sewers and streets. Performance and surety bonds are commonly required by public agencies from real estate developers. Performance and surety bonds are renewable and expire upon the payment of the taxes due or the completion of the improvements and infrastructure.

Promoted Interests and Other Contractual Obligations. Upon the achievement of certain return thresholds and the occurrence of certain events, the Company may be obligated to make payments to certain of joint venture partners pursuant to the terms and provisions of their contractual agreements with the

Operating Partnership. From time to time in the normal course of the Company's business, the Company enters into various contracts with third parties that may obligate it to make payments or perform other obligations upon the occurrence of certain events.

Contingencies

Litigation. In the normal course of business, from time to time, the Company may be involved in legal actions relating to the ownership and operations of its properties. Management does not expect that the liabilities, if any, that may ultimately result from such legal actions will have a material adverse effect on the consolidated financial position, results of operations or cash flows of the Company.

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

General Uninsured Losses. The Company carries property and rental loss, liability, flood, environmental and terrorism insurance. The Company believes that the policy terms and conditions, limits and deductibles are adequate and appropriate under the circumstances, given the relative risk of loss, the cost of such coverage and industry practice. In addition, certain of the Company's properties are located in areas that are subject to earthquake activity; therefore, the Company has obtained limited earthquake insurance on those properties. There are, however, certain types of extraordinary losses, such as those due to acts of war that may be either uninsurable or not economically insurable. Although we have obtained coverage for certain acts of terrorism, with policy specifications and insured limits that we believe are commercially reasonable, it is not certain that we will be able to collect under such policies. Should an uninsured loss occur, the Company could lose its investment in, and anticipated profits and cash flows from, a property.

Captive Insurance Company. In December 2001, the Company formed a wholly-owned captive insurance company, Arcata National Insurance Ltd. ("Arcata"), which provides insurance coverage for all or a portion of losses below the deductible under the Company's third-party policies. The Company capitalized Arcata in accordance with the applicable regulatory requirements. Arcata established annual premiums based on projections derived from the past loss experience at the Company's properties. Annually, the Company engages an independent third party to perform an actuarial estimate of future projected claims, related deductibles and projected expenses necessary to fund associated risk management programs. Premiums paid to Arcata may be adjusted based on this estimate. Premiums paid to Arcata have a retrospective component, so that if expenses, including losses and deductibles, are less than premiums collected, the excess may be returned to the property owners (and, in turn, as appropriate, to the customers) and conversely, subject to certain limitations, if expenses, including losses, are greater than premiums collected, an additional premium will be charged. As with all recoverable expenses, differences between estimated and actual insurance premiums will be recognized in the subsequent year. Through this structure, the Company believes that it has more comprehensive insurance coverage at an overall lower cost than would otherwise be available in the market.

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16. Quarterly Financial Data (Unaudited)

Selected quarterly financial results for 2003 and 2002 were as follows (dollars in thousands, except share and per share amounts):

2003	Quarter (unaudited)(1) March 31	June 30	September 30	December 31	Year
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Total revenues	$ 150,994	$ 149,892	$ 150,167	$ 163,984	$ 615,037
Income before minority interests and discontinued operations	37,543	27,378	38,659	44,804	148,384
Total minority interests’ share of income	(15,092)	(15,331)	(20,278)	(19,987)	(70,688)
Income from continuing operations	22,451	12,047	18,381	24,817	77,696
Total discontinued operations	35,776	4,888	7,307	3,461	51,432
Net income	58,227	16,935	25,688	28,278	129,128
Preferred stock dividends	(2,123)	(2,195)	(1,470)	(1,211)	(6,999)
Preferred stock and unit redemption discount/(issuance costs)	—	—	(3,671)	(1,742)	(5,413)
Net income available to common stockholders	$ 56,104	$ 14,740	$ 20,547	$ 25,325	$ 116,716
Basic income per common share(2)					
Income from continuing operations	$ 0.25	$ 0.12	$ 0.16	$ 0.28	$ 0.81
Discontinued operations	0.44	0.06	0.09	0.04	0.63
Net income available to common stockholders	$ 0.69	$ 0.18	$ 0.25	$ 0.32	$ 1.44
Diluted income per common share(2)					
Income from continuing operations	$ 0.25	$ 0.12	$ 0.16	$ 0.26	$ 0.79
Discontinued operations	0.43	0.06	0.09	0.04	0.62
Net income available to common stockholders	$ 0.68	$ 0.18	$ 0.25	$ 0.30	$ 1.41
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING					
Basic	81,097,725	81,015,506	81,096,837	81,165,405	81,096,062
Diluted	82,514,156	82,465,984	82,720,130	83,667,798	82,852,528

(1) Certain reclassifications have been made to the quarterly data to conform with the annual presentation with no net effect to net income or net income available to common stockholders.

(2) The sum of quarterly financial data may vary from the annual data due to rounding.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

2002	March 31	June 30	September 30	December 31	Year
	Quarter (unaudited)(1)				
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Total revenues	$ 141,258	$ 141,574	$ 149,102	$ 157,748	$ 589,682
Income before minority interests and discontinued operations	38,370	38,007	33,690	32,102	142,169
Total minority interests' share of income	(14,733)	(14,640)	(15,905)	(13,250)	(58,528)
Income from continuing operations	23,637	23,367	17,785	18,852	83,641
Total discontinued operations	6,280	5,036	8,221	17,941	37,478
Net income	29,917	28,403	26,006	36,793	121,119
Preferred stock dividends	(2,125)	(2,125)	(2,123)	(2,123)	(8,496)
Preferred stock and unit redemption premium	—	—	412	—	412
Net income available to common stockholders	$ 27,792	$ 26,278	$ 24,295	$ 34,670	$ 113,035
Basic income per common share(2)					
Income from continuing operations	$ 0.27	$ 0.25	$ 0.19	$ 0.20	$ 0.91
Discontinued operations	0.07	0.06	0.10	0.22	0.45
Net income available to common stockholders	$ 0.34	$ 0.31	$ 0.29	$ 0.42	$ 1.36
Diluted income per common share(2)					
Income from continuing operations	$ 0.26	$ 0.25	$ 0.18	$ 0.20	$ 0.89
Discontinued operations	0.07	0.06	0.10	0.21	0.44
Net income available to common stockholders	$ 0.33	$ 0.31	$ 0.28	$ 0.41	$ 1.33
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING					
Basic	83,319,047	83,710,208	83,723,897	82,289,995	83,310,885
Diluted	84,781,872	85,529,416	85,527,829	83,648,772	84,795,987

(1) Certain reclassifications have been made to the quarterly data to conform with the annual presentation with no net effect to net income or per share amounts.

(2) The sum of quarterly financial data may vary from the annual data due to rounding.

17. Segment Information

The Company mainly operates industrial properties and manages its business by markets. Industrial properties represent more than 98% of the Company's portfolio by rentable square feet and consist primarily of warehouse distribution facilities suitable for single or multiple customers and are typically comprised of multiple buildings that are leased to customers engaged in various types of businesses. The Company's geographic markets for industrial properties are managed separately because each market requires different operating, pricing and leasing strategies. The remaining 2% of the Company's portfolio is comprised of retail and other properties located in Southeast Florida, Atlanta, Boston and Baltimore. The Company does not separately manage its retail operations by market. Retail properties are generally leased to one or more anchor

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

customers, such as grocery and drug stores, and various retail businesses. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based upon property net operating income of the combined properties in each segment.

The industrial domestic target markets category includes Austin, Baltimore/ Washington D.C., Boston and Minneapolis. The industrial domestic non-target markets category captures all of the Company's other U.S. markets, except for those markets listed individually in the table. The international target markets category includes France, Germany, Japan and Mexico. Summary information for the reportable segments is as follows (dollars in thousands):

	Rental Revenues			Property NOI(1)		
Segments	2003	2002	2001	2003	2002	2001
Industrial domestic hub and gateway markets:						
Atlanta	$ 29,080	$ 30,444	$ 28,264	$ 23,048	$ 23,970	$ 22,722
Chicago	43,837	45,114	40,997	29,934	31,446	28,213
Dallas/ Fort Worth	17,015	26,697	25,210	11,457	18,915	17,641
Los Angeles	94,025	77,700	61,620	74,633	61,250	49,095
Northern New Jersey/ New York	52,709	47,422	44,924	34,735	31,845	31,648
San Francisco Bay Area	109,819	129,858	106,202	90,008	109,000	88,898
Miami	32,902	35,164	33,176	23,308	25,516	24,366
Seattle	31,813	25,656	23,215	24,863	20,394	18,620
On-Tarmac	48,909	30,617	19,558	26,639	17,161	11,282
Total industrial domestic hub markets	460,109	448,672	383,166	338,625	339,497	292,485
Total industrial domestic target markets	103,070	104,595	101,032	74,178	75,567	73,504
Total industrial domestic non-target markets	28,809	46,932	49,454	21,000	35,235	38,111
International target markets	6,101	739	—	5,697	686	—
Straight-line rents	10,662	11,013	10,093	10,662	11,013	10,093
Total retail and other markets	12,390	16,896	24,321	7,541	10,597	15,677
Discontinued operations	(19,441)	(50,358)	(44,772)	(15,910)	(38,235)	(32,918)
Total	$601,700	$578,489	$523,294	$441,793	$434,360	$396,952

(1) Property net operating income (NOI) is defined as rental revenue, including reimbursements, less property operating expenses, which excludes depreciation, amortization, general and administrative expenses and interest expense. For a reconciliation of NOI to net income, see the table below.

