SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

OR

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

COMMISSION FILE NUMBER 001-13545

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

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

505 MONTGOMERY ST., SAN FRANCISCO, CALIFORNIA	94111
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

COMMON STOCK, $.01 PAR VALUE	NEW YORK STOCK EXCHANGE
8 1/2% SERIES A CUMULATIVE REDEEMABLE PREFERRED STOCK	(NAME OF EXCHANGE ON WHICH REGISTERED)
(TITLE OF CLASS)	

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 [X] 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. [ ]

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 March 1, 2000 was approximately $1,621,684,040.

As of March 1, 2000, there were 85,288,716 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.

PART I

ITEM 1. BUSINESS

GENERAL

AMB Property Corporation, a Maryland corporation, is one of the leading owners and operators of industrial real estate nationwide. Our investment strategy is to become a leading provider of High Throughput Distribution, or HTD, properties located near key passenger and air cargo airports, key interstate highways and ports in major metropolitan areas, such as Atlanta, Chicago, Dallas/Fort Worth, Northern New Jersey, the San Francisco Bay Area and Southern California. Within each of our markets, we focus our investments in in-fill submarkets. In-fill submarkets are characterized by supply constraints on the availability of land for competing projects. High Throughput Distribution facilities are designed to serve the high-speed, high-volume freight handling needs of today's supply chain, as opposed to functioning as long-term storage facilities. We believe that the rapid growth of the air-freight business, the outsourcing of supply chain management to third party logistics companies and e-commerce are indicative of the changes that are occurring in the supply chain and the manner in which goods are distributed. We intend to focus our investment activities primarily on industrial properties that we believe will benefit from these changes.

As of December 31, 1999, we owned and operated 724 industrial buildings and 9 community shopping centers, totaling approximately 66.8 million rentable square feet, located in 24 markets nationwide. As of December 31, 1999, these properties were 95.9% leased. As of December 31, 1999, through our subsidiary, AMB Investment Management, we also managed 46 industrial properties and retail centers, aggregating approximately 4.6 million rentable square feet, which were 97.4% leased, on behalf of various institutional investors. In addition, we have invested in 36 industrial buildings, totaling approximately 4.0 million rentable square feet, through an unconsolidated joint venture.

During 1999, we initiated a plan to dispose of substantially all of our retail centers. In three separate transactions with BPP Retail, LLC, a co-investment entity between Burnham Pacific and the California Public Employees' Retirement System, we disposed of a total of 25 retail centers, aggregating approximately 4.3 million rentable square feet, for an aggregate price of $560.3 million. We also disposed of an additional five retail centers, totaling approximately 1.1 million rentable square feet, during 1999. As of December 31, 1999, we had four additional retail centers, aggregating approximately 1.2 million rentable square feet, which were held for divestiture.

In addition, during 1999, we disposed of 15 industrial buildings, aggregating approximately 1.2 million rentable square feet, for an aggregate price of approximately $39.6 million. As of December 31, 1999, we had four industrial buildings, aggregating approximately 0.3 million rentable square feet, which were held for divestiture. Over the next few years, we currently intend to dispose of non-strategic assets and redeploy the resulting capital into High Throughput Distribution properties that better fit our current investment focus.

During 1999, as part of our Institutional Alliance Program, we formed AMB Institutional Alliance Fund I, L.P., a multi-investor fund including 14 pension funds, foundations and endowments that co-invested with us. As of December 31, 1999, the Alliance Fund I had a total equity commitment from third party investors totaling $150 million, which, when combined with debt financings and our investment, creates a total committed capitalization of approximately $375 million. The Alliance Fund I's investment objectives parallel our strategy of acquiring and developing industrial distribution facilities in major U.S. cities near airports, ports and key interstate highways. We also formed AIG AMB Greenfield Investment Alliance, L.L.C., a joint venture with AIG Global Real Estate Investment Corp. Each of AMB and AIG Global Real Estate Investment Corp. committed $50 million to the Greenfield Alliance to acquire and develop environmentally impaired properties in major U.S. markets, with particular emphasis on acquiring undervalued industrial properties with environmental issues located near major airports, ports and intermodal locations.

Through our subsidiary, AMB Property, L.P., a Delaware limited partnership, we are engaged in the acquisition, ownership, operation, management, renovation, expansion and development of primarily industrial properties in target industrial markets nationwide. We refer to AMB Property, L.P. as the operating

partnership. As of December 31, 1999, we owned an approximate 95.0% 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 and discretion in the day-to-day management and control of the operating partnership.

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 ending December 31, 1997. As a self-administered and self-managed real estate investment trust, our own employees perform our administrative and management functions, rather than our relying on an outside manager for these services. The principal executive office of AMB Property Corporation and the operating partnership is located at 505 Montgomery Street, San Francisco, California 94111, and our telephone number is (415) 394-9000. We also maintain a regional office in Boston, Massachusetts. As of December 31, 1999, we employed 145 individuals, 109 at our San Francisco headquarters and 36 in our Boston office.

Unless the context otherwise requires, the terms "we," "us," "our" and "AMB" refer to AMB Property Corporation, the operating partnership and the other controlled subsidiaries and the references to AMB Property Corporation include the operating partnership and the other controlled subsidiaries. The following marks are our registered trademarks: AMB(R); Customer Alliance Program(R); Development Alliance Partners(R); Development Alliance Program(R); Institutional Alliance Partners(R); Management Alliance Partners(R); Management Alliance Program(R); UPREIT Alliance Partners(R); and UPREIT Alliance Program(R). The following are our unregistered trademarks: Broker Alliance Partners(TM); Broker Alliance Program(TM); Customer Alliance Partners(TM); eSpace(TM); HTD(TM); High Throughput Distribution(TM); Institutional Alliance Program(TM); iSpace(TM); Strategic Alliance Partners(TM); and Strategic Alliance Programs(TM).

OPERATING STRATEGIES

We are a full-service real estate company with in-house expertise in acquisitions, development and redevelopment, asset management and leasing, finance and accounting and market research. We have long-standing relationships with many real estate management and development firms across the country through our Strategic Alliance Programs, which provide local property management, leasing and development services to us on a fee basis or in development partnerships. We believe that real estate is fundamentally a local business and that the most effective way for a national company such as us to operate is by forging alliances with the best available partners in each of our markets.

STRATEGIC ALLIANCE PROGRAMS

Our Strategic Alliance Programs are designed to build value by creating mutually beneficial relationships. We believe that our strategy of forming strategic alliances with local and regional real estate experts improves our operating efficiency and flexibility, strengthens customer satisfaction and retention and provides us with growth opportunities. Additionally, our strategic alliances with institutional investors enhance our access to private capital and our ability to finance transactions.

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

- Operating Alliances, which allow us to form relationships with local or regional real estate experts, thereby becoming their ally rather than their competitor; and

- Investment Alliances, which allow us to establish relationships with a variety of capital sources.

OPERATING ALLIANCES

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

Customer Alliance Program: Through our Customer Alliance Program, we seek to build long-term working relationships with major customers. We are committed to working with our customers, particularly our larger customers with multi-site requirements, to make their property searches as efficient as possible.

Development Alliance Program: Our strategy for the Development Alliance Program is to form alliances with local development firms to jointly acquire, renovate and develop properties to serve our customers' needs.

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

INVESTMENT ALLIANCES

Institutional Alliance Program: Our strategy for the Institutional Alliance Program is to form alliances with institutional investors, which provide us with access to private capital, including during those times when the public markets are less attractive, and also provide us with a source of incremental fee income and investment returns. This program allows our Institutional Alliance Partners the opportunity to co-invest with us and to receive professional investment management of their real estate assets.

UPREIT Alliance Program: Through our UPREIT Alliance Program, we issue limited partnership units in the operating partnership to certain property owners in exchange for properties, thus providing additional growth for the portfolio.

NATIONAL PROPERTY COMPANY

We own properties in 24 industrial markets throughout the U.S. We believe that our national strategy enables us to:

- increase or decrease investments in certain regions to take advantage of the relative strengths in different real estate markets;

- retain and accommodate customers as they consolidate or expand; and

- build brand awareness as well as customer loyalty through the delivery of consistent service and quality product.

RESEARCH-DRIVEN, SELECT MARKET FOCUS

Within each of our markets, we focus on acquiring, redeveloping and operating industrial properties in in-fill submarkets and within close proximity to major passenger and air cargo airports, seaports or major highway systems. As the strength of these markets continues to grow and the demand for well-located properties increases, we believe that we will benefit from an upward pressure on rents resulting from the increased demand combined with the relative lack of new available space. Our decisions regarding the deployment of capital are experience- and research-driven, and are based on thorough qualitative and quantitative research and analysis of local markets. We employ a dedicated research department using proprietary analyses, databases and systems.

We intend to focus our investment activities on HTD properties located in the six largest industrial markets in the U.S., which dominate national warehouse distribution activities -- Atlanta, Chicago, Dallas/ Fort Worth, Northern New Jersey, the San Francisco Bay Area and Southern California -- as well as properties located near major passenger and air cargo airports, seaports or convenient to major highway systems. We also invest in selected regional distribution markets including Boston, Houston, Miami, Minneapolis, Seattle and Baltimore/Washington, D.C. We focus on these established industrial markets because we believe they offer large and broadly diversified customer bases that provide greater demand for properties over market cycles than secondary markets. The in-fill submarkets in which we invest within these markets also typically have significant barriers to new construction, including geographic or regulatory supply

constraints, and these markets typically benefit from an access to large labor supplies and well-developed transportation networks. In addition, we believe that these markets will benefit from the changes occurring in the supply chain.

DISCIPLINED INVESTMENT PROCESS

Over our 17-year history, we have established a disciplined approach to the investment process. The investment process is subject to the overall policy direction of our management's investment committee. The stages in the investment process are highly integrated, with investment committee review at critical points in the process.

Approval of each investment is the responsibility of our management's investment committee with sponsorship from both an acquisitions officer and the regional manager who will be responsible for managing the property. The initial investment recommendation is thoroughly evaluated, with approval required in order to proceed to contract and full due diligence. The terms of the acquisition and its structure are determined as part of the initial approval and are the responsibility of the acquisitions officer. The regional manager is involved in providing and verifying underwriting assumptions and developing the operating strategy. After the due diligence review and before removing conditions to the contract, a final recommendation from our management's investment committee is prepared by the acquisition and asset management team. Our management's investment committee conducts a complete review of the information developed during the due diligence process and either rejects or gives final approval.

On an annual basis, each regional manager, with input from our research department and the support of the acquisition officer with responsibility for the applicable market, prepares a strategic plan for each of our significant markets, which plan is presented to and reviewed by our investment committee. Each strategic plan reviews the conformity of each of our properties with our investment strategy and provides the basis for our acquisition and divestiture strategies. We intend, over time, to strategically divest properties that do not conform with our current investment focus.

We have also established proprietary systems and procedures to manage and track a high volume of acquisition proposals, transactions and important market data. This includes an on-line open issues database that provides us with current information on the status of each transaction, highlighting the issues that must be addressed prior to closing, and a database that includes and compiles data on all transaction proposals and markets reviewed by us.

FINANCING STRATEGY

In order to maintain financial flexibility and facilitate the rapid deployment of capital over market cycles, we intend to operate with a debt-to-total market capitalization ratio of approximately 45% or less, although our organizational documents do not limit the amount of indebtedness that we may incur. Additionally, we intend to continue to structure our balance sheet in order to maintain investment-grade ratings. We also intend to keep the majority of our assets unencumbered to facilitate such ratings. As of December 31, 1999, our debt-to-total market capitalization ratio was approximately 35.2% and our debt-to-total book capitalization ratio was approximately 35.9%. We calculate our debt-to-total market capitalization ratio by adding our share of consolidated debt to our share of unconsolidated joint venture debt and dividing by our total market capitalization, including preferred stock and preferred units. We calculate our debt-to-total book capitalization ratio by dividing our share of total debt by the sum of our total debt plus total equity and preferred stock recorded at book value.

We have a $500 million unsecured revolving credit agreement with Morgan Guaranty Trust Company of New York as agent, and a syndicate of twelve other banks. The credit facility bears interest at a rate equal to LIBOR plus 90 to 120 basis points, depending upon our then current debt rating (currently LIBOR plus 90 basis points). We presently plan to use available borrowings under our unsecured credit facility for property acquisitions, developments and for general corporate purposes. As of December 31, 1999, the available borrowings under our unsecured credit facility were $417.0 million. See "Management's Discussion and

Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" and "Item 14. Note 5 of Notes to Consolidated Financial Statements" included in this report.

We currently expect that our principal sources of working capital and funding for acquisitions, development, expansion and renovation of our properties will include cash flow from operations, borrowings under our unsecured credit facility, other forms of secured or unsecured financing, proceeds from equity or debt offerings by us or the operating partnership (including issuances of units in the operating partnership or its subsidiaries) and proceeds from divestitures of properties. Additionally, our co-investment program will also serve as a significant source of capital for acquisitions and developments.

AMB INVESTMENT MANAGEMENT

Prior to our initial public offering in November 1997, we provided real estate investment advisory services to institutional investors. In connection with our initial public offering, AMB Investment Management, Inc., a Maryland corporation, was formed to continue our investment management business of providing real estate investment management services on a fee basis to clients. At that time, the operating partnership acquired all of the non-voting preferred stock of AMB Investment Management, representing an approximate 95% economic interest in AMB Investment Management. All of the common stock of AMB Investment Management, representing an approximate 5% economic interest in AMB Investment Management, is owned by our current or former executive officers and a former executive officer of AMB Investment Management. AMB Investment Management, Inc. conducts its operations through AMB Investment Management Limited Partnership, a Maryland limited partnership, of which it is the sole general partner. We intend to grow this business through our co-investment program.

We co-invest with clients of AMB Investment Management, to the extent such clients newly commit investment capital, through partnerships, limited liability companies or joint ventures. We currently use a co-investment formula with each client whereby we will own at least a 20% interest in all ventures. During 1999, we consummated two co-investments. The first was a separate account co-investment venture, in which we own an approximate 50% interest, with total gross book value at December 31, 1999 of approximately $159.7 million. The second was a co-investment fund, in which we owned at December 31, 1999 an approximate 25% interest, with total gross book value at December 31, 1999 of approximately $98.5 million. In general, we control all significant operating and investment decisions in our co-investment entities.

STRATEGIES FOR GROWTH

We intend to achieve our objectives of long-term sustainable growth in net operating income, or NOI, and maximization of long-term stockholder value principally by growth through:

- operations, resulting from rent increases, maintenance of above-average occupancy rates and implementation of expense controls;

- continued property acquisitions and capital redeployment through strategic divestitures of properties; and

- renovation, expansion and development of selected properties.

GROWTH THROUGH OPERATIONS

We seek to generate internal growth through rent increases on existing space and renewal on re-tenanted space, by maintaining a high occupancy rate of our properties and by controlling expenses by capitalizing on the economies of owning, operating and growing a large national portfolio. As of December 31, 1999, our industrial properties and retail centers owned as of that date were 95.9% leased and 92.4% leased, respectively. During the 12 months ended December 31, 1999, we increased average base rental rates (on a cash basis) by 12.5% from the expiring rent for that space, on leases entered into or renewed during such period, representing 7.7 million rentable square feet. Annualized base rent represents the monthly contractual amount under

existing leases at the end of the year, multiplied by 12. This amount excludes expense reimbursements, rental abatements and percentage rents.

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 believe that our relationship with third party local property management firms through our Management Alliance Program also will create acquisition opportunities as such managers 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 to acquisitions, we seek to redeploy capital from non-strategic assets into properties that better fit our current investment focus.

Between January 1, 1999 and December 31, 1999, we disposed of 29 retail centers and 15 industrial buildings and re-invested approximately $471.9 million (including our share of co-investments) in:

- 154 industrial buildings, aggregating approximately 8.4 million rentable square feet; and

- $7.8 million in an unconsolidated limited partnership joint venture for the development of an industrial property, totaling approximately 0.5 million rentable square feet upon completion.

Of the total investment during such period, we invested approximately $235.0 million through our UPREIT Alliance Program, approximately $59.0 million through our Institutional Alliance Program, $39.1 million through our Management Alliance Program, and $8.9 million through our Development Alliance Program .

We are generally in various stages of negotiations for a number of acquisitions, which may include acquisitions of individual properties, large multi-property portfolios and other real estate companies. There can be no assurance that we will consummate any of these acquisitions. Such acquisitions, if we consummate them, may be material individually or in the aggregate. Sources of capital for acquisitions may include undistributed cash flow from operations, borrowings under the credit facility, other forms of secured or unsecured financing, issuances of debt or equity securities by us or the operating partnership (including issuances of units in the operating partnership or its subsidiaries), proceeds from divestitures of properties, and assumption of debt related to the acquired properties.

GROWTH THROUGH DEVELOPMENT

We believe that renovation and expansion of value-added properties and development of well-located, high-quality industrial properties should continue to provide us with attractive opportunities for increased cash flow and a higher rate of return than we may obtain from the purchase of fully leased, renovated properties. Value-added properties are typically characterized as properties with available space or near-term leasing exposure, properties that are well-located but require redevelopment or renovation, and occasionally undeveloped land acquired in connection with another property that provides an opportunity for development. Value-added properties require significant management attention and/or capital investment to maximize their return. We have developed the in-house expertise to create value through acquiring and managing value-added properties and believe our national market presence and expertise will enable us to continue to generate and capitalize on these opportunities. Through our Development Alliance Program, we have established strategic alliances with national and regional developers to enhance our development capabilities.

The multidisciplinary backgrounds of our employees provide us with the skills and experience to capitalize on strategic renovation, expansion and development opportunities. Several of our officers have extensive experience in real estate development, both with us and with national development firms. We generally pursue development projects in joint ventures with local developers. In this way, we leverage the development skill, access to opportunities and capital of such developers, transferring a significant amount of the development risk to them and eliminating the need and expense of an in-house development staff. 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%. Upon completion, we generally would purchase our partner's interest in the joint venture.

As of December 31, 1999, we had committed to invest approximately $306.4 million to develop approximately 4.3 million rentable square feet. Approximately $257.2 million of this investment is through our Development Alliance Program. See "Development Pipeline."

FACTORS THAT MAY AFFECT FUTURE FINANCIAL RESULTS

See: "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations -- Factors that May Affect Future Financial Results" for a complete discussion of the various risks which could adversely affect us.

ITEM 2. PROPERTIES

The properties that we owned as of December 31, 1999 are divided into two operating divisions. We have broken down these two operating divisions into 24 identifiable markets. We have provided this breakdown for external reporting purposes only. It reflects the key markets of interest to our stockholders and does not reflect how we are operationally managed. See "Item 14. Note 13 of Notes to Consolidated Financial Statements" for segment information related to our operations.

INDUSTRIAL PROPERTIES

At December 31, 1999, we owned 724 industrial buildings aggregating approximately 65.2 million rentable square feet, located in 24 markets nationwide. Our industrial properties accounted for $306.0 million, or 93.9%, of our annualized base rent derived from our properties as of December 31, 1999. Our industrial properties were 95.9% leased to over 2,240 customers as of the same date, the largest of which accounted for no more than 1.6% of our annualized base rent from our industrial properties.

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 characteristics of our typical industrial buildings:

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	TYPICAL BUILDING	TYPICAL RANGE		
<S>	<C>	<C>	<C>	<C>
Rentable square feet..........................	100,000	75,000	-	200,000
Clear height..................................	24 ft	16	-	32 ft.
Building depth................................	200 ft	120	-	300 ft.
Truck court depth.............................	110 ft	90	-	130 ft.
Loading dock & grade..........................	Dock or Dock & Grade			
Parking spaces per 1,000 square feet..........	1.0	0.5	-	2.0
Doors per 1,000 square feet...................	0.2	0.1	-	2.0
Square footage per tenant.....................	35,000	15,000	-	150,000
Office finish.................................	8%	3%	-	20%
Site coverage.................................	40%	35%	-	50%

</TABLE>

Lease Terms. Our industrial properties are typically subject to lease on a "triple net basis," defined as leases in which customers pay their proportionate share of real estate taxes, insurance and operating costs, or subject to leases on a "modified gross basis," defined as leases in which customers pay expenses over certain threshold levels. Lease terms typically range from three to ten years, with an average of seven years, excluding renewal options. The majority of the industrial leases do not include renewal options.

Overview of Major Target Markets. Our industrial properties are located near key passenger and air cargo airports, key interstate highways and ports in major metropolitan areas, such as Atlanta, Chicago, Dallas/Fort Worth, Northern New Jersey, the San Francisco Bay Area and Southern California. We believe our industrial properties' strategic location, transportation network and infrastructure, and large consumer and manufacturing bases support strong demand for industrial space. According to statistics published by CB Richard Ellis/Torto Wheaton Research, the national hub markets listed above are six of the nation's eight largest warehouse markets and, as of December 31, 1999, comprised 42% of the warehouse inventory of the 47 industrial markets tracked by them. According to statistics published by Regional Financial Associates, as of December 31, 1999, the combined population of these markets was approximately 44.2 million, and the amount of per capita warehouse space was 19.0% above the average for those 47 industrial markets.

Within these metropolitan areas, our industrial properties are concentrated in in-fill locations (which are characterized by limited new construction opportunities due to high population densities and low levels of available land that could be developed into competitive industrial or retail properties) within established, relatively large submarkets (markets within a metropolitan area in which the competitive environment for one or more property types is largely dependent upon the supply of such property type in such market rather than the supply of such property type in other portions of such metropolitan area) 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 passenger and air cargo facilities, seaports or convenient to major highways and rail lines, and are proximate to a diverse labor pool. There is typically broad demand for industrial space in these centrally located submarkets 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 supply constraints. Small metropolitan areas or cities without a heavy concentration of warehouse activity typically have few, if any, supply-constrained locations (those areas typified by significant population densities, a limited number of existing industrial customers and a low availability of land which could be developed into competitive space for additional industrial customers).