The Company considers NOI to be an appropriate supplemental performance measure because NOI reflects the operating performance of the Company's real estate portfolio on a segment basis and the Company uses NOI to make decisions about resource allocations and to assess regional property level performance. However, NOI should not be viewed as an alternative measure of the Company's financial performance since it does not reflect general and administrative expenses, interest expense, depreciation and amortization costs, capital expenditures and leasing costs, or trends in development and construction activities that could materially impact the Company's results from operations. Further, the Company's NOI may not be

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

comparable to that of other real estate investment trusts, as they may use different methodologies for calculating NOI. The following table is a reconciliation from NOI to reported net income:

	2003	2002	2001
	(Restated)	(Restated)	(Restated)
Property NOI	$ 441,793	$ 434,360	$ 396,952
Private capital income	13,337	11,193	10,972
Depreciation and amortization	(138,956)	(126,916)	(105,694)
Impairment losses	(5,251)	(2,846)	(18,600)
General and administrative	(47,729)	(47,207)	(35,820)
Equity in earnings of unconsolidated joint ventures	5,445	5,674	5,467
Interest and other income	4,648	10,460	16,340
Gains from dispositions of real estate	7,429	2,480	41,859
Development profits, net of taxes	14,441	1,171	17,276
Loss on investments in other companies	—	—	(20,758)
Interest, including amortization	(146,773)	(146,200)	(124,833)
Total minority interests' share of income	(70,688)	(58,528)	(64,980)
Total discontinued operations	51,432	37,478	18,019
Net income	$ 129,128	$ 121,119	$ 136,200

The Company's gross investment in real estate by market as of December 31 was:

	Total Gross Investment as of	
	December 31, 2003	December 31, 2002
Industrial domestic hub and gateway markets:		
Atlanta	$ 275,810	$ 280,006
Chicago	381,364	356,985
Dallas/ Fort Worth	152,661	126,472
Los Angeles	854,896	741,601
Northern New Jersey/ New York	516,712	486,644
San Francisco Bay Area	862,173	797,692
Miami	329,107	302,691
Seattle	393,160	249,500
On-Tarmac	262,046	216,357
Total industrial domestic hub markets	4,027,929	3,557,948
Total industrial domestic target markets	764,097	777,541
Industrial domestic non-target markets and other	290,982	320,231
International target markets	160,974	73,728
Total retail and other markets	48,097	60,844
Construction in progress	199,628	132,490
Total investments in properties	$ 5,491,707	$ 4,922,782

AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table is a reconciliation from gross investment in real estate by market to total assets:

	2003	2002
	(Restated)	(Restated)
Total investments in properties	$5,491,707	$4,922,782
Accumulated depreciation and amortization	(485,559)	(368,205)
Net investments in properties	5,006,148	4,554,577
Investments in unconsolidated joint ventures	52,009	64,428
Properties held for divestiture, net	11,751	107,871
Net investments in real estate	5,069,908	4,726,876
Cash and cash equivalents	127,678	89,332
Restricted cash	28,985	27,882
Mortgages receivable	43,145	13,133
Accounts receivable, net of allowance for doubtful accounts	88,452	74,207
Other assets	51,391	52,199
Total assets	$5,409,559	$4,983,629

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

ON FINANCIAL STATEMENT SCHEDULES

To the Board of Directors and Stockholders

of AMB Property Corporation:

Our audits of the consolidated financial statements referred to in our report dated February 13, 2004, except for Note 2, as to which the date is November 8, 2004, appearing on page F-1 in this Annual Report on Amendment No. 2 to Form 10-K, also included an audit of the financial statement schedules listed in Item 15(a)(2) of this Amendment No. 2 to Form 10-K. In our opinion, these financial statements schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP

San Francisco, California

November 8, 2004

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AMB PROPERTY CORPORATION

SCHEDULE III

CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION

As of December 31, 2003 (Restated)

Property	No. of Bldgs./ Ctrs.	Location	Type	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Building & Improvements	Costs Capitalized Subsequent to Acquisition
				(In thousands, except number of buildings/centers)			
Atlanta							
Airport Plaza	3	GA	IND	$ 4,444	$ 1,811	$ 5,093	$ 29
Airport South Business Park	7	GA	IND	17,077	10,035	16,436	6,416
Amwiler-Gwinnett Industrial Portfolio	8	GA	IND	5,454	5,888	17,690	3,073
Atlanta South Business Park	9	GA	IND	—	8,047	24,180	2,127
Atlantic Distribution Center	1	GA	IND	3,822	1,519	4,679	155
Norcross/ Brookhollow Portfolio	4	GA	IND	—	3,721	11,180	1,493
Northbrook Distribution Center	1	GA	IND	—	1,039	3,481	983
Shawnee Industrial	1	GA	IND	—	2,481	7,531	4,980
South Ridge at Hartsfield	1	GA	IND	4,063	2,096	4,008	33
Southfield Industrial Portfolio	13	GA	IND	34,088	13,585	35,730	6,506
Southfield Logistic Center	2	GA	IND	11,220	3,200	10,012	5,667
Southside Distribution Center	1	GA	IND	1,151	766	2,480	—
Suwanee Creek Distribution SGP	2	GA	IND	13,569	3,098	12,944	2,283
Suwanee Creek OP	3	GA	IND		1,693	10,386	9,733
Sylvan Industrial	1	GA	IND	—	1,946	5,905	327
Chicago							
Addison Business Center	1	IL	IND	—	1,060	3,228	248
Alsip Industrial	1	IL	IND	—	1,200	3,744	263
AMB O'Hare Rosemont	14	IL	IND	9,519	3,197	8,995	1,564
AMB Port O'Hare	2	IL	IND	6,082	4,913	5,761	981
Arthur Distribution Center	1	IL	IND	6,250	2,726	5,216	176
Bedford Warehouse	1	IL	IND	2,777	1,354	3,225	7
Belden Avenue	3	IL	IND	10,018	5,491	13,655	218
Bensenville Industrial Park	13	IL	IND	36,717	20,799	62,438	11,711
Bridgeview Industrial	1	IL	IND	—	1,332	3,996	96
Chancellory Warehouse	1	IL	IND	2,576	1,566	2,006	755
Chicago Industrial Portfolio	1	IL	IND	1,548	762	2,285	242
Chicago Ridge Freight Terminal	1	IL	IND	—	3,705	3,576	19
Chicago/ O'Hare Industrial Portfolio	5	IL	IND	8,931	4,816	9,603	483
Elk Grove Village Industrial	10	IL	IND	16,843	7,060	21,739	3,510
Executive Drive	1	IL	IND	—	1,399	4,236	846
Hamilton Parkway	1	IL	IND	—	1,554	4,703	226
Hintz Building	1	IL	IND	—	420	1,259	308
Itasca Industrial Portfolio	6	IL	IND	—	6,416	19,289	3,193
Melrose Park	1	IL	IND	—	2,936	9,190	2,076

[Additional columns below]

[Continued from above table, first column(s) repeated]

Property	Gross Amount Carried at 12/31/03: Land	Gross Amount Carried at 12/31/03: Building & Improvements	Gross Amount Carried at 12/31/03: Total Costs(1)(2)	Accumulated Depreciation	Year of Construction/ Acquisition	Depreciable Life (Years)
				(Restated)		(Restated)
			(In thousands, except number of buildings/centers)			
Atlanta						
Airport Plaza	$ 1,811	$ 5,122	$ 6,933	$ 11	2003	5-40
Airport South Business Park	10,035	22,852	32,886	1,564	2001	5-40
Amwiler-Gwinnett Industrial Portfolio	5,888	20,763	26,650	4,386	1997	5-40
Atlanta South Business Park	8,047	26,307	34,354	4,907	1997	5-40
Atlantic Distribution Center	1,519	4,834	6,353	421	2000	5-40
Norcross/ Brookhollow Portfolio	3,721	12,673	16,394	2,435	1997	5-40
Northbrook Distribution Center	1,039	4,464	5,503	900	2000	5-40
Shawnee Industrial	2,481	12,511	14,992	2,351	1999	5-40
South Ridge at Hartsfield	2,096	4,041	6,137	299	2001	5-40
Southfield Industrial Portfolio	13,585	42,235	55,820	3,277	1997	5-40

Southfield Logistic Center	3,200	15,679	18,879	1,537	2002	5-40
Southside Distribution Center	766	2,480	3,246	124	2001	5-40
Suwanee Creek Distribution SGP	3,098	15,228	18,326	1,021	1998	5-40
Suwanee Creek OP	2,181	19,631	21,812	2,065	1998	5-40
Sylvan Industrial	1,946	6,232	8,178	716	1999	5-40
Chicago						
Addison Business Center	1,060	3,475	4,535	301	2000	5-40
Alsip Industrial	1,200	4,007	5,207	625	1998	5-40
AMB O’Hare Rosemont	3,197	10,560	13,757	1,015	1999	5-40
AMB Port O’Hare	4,913	6,743	11,656	40	2001	5-40
Arthur Distribution Center	2,726	5,392	8,118	406	2001	5-40
Bedford Warehouse	1,354	3,232	4,586	176	2001	5-40
Belden Avenue	5,491	13,873	19,365	1,595	1997	5-40
Bensenville Industrial Park	20,799	74,149	94,948	14,448	1997	5-40
Bridgeview Industrial	1,332	4,092	5,424	627	1997	5-40
Chancellory Warehouse	1,566	2,760	4,327	134	2002	5-40
Chicago Industrial Portfolio	762	2,527	3,289	417	1997	5-40
Chicago Ridge Freight Terminal	3,705	3,595	7,300	212	2001	5-40
Chicago/ O’Hare Industrial Portfolio	4,816	10,087	14,903	720	2001	5-40
Elk Grove Village Industrial	7,060	25,249	32,308	2,038	1997	5-40
Executive Drive	1,399	5,082	6,481	1,054	1997	5-40
Hamilton Parkway	1,554	4,929	6,483	815	1997	5-40
Hintz Building	420	1,567	1,987	265	1998	5-40
Itasca Industrial Portfolio	6,416	22,482	28,898	4,551	1997	5-40
Melrose Park	2,936	11,266	14,202	2,220	1997	5-40