INDUSTRIAL PROPERTY SUMMARY

As of December 31, 1999, the 724 industrial buildings were diversified across 24 markets nationwide. The average age of our industrial properties is 12 years (since the property was built or substantially renovated), which we believe should result in lower operating costs over the long term. 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).
<TABLE>
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INDUSTRIAL PROPERTIES	NUMBER OF BUILDINGS	TOTAL RENTABLE SQUARE FEET	PERCENTAGE OF TOTAL RENTABLE SQUARE FEET	PERCENTAGE LEASED	ANNUALIZED BASE RENT (000'S)(1)	PERCENTAGE OF TOTAL ANNUALIZED BASE RENT	NUMBER OF LEASES
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
HUB MARKETS:							
Atlanta......................	45	4,318,509	6.6%	95.3%	$ 18,083	5.9%	149
Chicago......................	81	7,397,815	11.3%	94.6%	28,096	9.2%	168
Dallas/Ft. Worth.............	62	5,328,753	8.2%	95.0%	19,320	6.3%	174
Northern New Jersey..........	19	4,025,575	6.2%	94.2%	18,291	6.0%	37
San Francisco Bay Area........	118	7,547,866	11.6%	97.4%	56,108	18.3%	325
Southern California..........	85	6,711,564	10.3%	97.4%	29,362	9.6%	184
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Subtotal/Weighted Average...	410	35,330,082	54.2%	95.8%	169,260	55.3%	1,037
OTHER MARKETS:							
Austin.......................	6	735,240	1.1%	100.0%	5,054	1.7%	22
Baltimore/Washington D.C......	59	4,075,570	6.3%	95.3%	24,463	8.0%	287
Boston.......................	39	4,549,181	7.0%	99.0%	19,506	6.4%	61
Charlotte....................	12	831,974	1.3%	94.1%	3,735	1.2%	30
Cincinnati...................	6	811,774	1.3%	94.9%	2,541	0.9%	

							10
Columbus	2	465,433	0.7%	100.0%	1,363	0.5%	2
Denver	2	63,080	0.1%	88.3%	263	0.1%	16
Houston	22	1,951,787	3.0%	88.2%	6,272	2.0%	109
Memphis	19	2,259,162	3.5%	93.7%	9,231	3.0%	58
Miami	31	2,703,635	4.1%	98.4%	16,683	5.5%	123
Minneapolis	42	4,442,700	6.8%	97.6%	17,460	5.7%	206
New Orleans	5	411,689	0.6%	100.0%	1,906	0.6%	50
Orlando	18	1,678,910	2.6%	94.9%	6,242	2.0%	78
Portland	5	676,104	1.0%	100.0%	2,863	0.9%	10
Sacramento	1	182,437	0.3%	100.0%	725	0.2%	1
San Diego	5	276,167	0.4%	77.3%	1,643	0.5%	14
Seattle	37	3,483,298	5.3%	98.8%	16,154	5.3%	127
Wilmington	3	266,141	0.4%	54.0%	636	0.2%	4
Subtotal/Weighted Average	314	29,864,282	45.8%	96.1%	136,740	44.7%	1,208
Total/Weighted Average	724	65,194,364	100.0%	95.9%	$306,000	100.0%	2,245

<CAPTION>

INDUSTRIAL PROPERTIES	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT
<S>	<C>
HUB MARKETS:	
Atlanta	$4.40
Chicago	4.02
Dallas/Ft. Worth	3.82
Northern New Jersey	4.82
San Francisco Bay Area	7.63
Southern California	4.49
Subtotal/Weighted Average	5.00
OTHER MARKETS:	
Austin	6.87
Baltimore/Washington D.C.	6.30
Boston	4.33
Charlotte	4.77
Cincinnati	3.30
Columbus	2.93
Denver	4.72
Houston	3.64
Memphis	4.36
Miami	6.27
Minneapolis	4.03
New Orleans	4.63
Orlando	3.92
Portland	4.23
Sacramento	3.97
San Diego	7.69
Seattle	4.69
Wilmington	4.43
Subtotal/Weighted Average	4.77
Total/Weighted Average	$4.89

</TABLE>

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(1) Annualized base rent represents the monthly contractual amount under existing leases at December 31, 1999, multiplied by 12. This amount excludes

expense reimbursements and rental abatements.

INDUSTRIAL PROPERTY CUSTOMER INFORMATION

Largest Industrial Property Customers. Our 25 largest industrial property customers by annualized base rent are set forth in the table below.

INDUSTRIAL CUSTOMER NAME(1)	NUMBER OF PROPERTIES	AGGREGATE RENTABLE SQUARE FEET	PERCENTAGE OF AGGREGATE LEASED SQUARE FEET(2)	ANNUALIZED BASE RENT (000S)	PERCENTAGE OF AGGREGATE ANNUALIZED BASE RENT(3)
Webvan Group, Inc.	3	991,598	1.5%	$ 4,825	1.6%
Challenge Air Cargo	2	277,673	0.4%	2,562	0.8%
Norwest Mortgage, Inc.	1	202,920	0.3%	2,461	0.8%
International Paper Company	4	446,422	0.7%	2,317	0.8%
Air Express International	2	265,996	0.4%	1,957	0.6%
Rite Aid	2	524,840	0.8%	1,779	0.6%
Exel Logistics	2	471,296	0.7%	1,737	0.6%
Dell USA, L.P.	1	285,000	0.4%	1,700	0.6%
Home Depot USA, Inc.	3	476,026	0.7%	1,697	0.6%
Sequus Pharmaceuticals	1	129,449	0.2%	1,687	0.6%
Federal Express Corporation	3	198,735	0.3%	1,658	0.5%
Sage Enterprises	3	245,289	0.4%	1,652	0.5%
C&S Wholesale Grocers, Inc.	1	167,812	0.3%	1,634	0.5%
Acer America	2	271,487	0.4%	1,612	0.5%
Office Depot	3	402,298	0.6%	1,567	0.5%
AM Cosmetics	1	326,500	0.5%	1,501	0.5%
Wakefern Food Corporation	1	419,900	0.6%	1,491	0.5%
Boise Cascade Corporation	2	400,655	0.6%	1,478	0.5%
Bradlees Stores, Inc.	1	600,000	0.9%	1,453	0.5%
Boeing Company	2	207,345	0.3%	1,413	0.5%
United States Postal Service	2	433,359	0.7%	1,372	0.4%
Eagle Hardware & Garden, Inc.	1	304,801	0.5%	1,310	0.4%
Cosmair, Inc.	1	303,843	0.5%	1,291	0.4%
Fujitsu America	2	179,628	0.3%	1,271	0.4%
Schmalbach-Lubeca	2	339,104	0.5%	1,265	0.4%
Total/Weighted Average		8,871,976	13.6%	$44,690	14.6%

- ---------------
(1) Customer(s) may be a subsidiary of or an entity affiliated with the named customer.

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

(3) Computed as annualized base rent divided by the aggregate annualized base rent of our industrial properties.

INDUSTRIAL PROPERTY LEASE EXPIRATIONS

The following table summarizes the lease expirations for our industrial properties for leases in place as of December 31, 1999, without giving effect to the exercise of renewal options or termination rights, if any, at or prior to the scheduled expirations.

YEAR OF LEASE EXPIRATION(5)	NUMBER OF LEASES EXPIRING	RENTABLE SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL RENTABLE SQUARE FOOTAGE(4)	ANNUALIZED RENT OF EXPIRING LEASES (000S)(2)	ANNUALIZED RENT OF EXPIRING LEASES PER SQUARE FOOT(3)	PERCENTAGE OF ANNUALIZED RENT OF EXPIRING LEASES(2)
2000(4)	567	10,080,536	16.1%	$ 48,926	$4.85	14.5%
2001	483	10,234,133	16.3%	54,996	5.37	16.3%
2002	480	11,653,935	18.6%	61,013	5.24	18.1%
2003	277	8,962,349	14.3%	47,785	5.33	14.2%
2004	245	8,673,811	13.8%	50,034	5.77	14.8%
2005	70	3,373,938	5.4%	18,611	5.52	5.5%
2006	41	2,040,777	3.3%	12,375	6.06	3.7%
2007	19	1,910,431	3.0%	10,471	5.48	3.1%
2008	21	1,523,820	2.4%	10,560	6.93	3.1%

2009...........................	30	2,639,741	4.2%	14,624	5.54	4.3%
Thereafter.....................	17	1,552,025	2.5%_	7,590	4.89	2.3%
Total/Weighted Average............	2,250	62,645,496	100.0%	$ 336,985	$5.38	100.0%

</TABLE>

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(1) Schedule includes executed leases that commence after December 31, 1999. Schedule excludes leases expiring prior to January 1, 2000.

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

(3) Rent per square foot is calculated by dividing the annualized base rent of expiring leases by the square footage expiring in any given year.

(4) Includes leases encompassing 488,800 square feet which are on a month-to-month basis.

(5) Represents percentage of total square footage of expiring leases.

RETAIL PROPERTIES

At December 31, 1999, we owned 9 retail centers aggregating approximately 1.6 million rentable square feet, 5 of which are grocer-anchored. Our retail properties accounted for $20.0 million, or 6.1%, of annualized base rent derived from our properties as of December 31, 1999. Our retail properties were 92.4% leased to over 240 customers, the largest of which accounted for 5.3% of annualized base rent from our retail properties as of such date. Our retail properties have an average age of six years since built, expanded or renovated.

During 1999, we initiated a plan to dispose of substantially all of our retail centers. In three separate transactions with BPP Retail, LLC, we disposed of a total of 25 retail centers, aggregating approximately 4.3 million rentable square feet, for an aggregate price of $560.3 million. We also disposed of an additional five retail centers, totaling approximately 1.1 million rentable square feet, during 1999. As of December 31, 1999, we had four additional retail centers, aggregating approximately 1.2 million rentable square feet, which were held for divestiture.

RETAIL PROPERTY SUMMARY

Rentable square footage occupied by anchor customers accounted for 61.9% of the aggregate square footage of our retail properties as of December 31, 1999. Annualized base rent as of such date for our 25 largest customers was approximately $10.2 million, representing approximately 51.1% of annualized base rent for all of our retail properties. Annualized base rent for the remaining retail customers was approximately $9.8 million as of the same date, representing approximately 48.9% of the annualized base rent for all of our retail properties. The following table sets forth, on a market basis, the rentable square footage leased to anchor customers and non-anchor customers as of December 31, 1999, and 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).

<TABLE>
<CAPTION>

RETAIL PROPERTIES	LEASED ANCHOR RENTABLE SQUARE FEET	TOTAL RENTABLE SQUARE FEET	PERCENTAGE LEASED	ANNUALIZED BASE RENT(1)	NUMBER OF LEASES	AVERAGE BASE RENT PER SQUARE FOOT(2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Around Lenox....................	60,632	120,891	77.0%	$ 1,540	13	$16.55
Howard & Western S.C.	26,421	76,870	49.2%	515	5	13.63
Kendall Mall(3)(6)..............	194,550	299,582	97.2%	4,174	46	14.34
Manhattan Village S.C.(3)(6)....	225,791	424,112	99.2%	7,016	99	16.68
Mazzeo Drive....................	88,420	88,420	100.0%	717	1	8.11
Northridge Plaza(3)(4)..........	124,650	182,049	90.9%	1,347	18	8.14
Palm Aire(3)(4)(6)..............	59,203	118,301	83.2%	1,071	22	10.88
Springs Gate(3)(5)..............	n/a	n/a	n/a	n/a	n/a	n/a
The Plaza at Delray(3)(6).......	237,517	331,846	97.2%	3,642	43	11.29
Total/Weighted Average............	1,017,184	1,642,071	92.4%	$20,022	247	$13.19

</TABLE>

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(1) Annualized base rent means the monthly contractual amount under existing leases at December 31, 1999, multiplied by 12. This amount excludes expense reimbursements, rental abatements and percentage rents.

(2) Calculated as total Annualized Base Rent divided by total rentable square feet actually leased as of December 31, 1999.

(3) We hold an interest in this property through a joint venture interest in a limited partnership.

(4) This property is being redeveloped. All calculations are based on rentable square feet existing as of December 31,1999.

(5) This property consists of land held for future development.

(6) This property is being held for divestiture as of December 31, 1999.

OPERATING AND LEASING STATISTICS

TOTAL PORTFOLIO SUMMARY

The following table summarizes key operating and leasing statistics for all of our properties as of and for the year ended December 31, 1999.