AMB PROPERTY CORPORATION
SCHEDULE III
CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION
As of December 31, 2003 (Restated)

Property	No. of Bldgs./ Ctrs.	Location	Type	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Building & Improvements	Costs Capitalized Subsequent to Acquisition
				(In thousands, except number of buildings/centers)			
NDP — Chicago	3	IL	IND	—	1,496	4,487	776
O'Hare Industrial Portfolio	13	IL	IND	—	6,248	18,778	3,728
Poplar Gateway Truck Terminal	1	IL	IND	—	4,551	3,152	1
Stone Distributing Center	1	IL	IND	3,034	2,242	3,266	—
Thorndale Distribution	1	IL	IND	5,549	4,130	4,216	227
Touhy Cargo Terminal	1	IL	IND	—	2,800	110	3,840
Windsor Court	1	IL	IND	—	766	2,338	102
Wood Dale Industrial (Includes Bonnie Lane)	5	IL	IND	8,742	2,869	9,166	559
Yohan Industrial	3	IL	IND	4,684	5,904	7,323	520
Dallas/ Ft. Worth							
Addison Technology Center	1	TX	IND	—	899	2,696	590
Dallas Industrial (Formerly Texas Industrial Portfolio)	12	TX	IND	—	5,938	17,836	4,491
DFW Airfreight Portfolio	6	TX	IND	—	950	8,492	848
Greater Dallas Industrial Portfolio	5	TX	IND	—	5,633	18,414	1,490
Lincoln Industrial Center	1	TX	IND	—	671	2,052	277
Lonestar Portfolio	7	TX	IND	16,501	6,909	21,154	1,062
Northfield Distribution Center	5	TX	IND	16,522	6,446	20,087	189
Richardson Tech Center	2	TX	IND	5,101	1,524	5,887	1,452
Valwood Industrial	2	TX	IND	3,524	1,983	5,989	1,896
West North Carrier Parkway	1	TX	IND	2,852	1,375	4,165	1,267
Los Angeles							
Anaheim Industrial	1	CA	IND	—	1,457	4,341	664
Artesia Industrial Portfolio	25	CA	IND	48,901	22,758	68,254	8,141
Aviation Logistics Center	8	CA	IND	—	22,141	19,178	—
Bell Ranch Distribution	5	CA	IND	—	6,904	12,915	273
Cabrillo Distribution Center	1	CA	IND	12,750	7,563	11,177	22
Carson Industrial	12	CA	IND	—	4,231	10,418	4,088
Carson Town Center	2	CA	IND		6,565	3,210	10,250
Chartwell Distribution Center	1	CA	IND	—	2,711	8,191	153
Del Amo Industrial Center	1	CA	IND	—	2,529	7,651	31
Eaves Distribution Center	3	CA	IND	15,123	11,893	12,708	2,131
Ford Distribution Cntr	7	CA	IND	—	24,557	22,046	2,596
Fordyce Distribution Center	1	CA	IND	7,485	4,340	8,335	233
Harris Business Center — AF I	10	CA	IND	26,818	19,273	26,288	1,637
Harris Business Center — AF II	9	CA	IND	32,992	20,772	31,050	1,189
Hawthorne LAX Cargo Center	1	CA	IND	8,434	2,775	8,377	264

[Additional columns below]

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AMB PROPERTY CORPORATION
SCHEDULE III
CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION
As of December 31, 2003 (Restated)

Property	Gross Amount Carried at 12/31/03: Land	Gross Amount Carried at 12/31/03: Building & Improvements	Gross Amount Carried at 12/31/03: Total Costs(1)(2)	Accumulated Depreciation	Year of Construction/ Acquisition	Depreciable Life (Years)
				(Restated)		(Restated)
			(In thousands, except number of buildings/centers)			
NDP — Chicago	1,496	5,264	6,759	1,016	1998	5-40
O'Hare Industrial Portfolio	6,248	22,506	28,754	4,087	1997	5-40
Poplar Gateway Truck Terminal	4,551	3,152	7,703	79	2002	5-40
Stone Distributing Center	2,242	3,266	5,508	27	2003	5-40
Thorndale Distribution	4,130	4,443	8,572	202	2002	5-40
Touhy Cargo Terminal	2,800	3,950	6,750	16	2002	5-40
Windsor Court	766	2,440	3,206	398	1997	5-40
Wood Dale Industrial (Includes Bonnie Lane)	2,869	9,724	12,594	758	1999	5-40
Yohan Industrial	5,904	7,843	13,747	116	2003	5-40
Dallas/ Ft. Worth						
Addison Technology Center	899	3,286	4,185	661	1998	5-40

Dallas Industrial (Formerly Texas Industrial Portfolio)	5,938	22,327	28,266	4,852	1997	5-40
DFW Airfreight Portfolio	950	9,339	10,290	1,497	2000	5-40
Greater Dallas Industrial Portfolio	5,633	19,904	25,536	4,136	1997	5-40
Lincoln Industrial Center	671	2,328	2,999	478	1997	5-40
Lonestar Portfolio	6,909	22,216	29,126	961	1997	5-40
Northfield Distribution Center	6,446	20,276	26,722	901	2002	5-40
Richardson Tech Center	1,524	7,339	8,863	271	1997	5-40
Valwood Industrial	1,983	7,885	9,868	1,830	1997	5-40
West North Carrier Parkway	1,375	5,432	6,807	829	1997	5-40
Los Angeles						
Anaheim Industrial	1,457	4,505	5,962	947	1997	5-40
Artesia Industrial Portfolio	22,758	76,896	99,654	14,344	1997	5-40
Aviation Logistics Center	22,141	19,178	41,319	120	2003	5-40
Bell Ranch Distribution	6,904	13,188	20,092	913	2001	5-40
Cabrillo Distribution Center	7,563	11,199	18,762	281	2002	5-40
Carson Industrial	4,231	14,507	18,738	1,833	1999	5-40
Carson Town Center	6,565	13,459	20,025	575	2000	5-40
Chartwell Distribution Center	2,711	8,344	11,055	763	2000	5-40
Del Amo Industrial Center	2,529	7,682	10,211	626	2000	5-40
Eaves Distribution Center	11,893	14,838	26,732	1,040	2001	5-40
Ford Distribution Cntr	24,557	24,642	49,198	1,652	2001	5-40
Fordyce Distribution Center	4,340	8,568	12,908	680	2001	5-40
Harris Business Center — AF I	19,273	27,925	47,198	2,613	2000	5-40
Harris Business Center — AF II	20,772	32,239	53,010	3,318	2000	5-40
Hawthorne LAX Cargo Center	2,775	8,641	11,416	658	2000	5-40

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SCHEDULE III
CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION
As of December 31, 2003 (Restated)

Property	No. of Bldgs./ Ctrs.	Location	Type	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Building & Improvements	Costs Capitalized Subsequent to Acquisition
				(In thousands, except number of buildings/centers)			
International Multifoods	1	CA	IND	—	1,613	4,879	1,011
L.A. County Industrial Portfolio	6	CA	IND	22,809	9,430	29,242	2,653
LA Media Tech Center	2	CA	IND	—	4,588	12,531	4,419
LAX Logistics Center	2	CA	IND	—	29,622	24,513	1,415
Los Nietos Business Center	4	CA	IND	7,974	2,488	7,751	335
NDP — Los Angeles	6	CA	IND	—	5,948	17,844	2,491
Normandie Industrial	1	CA	IND	—	2,398	7,491	1,641
Northpointe Commerce	2	CA	IND	—	1,773	5,358	437
Park One at LAX	—	CA	IND	—	75,000	431	66
Pioneer Alburtis	5	CA	IND	8,278	2,482	7,166	781
Slauson Distribution Center	8	CA	IND	26,194	7,806	23,552	2,886
Stadium Business Park	9	CA	IND	—	3,768	11,345	1,317
Sunset Distribution Center	2	CA	IND	—	6,718	2,765	1,635
Systematics	1	CA	IND	—	911	2,773	620
Torrance Commerce Center	6	CA	IND	—	2,045	6,136	917
Van Nuys Airport Industrial	4	CA	IND	—	9,393	8,641	14,973
Walnut Drive	1	CA	IND	—	964	2,918	744
Watson Industrial Center	1	CA	IND	4,530	1,713	5,321	1,325
Wilmington Avenue Warehouse	2	CA	IND	—	3,849	11,605	2,663
Miami							
Beacon Centre — AF I	4	FL	IND	17,070	7,229	22,238	1,063
Beacon Centre — OP	18	FL	IND	66,690	31,704	96,681	15,298
Beacon Industrial Park	8	FL	IND	—	10,105	31,437	5,656
Blue Lagoon Business Park	2	FL	IND	—	4,945	14,875	1,202
Dolphin Distribution Center	1	FL	IND	—	1,581	3,602	—
Gratigny Distribution Center	1	FL	IND	—	1,551	2,380	383
Marlin Distribution Center	1	FL	IND	—	1,076	2,169	311
Miami Airport Business Center	6	FL	IND	—	6,400	19,634	3,156
Panther Distribution Center	1	FL	IND	—	1,840	3,252	—
Sunrise Industrial	4	FL	IND	11,643	6,266	18,798	3,220
No. New Jersey/ New York							
AMB Meadowlands Park	8	NJ	IND	—	5,449	14,458	3,906
Dellamor	8	NJ	IND	14,408	12,061	11,577	303
Dock's Corner	1	NJ	IND	35,748	5,125	22,516	28,417
Fairmeadows Portfolio	17	NJ	IND	25,129	18,615	27,540	1,317
Highway 17	2	NJ	IND	—	8,185	6,490	—
Interstate Crossdock	1	NJ	IND	—	12,712	19,295	50
Jamesburg	3	NJ	IND	22,127	11,700	35,101	1,789