<TABLE>
<CAPTION>

<S>	INDUSTRIAL <C>	RETAIL <C>	TOTAL <C>
Square feet owned at December 31, 1999(1)....	65,194,364	1,642,071	66,836,435
Occupancy percentage at December 31, 1999....	95.9%	92.4%	95.9%
Lease expirations as percentage of annual base rent (next 12 months).................	14.5%	14.1%	14.5%
Weighted average lease term..................	6 years	14 years	7 years
Tenant retention:			
-- Year....................................	72.0%	40.8%	72.0%
-- Trailing average (1/01/97 to 12/31/99)...............................	72.4%	84.0%	72.8%
Rent increases on renewals and rollovers:			
-- Year....................................	12.9%	6.8%	12.5%
Same store cash basis net operating income growth(2)(3):			
-- Year....................................	5.9%	5.5%	5.9%
Second generation tenant improvements and leasing commissions per sq. ft.:			
-- Year:			
Renewals................................	$ 1.22	$ 1.26	$ 1.22
Re-tenanted.............................	2.74	2.55	2.74
Weighted average...................	$ 1.64	$ 1.37	$ 1.64
-- Trailing average (1/01/97 to 12/31/99)...............................	$ 1.41	$ 3.72	$ 1.50
Recurring capex(4)			
-- Year....................................	$ 26,466	$ 823	$ 27,289

</TABLE>

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(1) In addition to owned square feet, we manage, through its subsidiary, AMB Investment Management, 3.7 million, 0.7 million, and 0.1 million additional square feet of industrial, retail, and other properties, respectively. We also have an investment in 4.0 million square feet of Industrial Properties through our investment in an unconsolidated joint venture.

(2) Consists of industrial buildings and retail centers aggregating 35.1 million and 0.7 million square feet, respectively, that have been owned by us since January 1, 1998, and excludes development properties prior to stabilization. See "Item 14. Note 15 of Notes to Consolidated Financial Statements" for total property net operating income by segment.

(3) Net operating income, or NOI, consists of rental revenues, including reimbursements and excluding straight-line rents, less property level operating expenses.

(4) Includes leasing costs and building improvements.

SAME STORE SUMMARY

The following table summarizes key operating and leasing statistics for our same store properties as of and for the year ended December 31, 1999. For an explanation of our same store properties, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Results of

Operations."

	INDUSTRIAL	RETAIL(1)	TOTAL
Square feet in same store pool	35,128,748	723,694	35,852,442
Occupancy percentage at December 31, 1999	96.2%	98.4%	96.2%
Tenant retention:			
-- Year	69.2%	5.9%	69.1%
Rent increases on renewals and rollovers:			
-- Year	12.8%	6.8%	12.7%
Cash basis net operating income growth(2)			
-- Year:			
Revenues	4.3%	5.9%	4.3%
Expenses	(0.6)%	6.8%	0.0%
NOI	5.9%	5.5%	5.9%

- ---------------
(1) Adjusted to remove the effects of divested properties.

(2) Net operating income, or NOI, consists of rental revenues, including reimbursements and excluding straight-line rents, less property level operating expenses.

HISTORICAL OCCUPANCY RATES, AVERAGE BASE RENTS, RENT INCREASES AND TENANT RETENTION RATES

The following table sets forth weighted average occupancy rates and average base rents based on square feet leased of our industrial properties and retail centers as of and for the periods presented. The following table also sets forth information relating to tenant retention rates and average rent increases (cash basis) on renewal and re-tenanted space for our industrial properties and retail properties for the periods presented.

	INDUSTRIAL	RETAIL	TOTAL
OCCUPANCY RATES:			
1997	95.7%	96.1%	95.8%
1998	96.0%	94.6%	95.8%
1999	95.9%	92.4%	95.9%
AVERAGE BASE RENT(1):			
1997	$4.26	$11.98	n/a
1998	$4.55	$11.98	n/a
1999	$4.89	$13.19	n/a
RENTAL INCREASES:			
1997	13.0%	10.1%	11.0%
1998	14.6%	13.3%	14.3%
1999	12.9%	6.8%	12.5%
TENANT RETENTION RATES:			
1997	69.5%	87.8%	70.3%
1998	74.8%	84.1%	75.4%
1999	72.0%	40.8%	72.0%

- ---------------
(1) Average base rent per square foot represents the total annualized contractual base rental revenue for the period divided by the average occupied square feet leased for the period.

RECURRING TENANT IMPROVEMENTS AND LEASING COMMISSIONS PER SQUARE FOOT LEASED

The table below summarizes for our industrial properties and retail properties, separately, the recurring tenant improvements and leasing commissions per square feet leased for the periods presented. The recurring tenant improvements and leasing commissions represent costs incurred to lease space after the initial lease term of the initial customer, excluding costs incurred to relocate customers as part of a re-tenanting strategy. The tenant improvements and leasing commissions set forth below are not necessarily indicative of future tenant improvements and leasing commissions.

	YEAR ENDED DECEMBER 31,			WEIGHTED
	1997	1998	1999	AVERAGE

INDUSTRIAL PROPERTIES:				
Expenditures per renewed square foot leased.....	$1.05	$0.92	$1.22	$1.07
Expenditures per re-tenanted square foot leased.....................................	1.62	2.08	2.74	2.22
Weighted average..............................	$1.30	$1.10	$1.64	$1.39
RETAIL PROPERTIES:				
Expenditures per renewed square foot leased.....	$4.25	$1.34	$1.26	$2.26
Expenditures per re-tenanted square foot leased.....................................	7.92	9.99	2.55	7.66
Weighted average..............................	$6.41	$2.64	$1.37	$4.01
TOTAL PROPERTIES:				
Expenditures per renewed square foot leased.....	$1.23	$0.95	$1.22	$1.11
Expenditures per re-tenanted square foot leased.....................................	2.23	2.47	2.74	2.48
Weighted average..............................	$1.68	$1.18	$1.64	$1.50

</TABLE>

DEVELOPMENT PIPELINE

The following table sets forth the properties owned by us as of December 31, 1999 which were undergoing renovation, expansion or new development. No assurance can be given that any of such projects will be completed on schedule or within budgeted amounts.

INDUSTRIAL DEVELOPMENT PROJECTED DELIVERIES
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

PROJECT	LOCATION	DEVELOPMENT ALLIANCE PARTNER(TM)	ESTIMATED STABILIZATION DATE(1)	ESTIMATED SQUARE FEET AT COMPLETION	ESTIMATED TOTAL INVESTMENT(2)
<C> <S>	<C>	<C>	<C>	<C>	<C>
2000 DELIVERIES					
1. Suwanee Creek (phase I)........	Atlanta, GA	Seefried Properties	January 2000	249,000	$ 8,500
2. North Great SW Industrial Park..........................	Dallas, TX	Trammell Crow Company	March 2000	215,000	10,500
3. Hempstead Highway (phase I)....	Houston, TX	Cypress Realty	May 2000	292,000	11,500
4. Northwest Crossing (phase I)...	Houston, TX	Trammell Crow Company	June 2000	178,000	6,900
5. Orlando Central Park (phase I)............................	Orlando, FL	Trammell Crow Company	July 2000	306,000	12,100
6. Suwanee Creek (phase II).......	Atlanta, GA	Seefried Properties	July 2000	241,000	8,000
7. South River Park (phase II)....	Cranbury, NH	Trammell Crow Company	August 2000	281,000	13,300
8. Cabot Business Park (phase I)............................	Mansfield, MA	National Development of NE	September 2000	98,000	8,900
9. Cabot Business Park (phase II)...........................	Mansfield, MA	National Development of NE	December 2000	186,000	9,600
Total 2000 Deliveries.........				2,046,000	89,300(5)
2001 DELIVERIES					
10. DFWII/Air Cargo...............	Dallas/Fort Worth, TX	Trammell Crow Company	February 2001	189,000	17,600
11. Pico Rivera (phase I).........	Pico Rivera, CA	Majestic Realty	February 2001	520,000	

					24,300
12. LA Media Tech Center (phase I)	Los Angeles, CA	Legacy Partners	April 2001	399,000	40,200
13. Pier I(6)	San Francisco, CA	None	June 2001	152,000	40,600
14. Port Northwest Industrial Park (phase I)	Houston, TX	Dienna Nelson	September 2001	364,200	12,400
15. Portland Air Cargo	Portland, OR	Augustine Trammell Crow Company	December 2001	159,500	11,800
Total 2001 Deliveries				1,783,700	146,900(5)
Total Scheduled Deliveries(3)				3,829,700(4)	$236,200(3)

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(1) Estimated stabilization date represents management's current estimate of when capital improvements for repositioning, development, and redevelopment programs will have been completed and in effect for a period of time sufficient to achieve market occupancy.

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

(3) Excludes 305 acres of land and other acquisition costs totaling approximately $32.0 million which represents future phases of current projects which have not been committed to, or for which final project planning has not been completed, and other land inventory.

(4) Of such space, 24.9% was leased as of December 31, 1999.

(5) As of December 31, 1999, amounts funded to date for deliveries in 2000 and 2001 are approximately $64.4 million and $49.2 million, respectively.

(6) This project represents a redevelopment of an industrial warehouse into office space. We will locate our corporate headquarters in approximately one-third of the space.

RETAIL DEVELOPMENT PROJECTED DELIVERIES
(DOLLARS IN THOUSANDS)

PROJECT(1)	LOCATION	DEVELOPMENT ALLIANCE PARTNER(TM)	ESTIMATED STABILIZATION DATE(2)	ESTIMATED SQUARE FEET AT COMPLETION	ESTIMATED TOTAL INVESTMENT(3)
2000 DELIVERIES					
1. Around Lenox	Atlanta, GA	Alpine Partners	August 2000	121,000	$24,100
2001 DELIVERIES					
2. Howard & Western	Chicago, IL	None	January 2001	89,000	8,600
3. Northridge	Fort Lauderdale, FL	Lefmark	April 2001	259,000	37,500
Total 2001 Deliveries				348,000	46,100
Total Scheduled Deliveries(4)				469,000(5)	$70,200(6)

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</TABLE>

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(1) Excludes one project that is held for divestiture.

(2) Estimated stabilization date represents management's current estimate of when capital improvements for repositioning, development, and redevelopment program will have been completed and in effect for a period of time sufficient to achieve market occupancy.

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

(4) Excludes 39 acres of land and other acquisition costs totaling approximately $14.9 million which represents further phases of current projects which have not been committed to, or for which final project planning has not been completed, and other land inventory.

(5) Of such space, 76% was leased as of December 31, 1999.

(6) As of December 31, 1999, approximately $50.9 million has been funded.

PROPERTIES HELD THROUGH JOINT VENTURES, LIMITED LIABILITY COMPANIES AND PARTNERSHIPS

Consolidated:

As of December 31, 1999, we held interests in 21 joint ventures, limited liability companies and partnerships with certain unaffiliated third parties through which 27 properties were held that are consolidated in our consolidated financial statements. Pursuant to the existing agreements with respect to each joint venture, we hold a greater than 50% interest in 16 of the joint ventures, a 50% interest in one joint venture, and less than 50% interest in the another joint venture. In certain cases such agreements provide that we are a limited partner or that the other party to the joint venture is principally responsible for day-to-day management of the property (though in all such cases, we have approval rights with respect to significant decisions involving the underlying properties). 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 provide certain rights to us and/or the other party to the joint venture to sell its interest to the joint venture or to the other venturer on terms specified in the agreement. All of the joint ventures terminate in 2024 or later, but may end earlier if a joint venture ceases to hold any interest in or have any obligations relating to the property held by the joint venture.

The following table sets forth certain information regarding our properties owned through consolidated joint ventures as of December 31, 1999.

INDUSTRIAL CONSOLIDATED JOINT VENTURES
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

PROPERTIES	SQUARE FEET	GROSS BOOK VALUE(1)	DEBT	JV PARTNERS' SHARE OF DEBT	JV PARTNERS' SHARE OF FUNDS FROM OPERATIONS
<S>	<C>	<C>	<C>	<C>	<C>
SEPARATE ACCOUNT CO-INVESTORS(2)					
1. Corporate Park/Hickory Hill............	858,322	$ 27,627	$ 16,400	$ 8,200	50%
2. Garland Industrial.....................	1,018,637	34,279	19,600	9,800	50%
3. Jamesburg..............................	821,712	47,540	23,500	11,750	50%
4. Minnetonka Industrial..................	515,915	28,447	12,669	6,167	50%
5. South Point Business Park..............	343,536	21,788	10,725	5,363	50%
Subtotal..........................	3,558,122	159,681	82,894	41,280	
ALLIANCE FUND I(3)					
6. Concord Industrial Portfolio...........	246,087	15,744	--	--	75%
7. Diablo Industrial Park.................	312,255	14,328	--	--	75%
8. Gateway Corporate Center...............	430,603	43,229	--	--	75%
9. Gateway North..........................	266,476	25,189	--	--	75%
Subtotal..........................	1,255,421	98,490	80,000(8)	64,000(8)	
DEVELOPMENT ALLIANCE JOINT VENTURES(4)(5)					
10. LA Media Tech Center(6)................	399,000	35,258	4,651	2,365	51%

11. Cabot Business Park (phase I and II)...	284,000	10,634	--	--	10%
12. DFW II/Air Cargo......................	189,000	5,996	--	--	5%
13. Portland Air Cargo(7).................	159,500	--	--	--	5%
14. North Great SW Industrial Park.........	215,000	9,366	--	--	5%
15. Northwest Crossing Distribution Center.................................	178,000	6,371	--	--	5%
16. Orlando Central Park (phase I).........	306,000	11,614	--	--	5%
17. South River Park (phase I and II)......	626,000	24,640	--	--	5%
Subtotal.........................	2,356,500	103,879	4,651	2,365	
OTHER JOINT VENTURES					
18. Nippon Express........................	148,941	6,361	--	--	27%
19. Metric Center.........................	397,440	44,390	--	--	13%
20. Chancellor............................	201,600	6,456	2,860	283	10%
Subtotal.........................	747,981	57,207	2,860	283	
Total............................	7,918,024	$419,257	$170,405	$107,928	

</TABLE>

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(1) Represents the book value of the property (before accumulated depreciation) owned by the joint venture entity and excludes net other assets.

(2) These properties are owned by a single co-investment joint venture partner that is a client of AMB Investment Management.

(3) Represents a property held by the Alliance Fund I which is co-invested with a private institutional real estate investment trust.

(4) Represents estimated square feet at completion of development project.

(5) Excludes projected building square footage on 86.4 acres of land representing future phases of current projects which have not been committed to, or for which final planning has not been completed.

(6) Represents a development project with a Development Alliance Partner in which a separate account co-investor also has an interest. The Development Alliance Partner's share of funds from operations is 2%.

(7) Represents our investment in a ground leased property.

(8) Represents a credit facility held by the Alliance Fund I. Our projected ownership upon final closing of the Alliance Fund I is currently estimated to be 20%.

RETAIL CONSOLIDATED JOINT VENTURES
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

PROPERTIES	SQUARE FEET	GROSS BOOK VALUE(1)	DEBT	JV PARTNERS' SHARE OF DEBT	JV PARTNERS' SHARE OF FFO
<S>	<C>	<C>	<C>	<C>	<C>
DEVELOPMENT ALLIANCE JOINT VENTURES(2)					
1. Around Lenox..........................	120,000	$ 19,585	$17,489	$ 1,027	10%
2. Northridge Plaza......................	259,000	25,525	--	--	0%
3. Palm Aire(3)..........................	133,000	17,325	7,139	1,021	0%
4. Springs Gate..........................	--(4)	14,906	--	--	0%
Subtotal........................	512,000	77,341	24,628	2,048	
OTHER JOINT VENTURES					
5. Kendall Mall..........................	299,582	36,260	24,330	10,055	29%
6. Manhattan Village.....................	424,112	83,463	--	--	10%
7. Plaza Delray..........................	331,846	36,010	22,814	4,528	2%
Subtotal........................	1,055,540	157,733	47,144	14,583	
Total...........................	1,567,540	$233,074	$71,772	$16,631	

</TABLE>

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(1) Represents the book value of the property (before accumulated depreciation) owned by the joint venture entity and excludes net other assets.

(2) Represents estimated square feet at completion of development project.

(3) Included as part of retail properties held for divestiture.

(4) Represents 39 acres of land for future phases of current projects which have

not been committed to, or for which final project planning has not been completed.

We account for all of the above investments on a consolidated basis for financial reporting purposes because of our ability to exercise control over significant aspects of the investment as well as our significant economic interest in the investments. See "Item 14. Note 2 of the Notes to Consolidated Financial Statements."

Unconsolidated:

As of December 31, 1999, we held interests in two equity investment joint ventures that are unconsolidated in our financial statements. The management and control over significant aspects of these investments are with the third party joint venture partner.

UNCONSOLIDATED JOINT VENTURES
(DOLLARS IN THOUSANDS)

PROPERTIES	MARKET	TOTAL SQUARE FEET	AMB'S TOTAL INVESTMENT	AMB'S OWNERSHIP PERCENTAGE	AMB'S SHARE OF DEBT
OPERATING JOINT VENTURES					
1. Elk Grove Du Page..................	Chicago	4,046,721	$58,602	56.1%	$18,754
DEVELOPMENT ALLIANCE JOINT VENTURES(1)					
2. Pico Rivera........................	Southern California	520,000	7,789	50.0%	3,986
Total.........................		4,566,721	$66,391		$22,740

- ---------------
(1) Represents estimated square feet at completion of development project.

SECURED DEBT

As of December 31, 1999, the operating partnership had $696.9 million of indebtedness secured by deeds of trust on 17 properties. As of December 31, 1999, the total gross investment value of those properties secured by debt was $1.4 billion. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" and "Item 14. Note 5 of Notes to Consolidated Financial Statements" included in this report. We believe that as of December 31, 1999, the value of the properties securing the respective obligations in each case exceeded the principal amount of the outstanding obligations.

ITEM 3. LEGAL PROCEEDINGS

Neither we nor any of the properties is subject to any material litigation. To our knowledge, there is no material litigation threatened against any of them, other than routine litigation arising in the ordinary course of business, which we generally expect to be covered by liability insurance, or to have an immaterial effect on our financial results.

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

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Our common stock began trading on the New York Stock Exchange on November 21, 1997, under the symbol "AMB." As of March 1, 2000, there were approximately 235 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 by us during the period from November 26, 1997 through December 31, 1999.

YEAR	HIGH	LOW	DISTRIBUTION
1997			
4th Quarter (from 11/21/97)..............................	$25 1/8	$22 1/4	$0.1340
1998			
1st Quarter...	24 15/16	23 3/8	0.3425

2nd Quarter	25	22 3/8	0.3425
3rd Quarter	25 13/16	22 11/16	0.3425
4th Quarter	25	20 15/16	0.3425
1999			
1st Quarter	22 15/16	20 1/2	0.3500
2nd Quarter	23 1/2	20 9/16	0.3500
3rd Quarter	23	20	0.3500
4th Quarter	21 1/8	18 1/8	0.3500

</TABLE>

ITEM 6. SELECTED FINANCIAL AND OTHER DATA

SELECTED COMPANY AND PREDECESSOR FINANCIAL AND OTHER DATA

The following table sets forth selected consolidated historical financial and other data for AMB Property Corporation and our predecessor on an historical basis for the years ended December 31, 1995, 1996, 1997, 1998 and 1999. Prior to November 26, 1997 (the date of our initial public offering), our predecessor provided real estate investment management services to institutional investors.

<TABLE>
<CAPTION>

	AS OF AND FOR THE YEARS ENDED DECEMBER 31,					
			COMPANY			
	PREDECESSOR(1)		HISTORICAL(2)	PRO FORMA(3)		
	1995	1996	1997	1997	1998	1999
	(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)					
OPERATING DATA:						
Total revenues	$17,865	$23,991	$ 56,062	$ 284,674	$ 358,887	$ 448,183
Income from operations before minority interests	3,296	7,140	18,885	103,903	123,750	158,851
Net income available to common stockholders	3,262	7,003	18,228	99,508	108,954	167,603
Net income common per share:						
Basic(4)	0.64	1.38	1.39	1.16	1.27	1.94
Diluted(4)	0.64	1.38	1.38	1.15	1.26	1.94
Dividends per common share			0.13	1.37	1.37	1.40
Dividends per preferred share(5)			--	--	0.99	2.13
OTHER DATA:						
EBITDA(6)				$ 195,218	$ 252,353	$ 318,319
Funds from Operations(7)				147,409	170,407	191,147
Cash flows provided by (used in):						
Operating activities				131,621	177,180	190,391
Investing activities				(607,768)	(793,366)	63,732
Financing activities				553,199	604,202	(240,721)
BALANCE SHEET DATA:						
Investments in real estate at cost	$ --	$ --	$2,442,999		$3,369,060	$3,249,452
Total assets	4,948	7,085	2,506,255		3,562,885	3,621,550
Total consolidated debt(8)	--	--	685,652		1,368,196	1,270,037
AMB's share of total debt	--	--	672,945		1,348,107	1,168,218
Stockholders' equity	4,241	6,300	1,668,030		1,765,360	1,829,259

</TABLE>

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(1) Represents our predecessor's historical financial and other data for the years ended December 31, 1995 and 1996. Our predecessor operated as an investment manager prior to November 26, 1997.

(2) The historical 1997 results represent our predecessor's historical financial and other data for the period January 1, 1997 through November 25, 1997. The financial and other data of AMB Property Corporation and the properties acquired in our formation transactions have been included from November 26, 1997 to December 31, 1997.

(3) Pro forma 1997 financial and other data has been prepared as if our formation transactions, our initial public offering (as described in "Item 14. Note 1 of Notes to Consolidated Financial Statements") and certain property acquisitions and divestitures in 1997 had occurred on January 1, 1997.

(4) Basic and diluted net income per share equals the pro forma net income divided by 85,874,513 and 86,156,556 shares, respectively, for 1997, and net income available to common stockholders divided by 85,876,383 and 86,235,176 shares, respectively, for 1998, and 86,271,862 and 86,347,487, respectively, for 1999.

(5) Dividends for the period commencing on July 27, 1998, the date of the Series A Preferred Stock issuance.

(6) EBITDA is computed as income from operations before divestiture of properties and minority interests plus interest expense, income taxes, depreciation and amortization. We believe that in addition to cash flows and net income, EBITDA is a useful financial performance measure for assessing the operating performance of an equity real estate investment trust because, together with net income and cash flows, EBITDA provides investors with an additional basis to evaluate the ability of a real estate investment trust to incur and service debt and to fund acquisitions and other capital expenditures. Includes an adjustment to reflect our pro rata share of EBITDA in unconsolidated joint ventures. EBITDA is not a measurement of operating performance calculated in accordance with U.S. generally accepted accounting principles and should not be considered as a substitute for operating income, net income, cash flows from operations or other statement of operations or cash flow data prepared in accordance with U.S. generally accepted accounting principles. EBITDA may not be indicative of our historical operating results nor be predictive of potential future results. While EBITDA is frequently used as a measure of operations and the ability to meet debt service requirements, it is not necessarily comparable to other similarly titled captions of other real estate investment trusts.