[Additional columns below]

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AMB PROPERTY CORPORATION
SCHEDULE III
CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION
As of December 31, 2003 (Restated)

Property	Gross Amount Carried at 12/31/03: Land	Gross Amount Carried at 12/31/03: Building & Improvements	Gross Amount Carried at 12/31/03: Total Costs(1)(2)	Accumulated Depreciation	Year of Construction/ Acquisition	Depreciable Life (Years)
				(Restated)		(Restated)
			(In thousands, except number of buildings/centers)			
International Multifoods	1,613	5,890	7,503	976	1997	5-40
L.A. County Industrial Portfolio	9,430	31,895	41,325	2,138	1997	5-40
LA Media Tech Center	4,588	16,950	21,539	2,204	1998	5-40
LAX Logistics Center	29,622	25,928	55,549	163	2003	5-40
Los Nietos Business Center	2,488	8,086	10,574	622	1999	5-40
NDP — Los Angeles	5,948	20,335	26,283	3,210	1998	5-40
Normandie Industrial	2,398	9,131	11,529	996	2000	5-40
Northpointe Commerce	1,773	5,795	7,568	1,052	1997	5-40
Park One at LAX	75,000	497	75,497	11	2002	5-40
Pioneer Alburtis	2,482	7,947	10,429	673	1999	5-40
Slauson Distribution Center	7,806	26,438	34,244	2,213	2000	5-40
Stadium Business Park	3,768	12,662	16,430	2,266	1997	5-40
Sunset Distribution Center	6,718	4,400	11,118	56	2002	5-40
Systematics	911	3,393	4,304	628	1997	5-40
Torrance Commerce Center	2,045	7,053	9,099	1,302	1998	5-40

Van Nuys Airport Industrial	9,393	23,614	33,007	2,480	2000	5-40
Walnut Drive	964	3,662	4,625	594	1997	5-40
Watson Industrial Center	1,713	6,646	8,358	419	2001	5-40
Wilmington Avenue Warehouse	3,849	14,268	18,117	2,386	1999	5-40
Miami						
Beacon Centre — AF I	7,229	23,301	30,530	2,069	2000	5-40
Beacon Centre — OP	31,704	111,980	143,683	11,979	2000	5-40
Beacon Industrial Park	10,105	37,094	47,199	6,335	1997	5-40
Blue Lagoon Business Park	4,945	16,077	21,022	2,817	1997	5-40
Dolphin Distribution Center	1,581	3,602	5,184	23	2003	5-40
Gratigny Distribution Center	1,551	2,763	4,314	106	2003	5-40
Marlin Distribution Center	1,076	2,480	3,556	53	2003	5-40
Miami Airport Business Center	6,400	22,790	29,190	3,039	1999	5-40
Panther Distribution Center	1,840	3,252	5,091	20	2003	5-40
Sunrise Industrial	6,266	22,017	28,283	2,885	1998	5-40
No. New Jersey/ New York						
AMB Meadowlands Park	5,449	18,363	23,812	1,832	2000	5-40
Dellamor	12,061	11,880	23,941	515	2002	5-40
Dock’s Corner	13,672	42,386	56,058	3,531	1997	5-40
Fairmeadows Portfolio	18,615	28,857	47,472	90	2003	5-40
Highway 17	8,185	6,490	14,675	197	2002	5-40
Interstate Crossdock	12,712	19,345	32,057	700	2002	5-40
Jamesburg	11,700	36,890	48,591	6,022	1998	5-40

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Property	No. of Bldgs./ Ctrs.	Location	Type	Encumbrances	Initial Cost to Company		Costs Capitalized Subsequent to Acquisition
					Land	Building & Improvements	
				(In thousands, except number of buildings/centers)			
Linden Industrial	1	NJ	IND	—	900	2,753	473
Mahwah Corporate Center	5	NJ	IND	—	9,003	27,573	574
Meadow Lane 495	1	NJ	IND	—	838	2,594	282
Meadowlands AF II	4	NJ	IND	12,212	6,755	13,093	1,900
Meadowlands Cross Dock	1	NJ	IND	—	1,110	3,485	989
Moonachie Industrial	2	NJ	IND	5,451	2,731	5,228	280
Murray Hill Parkway	2	NJ	IND	—	1,670	2,568	5,173
Newark Airport I & II	2	NJ	IND	3,617	1,755	5,400	483
Orchard Hill	1	NJ	IND	—	1,212	1,411	—
Porete Avenue Warehouse	1	NJ	IND	—	4,067	12,202	4,502
Skyland Crossdock	1	NJ	IND	—	—	7,250	253
Teterboro Meadowlands 15	1	NJ	IND	9,750	4,961	9,618	1,273
Two South Middlesex	1	NJ	IND	—	2,247	6,781	1,043
JFK Air Cargo — AF I	14	NY	IND	18,807	10,210	29,730	3,664
JFK Air Cargo — OP	14	NY	IND	—	15,834	45,694	4,112
JFK Airport Park	1	NY	IND	—	2,350	7,251	631
On Tarmac							
AMB BWI Cargo Center	1	MD	IND	2,749	—	6,367	87
AMB DAY Cargo Center	5	OH	IND	6,625	—	7,163	428
AMB DFW Cargo Center 1	1	TX	IND	15,949	—	19,683	3,869
AMB DFW Cargo Center 2	1	TX	IND	—	—	4,286	13,950
AMB DFW Cargo Center East	3	TX	IND	6,042	—	20,632	281
AMB IAD Cargo Center	1	VA	IND	12,675	—	38,840	—
AMB IAH Cargo Center	1	TX	IND	7,292	—	339	8,951
AMB JAX Cargo Center	1	FL	IND	3,050	—	3,029	—
AMB JFK Cargo Center 75 & 77	2	NJ	IND	—	—	30,965	2,604
AMB LAS Cargo Center	5	NV	IND	—	—	24,072	604
AMB LAX Cargo Center	3	CA	IND	7,337	—	13,445	130
AMB MCI Cargo Center 1	1	MO	IND	5,035	—	5,793	164
AMB MCI Cargo Center 2	1	MO	IND	9,150	—	8,134	—
AMB PDX Carto Center	2	OR	IND	—	—	26	9,887
AMB PHL Air Cargo Center	1	PA	IND	—	—	9,716	290
AMB RNO Cargo Center	2	NV	IND	—	—	6,014	192
AMB SEA Air Cargo Center 314	1	WA	IND	2,902	—	2,939	—
AMB SEA Cargo Center North	2	WA	IND	4,616	—	15,594	82
AMB SEA Cargo Center South	1	WA	IND	—	—	3,056	206
San Francisco Bay Area							
Acer Distribution Center	1	CA	IND	—	3,146	9,479	2,478

[Additional columns below]

[Continued from above table, first column(s) repeated]

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Property	Gross Amount Carried at 12/31/03			Accumulated Depreciation	Year of Construction/ Acquisition	Depreciable Life (Years)
	Land	Building & Improvements	Total Costs(1)(2)			
				(Restated)		(Restated)
			(In thousands, except number of buildings/centers)			
Linden Industrial	900	3,225	4,125	438	1999	5-40
Mahwah Corporate Center	9,003	28,147	37,150	4,275	1998	5-40
Meadow Lane 495	838	2,876	3,714	385	1999	5-40
Meadowlands AF II	6,755	14,992	21,747	1,202	2001	5-40
Meadowlands Cross Dock	1,110	4,474	5,584	631	2000	5-40
Moonachie Industrial	2,731	5,508	8,239	449	2001	5-40
Murray Hill Parkway	1,670	7,741	9,411	1,610	1999	5-40
Newark Airport I & II	1,755	5,883	7,638	694	2000	5-40
Orchard Hill	1,212	1,411	2,622	47	2002	5-40
Porete Avenue Warehouse	4,067	16,704	20,772	2,407	1998	5-40
Skyland Crossdock	—	7,503	7,503	268	2002	5-40
Teterboro Meadowlands 15	4,961	10,892	15,853	1,117	2001	5-40
Two South Middlesex	2,247	7,825	10,072	1,527	1997	5-40
JFK Air Cargo — AF I	10,210	33,394	43,604	4,084	2000	5-40
JFK Air Cargo — OP	15,834	49,806	65,639	5,571	2000	5-40