(7) Funds from Operations, or FFO, is defined as income from operations before minority interests, gains or losses from sale of real estate and extraordinary losses plus real estate depreciation and adjustment to derive our pro rata share of the funds from operations of unconsolidated joint ventures, less minority interests' pro rata share of the funds from operations of consolidated joint ventures and perpetual preferred stock dividends. In accordance with the National Association of Real Estate Investment Trust ("NAREIT") White Paper on funds from operations, we include the effects of straight-line rents in funds from operations. We believe that funds from operations is an appropriate measure of performance for an equity real estate investment trust. While funds from operations 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 U.S. generally accepted accounting principles, and it should not be considered as an alternative to these indicators in evaluating liquidity or operating performance. Further, funds from operations as disclosed by other real estate investment trusts may not be comparable.

(8) Secured debt includes unamortized debt premiums of approximately $18,286, $15,217 and $10,106 as of December 31, 1997, 1998 and 1999, respectively. See "Item 14. Notes 2 and 6 of Notes to Consolidated Financial Statements."

SELECTED PROPERTY FINANCIAL AND OTHER DATA

For comparative purposes, the table that follows provides selected historical financial and other data of our properties. The historical results of the properties for 1997 include the results achieved by us for the period from November 26, 1997 to December 31, 1997 and the results achieved by the prior owners of the properties for the period from January 1, 1997 to November 25, 1997. The historical results of operations of the properties for periods prior to November 26, 1997 include properties that were managed by our predecessor and exclude the results of four properties that were contributed to us in our formation transactions that were not previously managed by our predecessor. See "Item 14. Note 1 of Notes to Consolidated Financial Statements" for a description of our formation transactions. In addition, the historical results of operations include the results of properties acquired after November 26, 1997, from the date of acquisition of such properties to December 31, 1997.

<TABLE>
<CAPTION>
AS OF AND FOR THE YEARS ENDED DECEMBER 31,

	PROPERTIES COMBINED(1)		COMPANY			
			HISTORICAL(2)	PRO FORMA(3)		
	1995	1996	1997	1997	1998	1999
	(IN THOUSANDS, EXCEPT PERCENTAGES)					
OPERATING DATA:						
Rental revenues	$ 106,180	$ 166,415	$ 233,856	$282,665	$ 354,658	$ 439,658
BALANCE SHEET DATA:						
Investment in real estate at cost	1,018,681	1,616,091	2,442,999		3,369,060	3,249,452
Secured debt(4)	254,067	522,634	535,652		734,196	707,037
PROPERTY DATA:						
Industrial Properties						
Property net operating income(5)				137,955	187,218	269,339
Total rentable square footage at end of period	21,598	29,609	37,329		56,611	65,194
Occupancy rate at end of period	97.3%	97.2%	95.7%		96.0%	95.9%
Retail Properties						
Property net operating income(5)				64,716	79,025	62,396
Total rentable square footage at end of period	3,299	5,282	6,216		6,985	1,642
Occupancy rate at end of period	92.4%	92.4%	96.1%		94.6%	92.4%

</TABLE>

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(1) Represents the properties' combined historical financial and other data for the years ended December 31, 1995 and 1996. The historical results of operations of the properties for periods prior to November 26, 1997 include properties that were managed by our predecessor and exclude the results of four properties that were contributed to us in our formation transactions that were not previously managed by our predecessor. See "Item 14. Note 1 of Notes to Consolidated Financial Statements" for a description of our formation transactions.

(2) The historical results of the properties for 1997 include our results for the period from November 26, 1997 (acquisition date) to December 31, 1997 and the results achieved by the prior owners of the properties for the period from January 1, 1997 to November 25, 1997.

(3) The pro forma financial and other data has been prepared as if our formation transactions, our initial public offering (see "Item 14. Note 1 of Notes to Consolidated Financial Statements"), and certain 1997 property acquisitions and divestitures had occurred on January 1, 1997.

(4) Secured debt as of December 31, 1997, 1998 and 1999 includes unamortized debt premiums of approximately $18,286, $15,217 and $10,106, respectively. See "Item 14. Notes 2 and 6 of Notes to Consolidated Financial Statements."

(5) Property net operating income is defined as rental revenue, including reimbursements and straight-line rents, less property level operating expenses and excluding depreciation, amortization and interest expense. Internal asset management costs totaling $7,659 for 1998 have been reclassified from property operating expenses to general and administrative expenses to conform with current year presentation. See "Item 14. Note 15 of Notes to Consolidated Financial Statements."

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 which are not historical facts may be forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements involve numerous risks and uncertainties and you should not rely upon them as predictions of future events. There is no assurance that the events or circumstances reflected in forward-looking statements will be achieved or occur. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: defaults or non-renewal of leases by tenants, increased interest rates and operating costs, our failure to obtain necessary outside financing, difficulties in identifying properties to acquire and in effecting acquisitions, our failure to successfully integrate acquired properties and operations, our failure to divest of properties we have contracted to sell or to timely reinvest proceeds from any such divestitures, risks and uncertainties affecting property development and construction (including construction delays, cost overruns, our inability to obtain necessary permits and public opposition to these activities), our failure to qualify and maintain our status as a real estate investment trust under the Internal Revenue Code of 1986, environmental uncertainties, risks related to natural disasters, financial market fluctuations, changes in real estate and zoning laws and increases in real property tax rates. Our success also depends upon economic trends generally, including interest rates, income tax laws, governmental regulation, legislation, population changes and those risk factors discussed in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Factors that May Affect Future Financial Results" in this report. We caution you not to place undue reliance on forward-looking statements, which reflect our analysis only and speak only as of the date of this report or the dates indicated in the statements.

GENERAL

We commenced operations as a fully integrated real estate company in connection 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 the operating partnership were formed shortly before the consummation of the initial public offering. See "Item 14. Note 1 of Notes to Consolidated Financial Statements" for a discussion of our formation transactions and initial public offering.

RESULTS OF OPERATIONS

The analysis below shows changes in our results of operations for the years ended December 31, 1999, 1998 and 1997, which include changes attributable to acquisitions, divestitures and development activity, and the changes resulting from properties that we owned during both the current and prior year reporting periods, excluding development properties prior to being stabilized (generally defined as 95.0% leased). We refer to these properties as the "same store properties". For the comparison between the years ended December 31, 1999 and 1998, and the years ended December 31, 1998 and 1997, the same store properties consist of properties aggregating approximately 35.9 and 31.1 million square feet, respectively. The properties acquired in 1998 consisted of 230 buildings, aggregating approximately 19.2 million square feet, and the 1999 acquisitions consisted of 154 buildings, aggregating approximately 8.4 million square feet. In 1999, property divestitures consisted of 30 retail centers and 15 industrial buildings, aggregating approximately 6.6 million square feet. There were no property divestitures in 1998. The historical results of operations of the properties for the period prior to November 26, 1997 (the commencement of operations as a fully integrated real estate company) include properties that were managed by our predecessor, an investment manager, and exclude the

results of four properties that were contributed to us in our formation transactions that our predecessor did not previously manage. Our future financial condition and results of operations, including rental revenues, may be impacted by the acquisitions of additional properties. Our future revenues and expenses may vary materially from their historical rates.

YEARS ENDED DECEMBER 31, 1999 AND 1998 (DOLLARS IN MILLIONS)

<TABLE>
<CAPTION>

RENTAL REVENUES	1999	1998	$ CHANGE	% CHANGE
<S>	<C>	<C>	<C>	<C>
Same store	$212.9	$206.1	$ 6.8	3.3%
1998 acquisitions	117.8	55.9	61.9	110.7%
1999 acquisitions	35.4	--	35.4	--
Developments	33.0	28.4	4.6	16.2%

Divestitures	40.6	64.3	(23.7)	(36.9)%
Total	$439.7	$354.7	$ 85.0	24.0%

</TABLE>

Rental revenues, including straight-line rents, tenant reimbursements and other property related income, increased by $85.0 million, or 24.0%, for the year ended December 31, 1999 to $439.7 million as compared with the same period in 1998. Approximately $6.8 million, or 8.0%, of this increase was attributable to same store properties. The growth in rental revenues in same store properties resulted primarily from the incremental effect of rental rate increases, changes in occupancy rates and reimbursement of expenses, offset by a decrease in straight-line rents. During the year ended December 31, 1999, the increase in base rents (cash basis) for same store properties was 12.7% on 6.8 million square feet leased.

<TABLE>
<CAPTION>

INVESTMENT MANAGEMENT AND OTHER INCOME	1999	1998	$ CHANGE	% CHANGE
<S>	<C>	<C>	<C>	<C>
Equity earnings in unconsolidated joint ventures	$4.7	$2.7	$2.0	74.1%
Investment management income	1.0	0.1	0.9	900.0%
Other	2.8	1.4	1.4	100.0%
Total	$8.5	$4.2	$4.3	102.4%

</TABLE>

Other revenues, including equity in earnings of unconsolidated joint ventures, investment management income, and interest income, totaled $8.5 million for the year ended December 31, 1999 as compared to $4.2 million for the year ended December 31, 1998. The $4.3 million increase was primarily attributable to the earnings from our equity investment in our unconsolidated joint ventures, acquisition fees related to the Alliance Fund I and an increase in interest income as a result of higher cash balances.

<TABLE>
<CAPTION>

PROPERTY OPERATING EXPENSES	1999	1998	$ CHANGE	% CHANGE
<S>	<C>	<C>	<C>	<C>
Rental expenses	$ 51.7	$40.2	$11.5	28.6%
Real estate taxes	56.2	48.2	8.0	16.6%
Property operating expenses	$107.9	$88.4	$19.5	22.1%
Same store	$ 50.2	$50.1	$ 0.1	0.2%
1998 acquisitions	27.3	12.6	14.7	116.7%
1999 acquisitions	9.3	--	9.3	--
Developments	9.5	7.9	1.6	20.3%
Divestitures	11.6	17.8	(6.2)	(34.8)%
Total	$107.9	$88.4	$19.5	22.1%

</TABLE>

Property operating expenses increased by $19.5 million, or 22.1%, for the year ended December 31, 1999, to $107.9 million, as compared with the same period in 1998. Internal asset management costs of $7.7 million for 1998 have been reclassified to general and administrative expenses to conform with current year presentation. Same store properties' operating expenses increased by $0.1 million for the year ended December 31, 1999. The change in same store properties' operating expenses primarily relates to increases in

same store properties' real estate taxes of approximately $1.0 million for the year ended December 31, 1999, offset by decreases in same store properties' insurance of $0.9 million.

<TABLE>
<CAPTION>

OTHER EXPENSES	1999	1998	$ CHANGE	% CHANGE
<S>	<C>	<C>	<C>	<C>
General and administrative expense	$ 25.2	$ 19.6	$ 5.6	28.6%
Interest expense	88.7	69.7	19.0	27.3%
Depreciation expense	67.5	57.4	10.1	17.6%
Total	$181.4	$146.7	$34.7	23.7%

</TABLE>

General and administrative expense increased by $5.6 million, or 28.6%, for the year ended December 31, 1999, to $25.2 million, as compared with the same period in 1998. Internal asset management costs of $7.7 million for 1998 have been reclassified from property operating expenses to general and administrative expenses to conform with the current year presentation. The increase was primarily attributable to additional staffing that resulted from the growth in our portfolio, with the remainder of the increase due to the change in our accounting policy for capitalizing internal acquisition costs. Effective during the second quarter of 1998, we changed our policy to expense all internal acquisition costs in accordance with EITF 97-11. The increase in interest expense was primarily due to higher interest rates and a full year of interest expense in 1999 attributable to the $400.0 million unsecured senior debt securities and the increase in depreciation was due to the growth in our real estate acquisitions in 1998 and 1999.