JFK Airport Park	2,350	7,881	10,231	837	2000	5-40
On Tarmac						
AMB BWI Cargo Center	—	6,454	6,454	1,094	2000	5-19
AMB DAY Cargo Center	—	7,591	7,591	1,138	2000	5-23
AMB DFW Cargo Center 1	—	23,553	23,553	3,206	1999	5-38
AMB DFW Cargo Center 2	—	18,237	18,237	2,052	1999	5-39
AMB DFW Cargo Center East	—	20,913	20,913	2,531	2000	5-26
AMB IAD Cargo Center	—	38,841	38,841	3,938	2002	5-15
AMB IAH Cargo Center	—	9,290	9,290	77	2000	5-36
AMB JAX Cargo Center	—	3,029	3,029	422	2000	5-22
AMB JFK Cargo Center 75 & 77	—	33,569	33,569	3,888	2002	5-13
AMB LAS Cargo Center	—	24,676	24,676	616	2003	5-33
AMB LAX Cargo Center	—	13,574	13,574	1,991	2000	5-22
AMB MCI Cargo Center 1	—	5,957	5,957	1,059	2000	5-18
AMB MCI Cargo Center 2	—	8,134	8,134	929	2000	5-27
AMB PDX Carto Center	—	9,913	9,913	817	2002	5-28
AMB PHL Air Cargo Center	—	10,005	10,005	1,602	2000	5-21
AMB RNO Cargo Center	—	6,206	6,206	189	2003	5-23
AMB SEA Air Cargo Center 314	—	2,939	2,939	7	2003	5-15
AMB SEA Cargo Center North	—	15,676	15,676	1,856	2000	5-27
AMB SEA Cargo Center South	—	3,262	3,262	749	2000	5-14
San Francisco Bay Area						
Acer Distribution Center	3,146	11,957	15,103	2,436	1997	5-40

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Property	No. of Bldgs./ Ctrs.	Location	Type	Encumbrances	Initial Cost to Company Land	Initial Cost to Company Building & Improvements	Costs Capitalized Subsequent to Acquisition
				(In thousands, except number of buildings/centers)			
Albrae Business Center	1	CA	IND	7,730	6,299	6,227	650
Alvarado Business Center	5	CA	IND	23,828	6,342	26,671	9,113
Brennan Distribution	1	CA	IND	4,163	3,683	3,022	2,193
Central Bay	2	CA	IND	6,951	3,896	7,400	1,165
Component Drive Industrial Portfolio	3	CA	IND	—	12,688	6,974	761
Concord Industrial Portfolio	10	CA	IND	10,475	3,872	11,647	2,487
Dado Distribution	1	CA	IND	—	7,221	3,739	953
Diablo Industrial Park	12	CA	IND	8,829	3,379	10,489	1,144
Doolittle Distribution Center	1	CA	IND	—	2,644	8,014	678
Dowe Industrial Center	2	CA	IND	—	2,665	8,034	2,003
Dublin Industrial Portfolio	1	CA	IND	—	2,980	9,042	1,011
East Bay Doolittle	1	CA	IND	—	7,128	11,023	2,035
East Bay Whipple	1	CA	IND	6,894	5,333	8,126	1,635
East Grand Airfreight	2	CA	IND	4,222	5,093	4,190	—
Edgewater Industrial Center	1	CA	IND	—	4,038	15,113	4,482
Fairway Drive Industrial	4	CA	IND	12,195	4,214	13,949	2,466
Hayward Industrial — Hathaway	2	CA	IND	—	4,473	13,546	529
Hayward Industrial — Wiegman	1	CA	IND	7,234	2,773	8,393	406
Junction Industrial Park	4	CA	IND	—	7,875	23,975	1,652
Laurelwood Drive	2	CA	IND	—	2,750	8,538	569
Lawrence SSF	1	CA	IND	—	2,870	5,521	1,124
Marina Business ParK	2	CA	IND	4,312	3,280	4,316	47
Martin/ Scott Industrial Portfolio	2	CA	IND	—	9,052	5,309	336
Milmont Page Business Center	3	CA	IND	11,386	3,422	10,600	3,073
Moffett Business Center (MBC Industrial)	4	CA	IND	—	5,892	17,716	3,281
Moffett Distribution	7	CA	IND	19,121	26,916	11,277	1,353
Moffett Park R&D Portfolio	14	CA	IND	—	14,805	44,462	9,448
Pacific Business Center	2	CA	IND	8,642	5,417	16,291	1,747
Pardee Drive	1	CA	IND	1,533	619	1,880	274
Silicon Valley R&D Portfolio	5	CA	IND	—	6,700	20,186	4,779
South Bay Industrial	8	CA	IND	17,709	14,992	45,016	5,564
Utah Airfreight	1	CA	IND	17,433	18,753	8,381	316
Weigman Road	1	CA	IND	—	1,563	4,688	1,550
Williams & Bouroughs	4	CA	IND	7,908	2,382	6,981	3,309
Willow Park Industrial Portfolio	21	CA	IND	—	25,590	76,771	12,596
Yosemite Drive	1	CA	IND	—	2,350	7,051	753

[Additional columns below]

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Property	Gross Amount Carried at 12/31/03 Land	Gross Amount Carried at 12/31/03 Building & Improvements	Gross Amount Carried at 12/31/03 Total Costs(1)(2)	Accumulated Depreciation	Year of Construction/ Acquisition	Depreciable Life (Years)
				(Restated)		(Restated)
			(In thousands, except number of buildings/centers)			
Albrae Business Center	6,299	6,877	13,176	399	2001	5-40
Alvarado Business Center	6,342	35,784	42,126	2,154	1997	5-40
Brennan Distribution	3,683	5,215	8,898	436	2001	5-40
Central Bay	3,896	8,565	12,460	800	2001	5-40
Component Drive Industrial Portfolio	12,688	7,735	20,423	653	2001	5-40
Concord Industrial Portfolio	3,872	14,134	18,006	2,415	1999	5-40
Dado Distribution	7,221	4,693	11,914	256	2001	5-40
Diablo Industrial Park	3,379	11,633	15,013	1,507	1999	5-40
Doolittle Distribution Center	2,644	8,692	11,336	920	2000	5-40
Dowe Industrial Center	2,665	10,037	12,702	1,825	1997	5-40
Dublin Industrial Portfolio	2,980	10,053	13,033	877	2000	5-40
East Bay Doolittle	7,128	13,058	20,186	1,039	2001	5-40
East Bay Whipple	5,333	9,761	15,094	663	2001	5-40
East Grand Airfreight	5,093	4,190	9,283	217	2003	5-40

Edgewater Industrial Center	4,038	19,595	23,633	1,962	2000	5-40
Fairway Drive Industrial	4,214	16,415	20,629	1,126	1997	5-40
Hayward Industrial — Hathaway	4,473	14,075	18,547	1,093	2000	5-40
Hayward Industrial — Wiegman	2,773	8,799	11,571	691	2000	5-40
Junction Industrial Park	7,875	25,627	33,502	3,667	1999	5-40
Laurelwood Drive	2,750	9,107	11,857	1,409	1997	5-40
Lawrence SSF	2,870	6,644	9,514	668	2001	5-40
Marina Business ParK	3,280	4,363	7,643	147	2002	5-40
Martin/ Scott Industrial Portfolio	9,052	5,645	14,697	389	2001	5-40
Milmont Page Business Center	3,422	13,674	17,095	748	1997	5-40
Moffett Business Center (MBC Industrial)	5,892	20,998	26,890	3,778	1997	5-40
Moffett Distribution	26,916	12,631	39,547	844	2001	5-40
Moffett Park R&D Portfolio	14,805	53,910	68,715	13,329	1997	5-40
Pacific Business Center	5,417	18,039	23,456	3,136	1997	5-40
Pardee Drive	619	2,154	2,773	153	1999	5-40
Silicon Valley R&D Portfolio	6,700	24,965	31,665	5,923	1997	5-40
South Bay Industrial	14,992	50,581	65,573	9,617	1997	5-40
Utah Airfreight	18,753	8,697	27,450	116	2003	5-40
Weigman Road	1,563	6,239	7,802	982	1997	5-40
Williams & Bouroughs	2,382	10,290	12,673	1,234	1999	5-40
Willow Park Industrial Portfolio	25,590	89,367	114,957	14,703	1998	5-40
Yosemite Drive	2,350	7,804	10,154	1,245	1997	5-40

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				(In thousands, except number of buildings/centers)			
Zanker/ Charcot Industrial	5	CA	IND	—	5,282	15,887	2,413
Seattle							
Black River	1	WA	IND	3,420	1,845	3,559	285
Earlington Business Park	1	WA	IND	4,238	2,766	3,234	326
East Valley Warehouse	1	WA	IND	—	6,813	20,511	5,696
Gateway Corporate Center	9	WA	IND	27,000	10,643	32,908	4,323
Gateway North	6	WA	IND	14,000	5,270	16,296	1,497
Harvest Business Park	3	WA	IND	—	2,371	7,153	1,197
Kent Centre Corporate Park	4	WA	IND	—	3,042	9,165	1,199
Kingsport Industrial Park	7	WA	IND	—	8,101	23,812	4,104
NDP — Seattle	4	WA	IND	11,854	3,993	11,773	1,110
Northwest Distribution Center	3	WA	IND	—	3,533	10,751	996
Puget Sound Airfreight	1	WA	IND	—	1,329	1,830	255
Renton Northwest Corp. Park	6	WA	IND	24,245	25,959	14,792	768
SEA Logistics Center 1	3	WA	IND	—	9,218	18,968	21
SEA Logistics Center 2	3	WA	IND	14,490	11,535	24,601	—
Seattle Airport Industrial	1	WA	IND	—	619	1,923	180
Trans-Pacific Industrial Park	11	WA	IND	48,600	31,675	42,210	531
Other Industrial Markets							
Activity Distribution Center	4	CA	IND	—	3,736	11,248	1,799
Scripps Sorrento	1	CA	IND	—	1,110	3,330	101
Chancellor Square	3	FL	IND	15,029	2,009	6,106	2,783
Presidents Drive	6	FL	IND	—	5,770	17,655	1,990
Sand Lake Service Center	6	FL	IND	—	3,483	10,585	2,805
Elmwood Business Park	5	LA	IND	—	4,163	12,488	1,934
Boston Industrial Portfolio	18	MA	IND	10,031	16,707	52,013	15,298
Cabot Business Park	13	MA	IND	—	15,283	46,433	4,635
Cabot Business Park (KYDJ)	2	MA	IND	—	1,474	14,353	8,404
Cabot Business Park SGP	3	MA	IND	16,423	5,499	16,969	2,181
Bennington Corporate Center	2	MD	IND	5,854	2,671	8,181	962
B.W.I	2	MD	IND	3,454	2,258	5,149	174
Columbia Business Center	9	MD	IND	3,752	3,856	11,736	2,117
Corridor Industrial	1	MD	IND	2,376	996	3,019	270
Crysen Industrial	1	MD	IND	2,223	1,425	4,275	993
Gateway 58	3	MD	IND	—	3,256	9,940	112
Gateway Commerce Center	5	MD	IND	—	4,083	12,336	1,245
Greenwood Industrial	3	MD	IND	—	4,729	14,188	2,250
Meadowridge Industrial	3	MD	IND	—	3,716	11,147	360

[Additional columns below]

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				(Restated)		(Restated)
			(In thousands, except number of buildings/centers)			
Zanker/ Charcot Industrial	5,282	18,300	23,583	3,343	1997	5-40
Seattle						
Black River	1,845	3,844	5,689	377	2001	5-40
Earlington Business Park	2,766	3,560	6,327	172	2002	5-40
East Valley Warehouse	6,813	26,207	33,019	4,382	1999	5-40
Gateway Corporate Center	10,643	37,231	47,874	4,854	1999	5-40
Gateway North	5,270	17,792	23,062	2,106	1999	5-40
Harvest Business Park	2,371	8,350	10,721	1,665	1997	5-40
Kent Centre Corporate Park	3,042	10,364	13,406	2,097	1997	5-40
Kingsport Industrial Park	8,101	27,917	36,017	4,963	1997	5-40
NDP — Seattle	3,993	12,883	16,876	511	1998	5-40
Northwest Distribution Center	3,533	11,747	15,280	2,340	1997	5-40
Puget Sound Airfreight	1,329	2,084	3,413	122	2002	5-40
Renton Northwest Corp. Park	25,959	15,560	41,519	636	2002	5-40
SEA Logistics Center 1	9,218	18,990	28,208	120	2003	5-40
SEA Logistics Center 2	11,535	24,601	36,136	49	2003	5-40
Seattle Airport Industrial	619	2,103	2,722	235	2000	5-40
Trans-Pacific Industrial Park	31,675	42,741	74,415	546	2003	5-40
Other Industrial Markets						

Activity Distribution Center	3,736	13,048	16,784	2,485	1997	5-40
Scripps Sorrento	1,110	3,432	4,542	513	1998	5-40
Chancellor Square	2,009	8,890	10,899	2,353	1998	5-40
Presidents Drive	5,770	19,644	25,414	3,747	1997	5-40
Sand Lake Service Center	3,483	13,390	16,872	2,810	1998	5-40
Elmwood Business Park	4,163	14,421	18,584	2,425	1998	5-40
Boston Industrial Portfolio	16,707	67,311	84,018	11,999	1998	5-40
Cabot Business Park	16,329	50,022	66,351	9,340	1998	5-40
Cabot Business Park (KYDJ)	1,823	22,408	24,232	3,543	1998	5-40
Cabot Business Park SGP	6,256	18,394	24,650	626	2002	5-40
Bennington Corporate Center	2,671	9,144	11,815	1,123	2000	5-40
B.W.I	2,258	5,323	7,581	260	2002	5-40
Columbia Business Center	3,856	13,853	17,709	2,366	1999	5-40
Corridor Industrial	996	3,289	4,285	439	1999	5-40
Crysen Industrial	1,425	5,268	6,693	1,018	1998	5-40
Gateway 58	3,256	10,052	13,308	918	2000	5-40
Gateway Commerce Center	4,083	13,580	17,664	2,167	1999	5-40
Greenwood Industrial	4,729	16,438	21,167	2,759	1998	5-40
Meadowridge Industrial	3,716	11,507	15,223	1,751	1998	5-40

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				(In thousands, except number of buildings/centers)			
Oakland Ridge Industrial Center	12	MD	IND	4,236	3,297	19,207	7,075
Patuxent Alliance 8280	1	MD	IND	—	887	1,706	34
Patuxent Range Road	2	MD	IND	—	1,696	5,127	564
Preston Court	1	MD	IND	—	2,313	7,192	323
The Rotunda	2	MD	IND	12,468	4,400	17,736	3,487
Santa Barbara Court	1	MD	IND	—	1,617	5,029	881
Technology I	2	MD	IND	—	1,657	5,049	374
Technology II	9	MD	IND	—	10,206	3,761	30,155
Braemar Business Center	2	MN	IND	—	1,566	4,613	1,074
Burnsville Business Center	1	MN	IND	—	932	2,796	1,130
Corporate Square Industrial	6	MN	IND	—	4,024	12,113	2,483
Edenvale Business Center	1	MN	IND	—	775	2,412	960
Minneapolis Distribution Portfolio	4	MN	IND	—	6,079	18,692	4,338
Mendota Heights	1	MN	IND	—	1,367	4,565	2,453
Minnetonka Industrial	10	MN	IND	10,834	6,690	20,380	3,912
Minneapolis Industrial Portfolio IV	4	MN	IND	7,214	4,938	14,854	2,221
Penn James Office Warehouse	2	MN	IND	—	1,991	6,013	1,175
Round Lake Business Center	1	MN	IND	—	875	2,625	586
Twin Cities	2	MN	IND	—	4,873	14,638	6,561
Chemway Industrial Portfolio	5	NC	IND	—	2,875	8,625	1,051
CLT Logistics Center	11	NC	IND	—	6,377	24,950	42
South Point Business Park	5	NC	IND	8,329	3,130	10,452	1,712
Janitrol	1	OH	IND	—	1,797	5,390	365
Cascade Business Center	4	OR	IND	—	2,825	7,860	2,321
Wilsonville	1	OR	IND	—	3,407	13,493	62
Corporate Park/ Hickory Hill	7	TN	IND	15,723	6,789	20,366	2,182
Willow Lake Industrial Park	10	TN	IND	19,488	12,415	35,990	14,258
Metric Center	5	TX	IND	—	10,968	32,944	1,734
TechRidge Phase II	1	TX	IND	11,277	7,261	13,484	229
TechRidge Phase IA	3	TX	IND	14,825	7,132	21,396	485
Beltway Distribution	1	VA	IND	—	4,800	15,159	5,533
Dulles Airport — Alliance	5	VA	IND	20,869	3,656	6,930	16,001
Peninsula Business Center III	1	VA	IND	—	992	2,976	359
Mexico Guadalajara	5	Mexico	IND	—	9,555	22,386	734
Mexico Mesquite Distribution Center	2	Mexico	IND	16,994	4,192	247	11,853
Frankfurt Logistic Center	1	Germany	IND	—	—	19,875	639
Bourget Industrial	1	France	IND	—	10,058	23,843	1,541

[Additional columns below]

[Continued from above table, first column(s) repeated]

AMB PROPERTY CORPORATION
SCHEDULE III
CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION
As of December 31, 2003 (Restated)

Property	Gross Amount Carried at 12/31/03: Land	Gross Amount Carried at 12/31/03: Building & Improvements	Gross Amount Carried at 12/31/03: Total Costs(1)(2)	Accumulated Depreciation	Year of Construction/ Acquisition	Depreciable Life (Years)
				(Restated) (In thousands, except number of buildings/centers)		(Restated)
Oakland Ridge Industrial Center	3,297	26,282	29,579	4,736	1999	5-40
Patuxent Alliance 8280	887	1,740	2,627	124	2001	5-40
Patuxent Range Road	1,696	5,691	7,387	1,114	1997	5-40
Preston Court	2,313	7,515	9,827	1,331	1997	5-40
The Rotunda	4,400	21,224	25,624	3,571	1999	5-40
Santa Barbara Court	1,617	5,910	7,527	1,283	1997	5-40
Technology I	1,657	5,423	7,080	727	1999	5-40
Technology II	10,206	33,916	44,123	4,640	1999	5-40
Braemar Business Center	1,566	5,687	7,253	1,095	1998	5-40
Burnsville Business Center	932	3,926	4,858	925	1998	5-40
Corporate Square Industrial	4,024	14,596	18,620	2,985	1997	5-40
Edenvale Business Center	775	3,371	4,146	771	1998	5-40
Minneapolis Distribution Portfolio	6,079	23,030	29,109	4,134	1997	5-40