YEARS ENDED DECEMBER 31, 1998 AND 1997 (DOLLARS IN MILLIONS)

<TABLE>
<CAPTION>

RENTAL REVENUES	1998	1997	$ CHANGE	% CHANGE
Same store	$211.2	$201.6	$ 9.6	4.8%
Acquisitions and development	143.5	81.1	62.4	76.9%
Total	$354.7	$282.7	$72.0	25.5%

</TABLE>

Rental revenues, including straight-line rents, tenant reimbursements and other property related income, increased by $72.0 million, or 25.5%, for the year ended December 31, 1998. Approximately $9.6 million, or 13.3%, of this increase, was attributable to same store properties with the remaining $62.4 million primarily attributable to properties acquired in 1998 and properties under development. The growth in rental revenues in same store properties resulted primarily from the incremental effect of rental rate increases and changes in occupancy and reimbursement of expenses. During the year ended December 31, 1998, the increase in average base rents (cash basis) was 14.3% on 7.7 million square feet leased.

<TABLE>
<CAPTION>

PROPERTY OPERATING EXPENSES	1998	1997	$ CHANGE	% CHANGE
Same store	$54.4	$55.1	$(0.7)	(1.3)%
Acquisitions and development	34.0	26.4	7.6	28.8%
Total	$88.4	$81.5	$ 6.9	8.5%

</TABLE>

Property operating expenses increased by $6.9 million, or 8.5%, for the year ended December 31, 1998, to $88.4 million, as compared to the same period in 1997. Internal asset management costs of $7.7 million for 1998 have been reclassified to general and administrative expenses to conform with current year presentation. Same store properties' operating expenses decreased by $0.7 million for the year ended December 31, 1998, while operating expenses attributable to properties acquired in 1998 and properties under development amounted to $7.6 million. The change in same store properties' operating expenses relates to increases in same store properties real estate taxes of approximately $1.0 million, offset by decreases in other property operating expenses, including insurance expenses and property management fees of approximately $1.7 million.

<TABLE>
<CAPTION>

GENERAL AND ADMINISTRATIVE EXPENSES	1998	1997	$ CHANGE	% CHANGE
General and administrative expenses	$19.6	$19.4	$0.2	1.0%

</TABLE>

Our general and administrative expenses increased by $0.2 million for the year ended December 31, 1998, after reclassifying internal asset management costs of $7.7 million for 1998 from property operating expenses

to general and administrative expenses, as compared to our predecessor's investment management expenses of $19.4 million for the period from January 1, 1997 to November 25, 1997. Investment management expenses of our predecessor consisted primarily of salaries and other general and administrative expenses. The decrease is primarily attributable to the change in our operations from an investment manager to a fully integrated real estate company and the formation of AMB Investment Management.

LIQUIDITY AND CAPITAL RESOURCES

We currently expect that our principal sources of working capital and funding for acquisitions, development, expansion and renovation of our properties will include cash flow from operations, borrowings under our unsecured credit facility, other forms of secured and 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) and net proceeds from divestiture of properties. We presently believe that our sources of working capital and our ability to access private and public debt and equity capital are adequate for us to continue to meet liquidity requirements for the foreseeable future.

Capital Resources

Property Divestitures. On March 9, 1999, we signed three separate definitive agreements with BPP Retail, LLC, a co-investment entity between Burnham Pacific and the California Public Employees' Retirement System, pursuant to which, if fully consummated, BPP Retail would have acquired up to 28 of our retail shopping centers, totaling approximately 5.1 million square feet, for an aggregate price of $663.4 million. The sale of three of the properties was subject to the consent of one of our joint venture partners, which did not consent to the sale of these properties. As a result, the price with respect to the 25 remaining properties, totaling approximately 4.3 million square feet, was approximately $560.3 million. We intend to dispose of the remaining three properties or our interests in the joint ventures through which we hold such properties. We are including these properties in properties held for divestiture in our financial statements.

Pursuant to the agreements, BPP Retail acquired the 25 retail centers in three separate transactions. Pursuant to the closing of the first transaction, which occurred on June 15, 1999, BPP Retail acquired nine retail shopping centers, totaling approximately 1.4 million square feet, for an aggregate price of approximately $207.4 million. We used the proceeds from the first transaction to repay secured debt related to the properties divested, to partially repay amounts outstanding under our unsecured credit facility, to pay transactions expenses, to acquire certain properties and for general corporate purposes. This divestiture resulted in an approximate net gain of $10.3 million, which is net of extraordinary loss consisting of prepayment penalties with an offset for the write-off of debt premiums related to the indebtedness extinguished. On August 4, 1999, the second transaction with BPP Retail closed. Pursuant to the closing of the second transaction, BPP Retail acquired 12 of our retail shopping centers, totaling approximately 2.0 million square feet, for an aggregate price of approximately $245.8 million. We used the proceeds from the second transaction to repay secured debt related to the properties divested, to partially repay amounts outstanding under our unsecured credit facility, to pay transaction expenses, to acquire certain properties and for general corporate purposes. This divestiture resulted in an approximate net gain of $20.2 million, which is net of extraordinary loss consisting of prepayment penalties with an offset for the write-off of debt premiums related to the indebtedness extinguished. On December 1, 1999, the third transaction with BPP Retail closed. BPP Retail acquired the remaining four retail centers, totaling approximately 0.9 million square feet, for an aggregate price of approximately $107.2 million. We used the proceeds from the third divestiture to partially repay amounts outstanding under our unsecured credit facility, to pay transaction expenses, for potential acquisitions and for general corporate purposes. This divestiture resulted in an approximate gain of $9.1 million.

In addition, we entered into a definitive agreement, subject to a financing condition, with Burnham Pacific, pursuant to which, if fully consummated, Burnham Pacific would have acquired up to six additional retail centers, totaling approximately 1.5 million square feet, for an aggregate price of approximately $284.4 million. On June 30, 1999, this agreement was terminated pursuant to its terms as a result of Burnham Pacific's decision not to waive the financing condition.

In connection with the BPP Retail transactions, we have granted the California Public Employees' Retirement System an option to purchase up to 2,000,000 shares of our common stock for an exercise price of $25.00 per share that may be exercised on or before March 31, 2000. We have registered the 2,000,000 shares of common stock issuable upon exercise of the option.

In the fourth quarter of 1999, we disposed of three of the retail properties that were initially under contract with Burnham Pacific to an institutional investor for whom AMB Investment Management provides asset management services. The properties aggregated approximately 0.4 million square feet and were sold for an aggregate price of approximately $96.3 million. In addition, we disposed of another of these properties, aggregating approximately

0.6 million square feet, to an unaffiliated third party for an aggregate price of approximately $58.1 million. The divestitures of these four properties resulted in an approximate net gain of $14.9 million, which is net of extraordinary gain consisting of write-offs of debt premiums with an offset for prepayment penalties related to the indebtedness extinguished. We currently intend to dispose of one of the remaining two retail properties or our interest in the joint venture which holds such property.

In addition, during 1999, we disposed of 15 industrial buildings and one other retail center, aggregating approximately 1.3 million square feet, for an aggregate price of approximately $49.4 million. These divestitures resulted in an aggregate approximate net loss of $3.4 million.

As of December 31, 1999, the net carrying values of the industrial properties and retail centers held for divestiture were $12.8 million and $168.5 million, respectively. Certain of the properties held for divestiture are subject to indebtedness, which totaled $54.3 million as of December 31, 1999. These divestitures are subject to negotiation of acceptable terms and other customary conditions. We intend to use the proceeds from these transactions to pay expenses incurred in connection with the divestitures, to repay the secured debt related to the properties divested, to partially repay amounts outstanding under our unsecured credit facility, for potential acquisitions and for general corporate purposes. There can be no assurance that we will dispose of any of the properties held for divestiture in a timely manner.

Credit Facilities. We have a $500 million unsecured revolving credit agreement with Morgan Guaranty Trust Company of New York, as agent, and a syndicate of twelve other banks. The credit facility has a term of three years and is subject to a fee that accrues on the daily average undrawn funds, which varies between 15 and 25 basis points (currently 15 basis points) of the undrawn funds based on our credit rating. We use the credit facility principally for acquisitions and for general working capital requirements. Borrowings under the credit facility bear interest at LIBOR plus 90 to 120 basis points (currently LIBOR plus 90 basis points), depending on our debt rating at the time of the borrowings. As of December 31, 1999, the outstanding balance on the credit facility was $83.0 million and bore interest at a weighted average interest rate of 6.7%. Monthly debt service payments on the credit facility are interest only. The credit facility matures in November 2000. At December 31, 1999, the remaining amount available under the credit facility was approximately $417.0 million.

In addition, we have $80.0 million of unsecured debt held through our investment in the Alliance Fund I. The debt is secured by the unfunded capital commitments of the investors in the Alliance REIT I, a limited partner in the Alliance Fund I. The debt bears interest of LIBOR plus 87.5 basis points and matures in April 2001. As of December 31, 1999, the loan bore interest at 6.7% (based on 30-day LIBOR of 5.8%).

Debt and Equity Activities. On May 5, 1999, AMB Property II, L.P., one of our subsidiaries, issued and sold 1,595,337 7.75% Series D Cumulative Redeemable Preferred Limited Partnership Units at a price of $50.00 per unit in a private placement. Distributions are cumulative from the date of original issuance and are payable quarterly in arrears at a rate per unit equal to $3.875 per annum. The Series D Preferred Units are redeemable by AMB Property II, L.P. on or after May 5, 2004, subject to certain conditions, for cash at a redemption price equal to $50.00 per unit, plus accumulated and unpaid distributions thereon, if any, to the redemption date. The Series D Preferred Units are exchangeable, at specified times and subject to certain conditions, on a one-for-one basis, for shares of AMB's Series D Preferred Stock. AMB Property II, L.P. used the net proceeds of approximately $77.8 million to make a loan to the operating partnership in the amount of approximately $20.1 million and to purchase an unconsolidated joint venture interest for a price of approximately $57.7 million from the operating partnership. The loan was repaid in full on August 31, 1999.

The operating partnership used the funds to repay borrowings under our unsecured credit facility and for general corporate purposes.

On August 31, 1999, AMB Property II, L.P. issued and sold 220,440 7.75% Series E Cumulative Redeemable Preferred Limited Partnership Units at a price of $50.00 per unit in a private placement. Distributions are cumulative from the date of original issuance and are payable quarterly in arrears at a rate per unit equal to $3.875 per annum. The Series E Preferred Units are redeemable by AMB Property II, L.P. on or after August 31, 2004, subject to certain conditions, for cash at a redemption price equal to $50.00 per unit, plus accumulated and unpaid distributions thereon, if any, to the redemption date. The Series E Preferred Units are exchangeable, at specified times and subject to certain conditions, on a one-for-one basis, for shares of AMB's Series E Preferred Stock. AMB Property II, L.P. used the gross proceeds of approximately $11.0 million to pay placement fees, for transaction expenses and to repay approximately $10.8 million in loans made to it by the operating partnership. The operating partnership used the funds to pay approximately $10.0 million in partial repayment of amounts outstanding under our unsecured credit facility and for general corporate purposes.