Mendota Heights	1,367	7,019	8,385	2,728	1998	5-40
Minnetonka Industrial	6,690	24,292	30,982	4,298	1998	5-40
Minneapolis Industrial Portfolio IV	4,938	17,074	22,012	3,416	1997	5-40
Penn James Office Warehouse	1,991	7,188	9,179	1,434	1997	5-40
Round Lake Business Center	875	3,211	4,086	641	1998	5-40
Twin Cities	4,873	21,198	26,071	4,221	1997	5-40
Chemway Industrial Portfolio	2,875	9,676	12,551	1,721	1998	5-40
CLT Logistics Center	6,377	24,992	31,368	156	2003	5-40
South Point Business Park	3,130	12,164	15,294	1,902	1998	5-40
Janitrol	1,797	5,755	7,551	916	1997	5-40
Cascade Business Center	2,825	10,181	13,006	1,859	1998	5-40
Wilsonville	3,407	13,555	16,962	2,008	1998	5-40
Corporate Park/ Hickory Hill	6,789	22,548	29,337	3,534	1998	5-40
Willow Lake Industrial Park	12,415	50,248	62,663	12,418	1998	5-40
Metric Center	10,968	34,678	45,646	5,634	1997	5-40
TechRidge Phase II	7,261	13,714	20,975	944	2001	5-40
TechRidge Phase IA	7,132	21,880	29,012	1,768	2000	5-40
Beltway Distribution	4,800	20,692	25,492	3,631	1999	5-40
Dulles Airport — Alliance	3,656	22,931	26,587	663	2000	5-40
Peninsula Business Center III	992	3,334	4,326	479	1998	5-40
Mexico Guadalajara	9,555	23,120	32,674	580	2002	5-40
Mexico Mesquite Distribution Center	4,192	12,100	16,292	64	2003	5-40
Frankfurt Logistic Center	—	20,513	20,513	20	2003	5-40
Bourget Industrial	10,367	25,075	35,442	100	2003	5-40

AMB PROPERTY CORPORATION
SCHEDULE III
CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION
As of December 31, 2003 (Restated)

Property	No. of Bldgs./ Ctrs.	Location	Type	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Building & Improvements	Costs Capitalized Subsequent to Acquisition
				(In thousands, except number of buildings/centers)			
Paris Nord Dist I	1	France	IND	—	2,864	4,723	2,091
Paris Nord Dist II	1	France	IND	—	1,697	5,127	2,996
Japan Saitama Distribution Center	2	Japan	IND	—	8,143	28,503	—
Other Retail Markets							
Around Lenox	1	GA	RET	9,092	3,462	13,848	4,874
Beacon Centre — Headlands	1	FL	RET	—	2,523	7,669	865
Charles and Chase	1	MD	RET	—	751	2,287	176
Mazzeo	1	MA	RET	3,178	1,477	4,432	231
Palm Aire	1	FL	RET	—	2,279	9,720	7,775
Total	952			$1,353,101	$1,391,038	$3,286,399	$ 614,642

[Additional columns below]

[Continued from above table, first column(s) repeated]

AMB PROPERTY CORPORATION
SCHEDULE III
CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION
As of December 31, 2003 (Restated)

Property	Gross Amount Carried at 12/31/03: Land	Gross Amount Carried at 12/31/03: Building & Improvements	Gross Amount Carried at 12/31/03: Total Costs(1)(2)	Accumulated Depreciation	Year of Construction/ Acquisition	Depreciable Life (Years)
				(Restated)		(Restated)
			(In thousands, except number of buildings/centers)			
Paris Nord Dist I	3,572	6,105	9,677	80	2002	5-40
Paris Nord Dist II	2,091	7,729	9,820	52	2002	5-40
Japan Saitama Distribution Center	8,143	28,503	36,646	59	2003	5-40
Other Retail Markets						
Around Lenox	3,462	18,722	22,184	2,851	1998	5-40
Beacon Centre — Headlands	2,523	8,533	11,056	694	2000	5-40
Charles and Chase	751	2,463	3,213	289	1998	5-40
Mazzeo	1,477	4,663	6,140	673	1998	5-40
Palm Aire	2,452	17,321	19,773	2,125	1996	5-40
Total	$1,403,807	$3,888,272	$5,292,079	$ 485,559		

(1) Reconciliation of total cost to consolidated balance sheet caption as of December 31, 2003:

Total per Schedule III(3)	$5,292,079
Construction in process(4)	199,628
Total investments in properties	$5,491,707

(2) As of December 31, 2003, the aggregate cost for federal income tax purposes of investments in real estate was $5,201,590.

(3) A summary of activity for real estate and accumulated depreciation for the year ended December 31, 2003 (restated) is as follows:

Investments in Properties:	
Balance at beginning of year	$4,922,782
Acquisition of properties	523,994
Improvements, including development properties	264,272
Transfer basis adjustment	23,388
Asset impairment	(5,251)
Divestiture of properties	(339,605)
Adjustment for properties held for divestiture	102,127
Balance at end of year	$5,491,707
Accumulated Depreciation:	
Balance at beginning of year	$ 368,205
Depreciation expense, including discontinued operations	139,284
Properties divested	(27,937)
Adjustment for properties held for divestiture	6,007
Balance at end of year	$ 485,559

(4) Includes $112.2 million of fundings for development projects as of December 31, 2003.

EXHIBIT INDEX

Exhibit Number	Description
3.1	Articles of Incorporation of AMB Property Corporation (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)).
3.2	Articles Supplementary establishing and fixing the rights and preferences of the 8 5/8% Series B Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 7, 1999).
3.3	Articles Supplementary establishing and fixing the rights and preferences of the 8.75% Series C Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.2 of AMB Property Corporation's Current Report on Form 8-K filed on January 7, 1999).
3.4	Articles Supplementary establishing and fixing the rights and preferences of the 7.75% Series D Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999).
3.5	Articles Supplementary establishing and fixing the rights and preferences of the 7.75% Series E Cumulative Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 14, 1999).
3.6	Articles Supplementary establishing and fixing the rights and preferences of the 7.95% Series F Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on April 14, 2000).
3.7	Articles Supplementary establishing and fixing the rights and preferences of the 7.95% Series G Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 29, 2000).
3.8	Articles Supplementary establishing and fixing the rights and preferences of the 8.125% Series H Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Current Report on Form 8-K filed on September 29, 2000).
3.9	Articles Supplementary establishing and fixing the rights and preferences of the 8.00% Series I Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 23, 2001).
3.10	Articles Supplementary establishing and fixing the rights and preferences of the 7.95% Series J Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on October 3, 2001).
3.11	Articles Supplementary redesignating and reclassifying all 2,200,000 Shares of the 8.75% Series C Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on December 7, 2001).
3.12	Articles Supplementary establishing and fixing the rights and preferences of the 7.95% Series K Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on April 23, 2002).
3.13	Articles Supplementary Redesignating and Reclassifying 130,000 Shares of 7.95% Series F Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.2 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).
3.14	Articles Supplementary Redesignating and Reclassifying all 20,000 Shares of 7.95% Series G Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).
3.16	Articles Supplementary establishing and fixing the rights and preferences of the 6 1/2% Series L Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.16 of AMB Property Corporation's Current Report on Form 8-A filed on June 20, 2003).
3.17	Articles Supplementary establishing and fixing the rights and preferences of the 6 3/4% Series M Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.17 of AMB Property Corporation's Form 8-K filed on November 26, 2003).

Table of Contents

Exhibit Number	Description
3.18	Third Amended and Restated Bylaws of AMB Property Corporation (incorporated by reference to Exhibit 3.17 of AMB Property Corporation's 8-A filed on June 20, 2003).
4.1	Form of Certificate for Common Stock of AMB Property Corporation (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)).
4.2	Form of Certificate for 6 1/2% Series L Cumulative Redeemable Preferred Stock of AMB Property Corporation (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Form 8-A filed on June 20, 2003).
4.3	Form of Certificate for 6 3/4% Series M Cumulative Redeemable Preferred Stock of AMB Property Corporation (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Form 8-A filed on November 12, 2003).
4.4	\$30,000,000 7.925% Fixed Rate Note No. 1 dated August 18, 2000, attaching the Parent Guarantee dated August 18, 2000 (incorporated by reference to Exhibit 4.5 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000).
4.5	\$25,000,000,000 7.925% Fixed Rate Note No. 2 dated September 12, 2000, attaching the Parent Guarantee dated September 12, 2000 (incorporated by reference to Exhibit 4.6 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000).
4.6	\$50,000,000 8.00% Fixed Rate Note No. 3 dated October 26, 2000, attaching the Parent Guarantee dated October 26, 2000 (incorporated by reference to Exhibit 4.7 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000).
4.7	\$25,000,000 8.000% Fixed Rate Note No. 4 dated October 26, 2000, attaching the Parent Guarantee dated October 26, 2000 (incorporated by reference to Exhibit 4.8 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000).
4.8	\$50,000,000 7.20% Fixed Rate Note No. 5 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001).
4.9	\$50,000,000 7.20% Fixed Rate Note No. 6 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.2 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001).
4.10	\$50,000,000 7.20% Fixed Rate Note No. 7 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.3 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001).
4.11	Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
4.12	First Supplemental Indenture dated as of June 30, 1998 by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
4.13	Second Supplemental Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
4.14	Third Supplemental Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.4 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
4.15	Fourth Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K/ A filed on November 9, 2000).

Exhibit Number	Description
4.16	Fifth Supplemental Indenture dated as of May 7, 2002, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.15 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2002).
4.17	Specimen of 7.10% Notes due 2008 (included in the First Supplemental Indenture incorporated by reference as Exhibit 4.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
4.18	Specimen of 7.50% Notes due 2018 (included in the Second Supplemental Indenture incorporated by reference as Exhibit 4.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
4.19	Specimen of 6.90% Reset Put Securities due 2015 (included in the Third Supplemental Indenture incorporated by reference as Exhibit 4.4 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
4.20	$25,000,000 6.90% Fixed Rate Note No. 8 dated January 9, 2001, attaching the Parent Guarantee dated January 9, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 31, 2001).
4.21	$50,000,000 7.00% Fixed Rate Note No. 9 dated March 7, 2001, attaching the Parent Guarantee dated March 7, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 16, 2001).
4.22	$25,000,000 6.75% Fixed Rate Note No. 10 dated September 6, 2001, attaching the Parent Guarantee dated September 6, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 18, 2001).
4.23	$20,000,000 5.90% Fixed Rate Note No. 11 dated January 17, 2002, attaching the Parent Guarantee dated January 17, 2002 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 23, 2002).
4.24	$75,000,000 5.53% Fixed Rate Note No. B-1 dated November 10, 2003, attaching the Parent Guarantee dated November 10, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003).
4.25	$50,000,000 Floating Rate Note No. B-1 dated November 21, 2003, attaching the Parent Guarantee dated November 21, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 21, 2003).
4.26	Registration Rights Agreement dated November 14, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 17, 2003).
10.1	Distribution Agreement dated May 7, 2002, by and among AMB Property Corporation, AMB Property, L.P., Morgan Stanley & Co. Incorporated, A.G. Edwards & Sons, Inc., Banc of America Securities LLC, Bear, Stearns & Co. Inc., Commerzbank Capital Markets Corp., First Union Securities, Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc., and PNC Capital Markets, Inc. (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2003).
10.2	Terms Agreement dated as of December 14, 2000, by and between Morgan Stanley & Co., Incorporated and J.P. Morgan Securities Inc. and AMB Property, L.P. (incorporated herein by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001).
10.3	Terms Agreement dated as of January 4, 2001, by and between A.G. Edwards & Sons, Inc. and AMB Property, L.P. (incorporated herein by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 31, 2001).
10.4	Terms Agreement dated as of March 2, 2001, by and among First Union Securities, Inc., AMB Property, L.P. and AMB Property Corporation (incorporated by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 16, 2001).
10.5	Tenth Amended and Restated Agreement of Limited Partnership of AMB Property, L.P. dated as of November 26, 2003 (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on November 26, 2003).

Exhibit Number	Description
10.6	Form of Registration Rights Agreement among AMB Property Corporation and the persons named therein (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)).
10.7	Form of Change in Control and Noncompetition Agreement between AMB Property Corporation and Executive Officers (incorporated by reference to Exhibit 10.6 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 1998).
10.8	Dividend Reinvestment and Direct Purchase Plan, dated July 9, 1999 (incorporated by reference to Exhibit 10.4 of AMB Property Corporation's Quarterly Report on Report Form 10-Q for the quarter ended June 30, 1999).
10.9	Twelfth Amended and Restated Agreement of Limited Partnership of AMB Property II, L.P., dated as of November 14, 2003 (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 17, 2003).
10.10	Amended and Restated Revolving Credit Agreement, dated as of December 11, 2002, by and among AMB Property, L.P., the banks listed therein, JPMorgan Chase Bank, as administrative agent, J.P. Morgan Europe Limited, as administrative agent for alternate currencies, Bank of America, N.A., as syndication agent, J.P. Morgan Securities Inc. and Banc of America Securities LLC, as joint lead arrangers and joint bookrunners, Bank One, NA, Commerzbank Aktiengesellschaft, New York and Grand Cayman Branches and Wachovia Bank, N.A., as documentation agents, PNC Bank, National Association, The Bank of Nova Scotia, acting through its San Francisco Agency, and Wells Fargo Bank, N.A., as managing agents, and KeyBank National Association, as co-agent (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on December 18, 2002).
10.11	Amendment to Amended and Restated Credit Agreement dated as of July 10, 2003, by and among AMB Property, L.P., the banks listed therein, JP Morgan Chase Bank, as administrative agent, Bank of America, N.A., as syndication agent, and Bank One, N.A., Commerzbank, A.G., New York and Grand Cayman Branches, and Wachovia Bank, as documentation agent (incorporated by reference to Exhibit 10.3 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003).
10.12	Guaranty of Payment, dated as of December 11, 2002, by AMB Property Corporation for the benefit of JPMorgan Chase Bank, as administrative agent, and J.P. Morgan Europe Limited, as administrative agent for alternate currencies, for the banks listed on the signature page to the Revolving Credit Agreement (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on December 18, 2002).
10.13	Qualified Borrower Guaranty, dated as of December 11, 2002, by AMB Property, L.P. for the benefit of JPMorgan Chase Bank and J.P. Morgan Europe Limited, as administrative agents for the banks listed on the signature page to the Revolving Credit Agreement (incorporated by reference to Exhibit 10.3 of AMB Property Corporation's Current Report on Form 8-K filed on December 18, 2002).
10.14	Terms Agreement dated as of August 30, 2001, by and among Lehman Brothers Inc., AMB Property, L.P., and AMB Property Corporation (incorporated by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 18, 2001).
10.15	Terms Agreement dated as of January 14, 2002, by and among Lehman Brothers Inc., AMB Property, L.P., and AMB Property Corporation (incorporated by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 23, 2002).
10.16	Third Amended and Restated 1997 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 10.22 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2001).
10.17	Amendment No. 1 to the Third Amended and Restated 1997 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 10.23 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2001).
10.18	2002 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 4.15 of AMB Property Corporation's Registration Statement on Form S-8 (No. 333-90042)).

Exhibit Number	Description
10.19	Amended and Restated AMB Nonqualified Deferred Compensation Plan (incorporated by reference to Exhibit 4.17 of AMB Property Corporation's Registration Statement on Form S-8 (No. 333-100214)).
10.20	Note Purchase Agreement dated as of November 5, 2003, by and between AMB Property, L.P. and Teachers Insurance and Annuity Association of America (incorporated by reference to Exhibit 99.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 6, 2003).
10.21	Agreement of Sale, made as of October 6, 2003, by and between AMB Property, L.P., International Airport Centers L.L.C. and certain affiliated entities (incorporated by reference to Exhibit 99.3 of AMB Property Corporation's Current Report on Form 8-K filed on November 6, 2003).
21.1	Subsidiaries of AMB Property Corporation (incorporated by reference to Exhibit 21.1 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2003).
23.1	Consent of PricewaterhouseCoopers LLP.
24.1	Powers of Attorney (incorporated by reference to Exhibit 24.1 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2003).
31.1	Rule 13a-14(a)/15d-14(a) Certifications dated November 9, 2004.
32.1	18 U.S.C. § 1350 Certifications dated November 9, 2004. The certifications in this exhibit are being furnished solely to accompany this report pursuant to 18 U.S.C. § 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any of our filings, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-3 (Nos. 333-86842, 333-68291, 333-68283, 333-75953, 333-78699, 333-76823, 333-81475, 333-80815, 333-75951, 333-36894 and 333-73718) and Forms S-8 (Nos. 333-42015, 333-78779, 333-90042 and 333-100214) of AMB Property Corporation of our reports dated February 13, 2004, except for Note 2, as to which the date is November 8, 2004, and November 8, 2004 relating to the financial statements and financial statement schedules, respectively, which appear in this Amendment No. 2 to Form 10-K.

PricewaterhouseCoopers LLP

San Francisco, California
November 8, 2004

Exhibit 31.1

CERTIFICATIONS

I, Hamid R. Moghadam, certify that:

(1) I have reviewed this annual report on Form 10-K/A of AMB Property Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2004

By: /s/ HAMID R. MOGHADAM

Hamid R. Moghadam

Chairman of the Board and Chief Executive Officer

Exhibit 31.1

I, W. Blake Baird, certify that:

(1) I have reviewed this annual report on Form 10-K/A of AMB Property Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2004

By: /s/ W. BLAKE BAIRD

W. Blake Baird
President and Director

Exhibit 31.1

I, Michael A. Coke, certify that:

(1) I have reviewed this annual report on Form 10-K/A of AMB Property Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2004

By: /s/ MICHAEL A. COKE

Michael A. Coke

Chief Financial Officer and Executive Vice President

Exhibit 32.1

Certification of Chief Executive Officer, President and Chief Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of AMB Property Corporation (the "Company"), hereby certifies, to such officer's knowledge, that:

(i) the accompanying Annual Report on Form 10-K/A of the Company for the fiscal year ended December 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 9, 2004

/s/ HAMID R. MOGHADAM
Hamid R. Moghadam
Chairman and CEO

/s/ W. BLAKE BAIRD
W. Blake Baird
President and Director

/s/ MICHAEL A. COKE
Michael A. Coke
CFO and Executive Vice President

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.