On February 9, 1999, the operating partnership issued an aggregate of 1,034 limited partnership units with an aggregate value of approximately $0.02 million to two corporations and twelve individuals. On April 30, 1999, the operating partnership issued an aggregate of 390,633 limited partnership units with an aggregate value of approximately $9.4 million to two corporations and twelve individuals. On May 21, 1999, the operating partnership issued 18,638 limited partnership units with a value of approximately $0.5 million to a limited liability company. On May 26, 1999, the operating partnership issued 212,766 limited partnership units with a value of approximately $5.0 million to a limited liability company. On September 30, 1999, the operating partnership issued an aggregate of 3,642 limited partnership units with an aggregate value of $0.09 million to five partnerships. All of these limited partnership units were issued in partial consideration for the acquisition of properties.

Holders of limited partnership units may redeem part or all of their limited partnership units for cash, or at our election, exchange their limited partnership units for shares of our common stock on a one-for-one basis. The issuance of limited partnership units in connection with the acquisitions discussed above constituted private placements of securities which were exempt from the registration requirements of the Securities Act pursuant to Section 4(2) of the Securities Act and Rule 506 of Regulation D.

During 1999, 31,109 limited partnership units were redeemed for cash and 535,753 limited partnership units were redeemed for shares of our common stock.

During the fourth quarter of 1999, our Board of Directors approved a stock repurchase program for the repurchase of up to $50.0 million worth of our common stock. During 1999, we repurchased a total of 1,443,600 shares of our common stock in the open market, for an aggregate purchase price of $27.3 million (including commissions). The average price per share was $18.913. In January 2000, our Board of Directors approved an increase in the stock repurchase program, thereby authorizing the repurchase of an aggregate of up to $100.0 million worth of our common stock. Our stock repurchase program will expire on the second anniversary of the first purchase made thereunder.

At the time of our initial public offering, 4,237,750 shares of common stock, known as performance shares, were placed in escrow by certain of our investors, which were subject to advisory agreements with our predecessor that included incentive fee provisions. On January 7, 2000, 2,771,824 shares of common stock were released from escrow to these investors and 1,465,926 shares of common stock were returned to us and cancelled. Inasmuch as the cancelled shares of common stock represent indirect interests in the operating partnership that were reallocated from us (thereby decreasing the number of shares of common stock outstanding) to other unitholders (thereby increasing the number of limited partnership units owned by partners other than us), the total number of outstanding partnership units did not change as a result of this reallocation. This reallocation did not change the amount of fully diluted shares of common stock and limited partnership units outstanding.

Market Capitalization. As of December 31, 1999, the aggregate principal amount of our secured debt was $696.9 million, excluding unamortized debt premiums of $10.1 million. The secured debt bears interest at rates varying from 4.0% to 10.4% per annum (with a weighted average of 7.8%) and final maturity dates ranging from May 2000 to April 2014. All of the secured debt bears interest at fixed rates, except for two loans with an aggregate principal amount of $10.4 million at December 31, 1999, which bear interest at variable rates. As of December 31, 1999, the estimated fair value of the secured debt was approximately $684.0 million.

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

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

<TABLE>
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DEBT

	SECURED DEBT	ALLIANCE FUND I UNSECURED DEBT	UNSECURED SENIOR DEBT SECURITIES	UNSECURED CREDIT FACILITY	TOTAL DEBT
<S>	<C>	<C>	<C>	<C>	<C>
2000...........................	$ 45,128	$ --	$ --	$83,000	$ 128,128
2001...........................	38,218	80,000	--	--	118,218
2002...........................	56,037	--	--	--	56,037
2003...........................	75,394	--	--	--	75,394
2004...........................	91,042	--	--	--	91,042
2005...........................	70,131	--	100,000	--	170,131

2006	134,330	--	--	--	134,330
2007	48,143	--	--	--	48,143
2008	127,747	--	175,000	--	302,747
2009	1,811	--	--	--	1,811
Thereafter	8,950	--	125,000	--	133,950
Subtotal	696,931	80,000	400,000	83,000	1,259,931
Unamortized premiums	10,106	--	--	--	10,106
Total consolidated debt	707,037	80,000	400,000	83,000	1,270,037
Our share of unconsolidated joint venture debt	22,740	--	--	--	22,740
Total debt	729,777	80,000	400,000	83,000	1,292,777
Joint venture partners' share of consolidated joint venture debt	(60,559)	(64,000)	--	--	(124,559)
Our share of total debt	$669,218	$ 16,000	$400,000	$83,000	$1,168,218
Weighed average interest rate	7.8%(1)	6.7%	7.2%	6.7%	7.5%
Weighed average maturity (in years)	5.9(1)	1.3	10.9	0.9	6.8

</TABLE>

(1) Does not include unconsolidated joint venture debt. The weighted average interest and maturity for the two unconsolidated joint venture debts were 6.9% and 6.2 years, respectively.

<TABLE>
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MARKET EQUITY

SECURITY	SHARES/UNITS OUTSTANDING	MARKET PRICE	MARKET VALUE
<S>	<C>	<C>	<C>
Common stock	85,133,041	$19.94	$1,697,340
Common limited partnership units	4,507,689	19.94	89,872
Total	89,640,730		$1,787,212

</TABLE>

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PREFERRED STOCK AND UNITS

SECURITY	DIVIDEND RATE	LIQUIDATION PREFERENCE	REDEMPTION PROVISIONS
<S>	<C>	<C>	<C>
Series A preferred stock	8.50%	$100,000	July 2003
Series B preferred units	8.63%	65,000	November 2003
Series C preferred units	8.75%	110,000	November 2003
Series D preferred units	7.75%	79,767	May 2004
Series E preferred units	7.75%	11,022	August 2004
Weighted Average/Total	8.41%	$365,789	

</TABLE>

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CAPITALIZATION RATIOS

<S>	<C>
Total debt-to-total market capitalization	37.5%
Our share of total debt-to-total market capitalization	35.2%
Total debt plus preferred-to-total market capitalization	48.1%
Our share of total debt plus preferred-to-total market capitalization	46.2%
Our share of total debt-to-total book capitalization	35.9%

</TABLE>

Liquidity

As of December 31, 1999, we had approximately $137.0 million in cash and cash equivalents and $417.0 million of additional available borrowings under our unsecured credit facility. We intend to use cash flow from operations, borrowings under our unsecured credit facility, other forms of secured and unsecured financing, proceeds from future debt or equity offerings by us or the operating partnership (including issuances of limited partnership units by the operating partnership or its subsidiaries) and proceeds from divestitures of properties to fund acquisitions, development activities and capital expenditures and to provide for general working capital requirements.

On March 5, 1999, we declared a quarterly cash dividend of $0.35 per share on our common stock and the operating partnership declared a quarterly cash distribution of $0.35 per limited partnership unit, for the quarter ended March 31, 1999, payable on April 15, 1999, to stockholders and unitholders of record as of March 31, 1999. On March 5, 1999, we declared a cash dividend of $0.5313 per share on our Series A Preferred Stock, and the operating partnership declared a cash distribution of $0.5313 per unit on its Series A Preferred Units, for the three month-period ended April 14, 1999, payable on April 15, 1999, to stockholders and unitholders of record as of March 31, 1999. On March 5, 1999, the operating partnership declared a cash distribution of $1.0781 per unit on its Series B Preferred Units, for the three-month period ended April 14, 1999, payable on April 15, 1999, to unitholders of record as of March 31, 1999. On March 5, 1999, AMB Property II, L.P. declared a cash distribution of $1.0938 per unit on its Series C Preferred Units, for the three-month period ended April 14, 1999, payable on April 15, 1999, to unitholders of record as of March 31, 1999.

On June 4, 1999, we declared a quarterly cash dividend of $0.35 per share on our common stock and the operating partnership declared a quarterly cash distribution of $0.35 per limited partnership unit, for the quarter ended June 30, 1999, payable on July 15, 1999, to stockholders and unitholders of record as of July 6, 1999. On June 4, 1999, we declared a cash dividend of $0.5313 per share on our Series A Preferred Stock, and the operating partnership declared a cash distribution of $0.5313 per unit on its Series A Preferred Units, for the three month-period ended July 14, 1999, payable on July 15, 1999, to stockholders and unitholders of record as of July 6, 1999. On June 4, 1999, the operating partnership declared a cash distribution of $1.0781 per unit on its Series B Preferred Units, for the three-month period ended July 14, 1999, payable on July 15, 1999, to unitholders of record as of July 6, 1999. On June 4, 1999, AMB Property II, L.P. declared a cash distribution of $1.0938 per unit on its Series C Preferred Units, for the three-month period ended October 14, 1999, payable on October 15, 1999, to unitholders of record as of October 5, 1999. On June 4, 1999, AMB Property II, L.P. declared a cash distribution of $0.5382 per unit on its Series D Preferred Units, for the period from May 5, 1999 to June 24, 1999, payable on June 25, 1999, to unitholders of record as of June 15, 1999.

On September 10, 1999, we declared a quarterly cash dividend of $0.35 per share on our common stock and the operating partnership declared a quarterly cash distribution of $0.35 per limited partnership unit, for the quarter ended September 30, 1999, payable on October 15, 1999, to stockholders and unitholders of record as of October 5, 1999. On September 10, 1999, we declared a cash dividend of $0.5313 per share on our Series A Preferred Stock, and the operating partnership declared a cash distribution of $0.5313 per unit on its Series A Preferred Units, for the three month-period ended October 14, 1999, payable on October 15, 1999, to stockholders and unitholders of record as of October 5, 1999. On September 10, 1999, the operating partnership declared a cash distribution of $1.0781 per unit on its Series B Preferred Units, for the three-month period ended October 14, 1999, payable on October 15, 1999, to unitholders of record as of October 5, 1999. On September 10, 1999, AMB Property II, L.P. declared a cash distribution of $1.0938 and $0.9688 per unit on its Series C Preferred Units and Series D Preferred Units, respectively, for the three-month periods ended October 14, 1999 and September 24, 1999, respectively, payable on October 15, 1999 and September 25, 1999, respectively, to unitholders of record as of October 5, 1999 and September 15, 1999, respectively. On September 10, 1999, AMB Property II, L.P. declared a cash distribution of $0.3264 per unit on its Series E Preferred Units, for the period from August 31, 1999 to October 14, 1999, payable on October 15, 1999, to unitholders of record as of October 5, 1999.

On December 10, 1999, we declared a quarterly cash dividend of $0.35 per share on our common stock and the operating partnership declared a quarterly cash distribution of $0.35 per limited partnership unit, for the quarter ended December 31, 1999, payable on December 28, 1999, to stockholders and unitholders of record as of December 17, 1999. On December 10, 1999, we declared a cash dividend of $0.5313 per share on our Series A Preferred Stock, and the operating partnership declared a cash distribution of $0.5313 per unit on its Series A Preferred Units, for the three month-period ended January 14, 2000, payable on January 17, 2000, to stockholders and unitholders of record as of January 5, 2000. On December 10, 1999, the operating partnership declared a cash distribution of $1.0781 per unit on its Series B Preferred Units, for the three-month period ended January 14, 2000, payable on January 17, 2000, to unitholders of record as of January 5, 2000. On December 10, 1999, AMB Property II, L.P. declared a cash distribution of $1.0938, $0.9688 and $0.9688 per unit on its Series C Preferred Units, Series D Preferred Units and Series E Preferred Units, respectively, for the three-month periods ended January 14, 2000, December 24, 1999 and January 14, 2000, respectively, payable on January 17, 2000, December 27, 1999 and January 17, 2000, respectively, to unitholders of record as of January 5, 2000, December 15, 1999 and January 5, 2000, respectively.

On February 29, 2000, we declared a quarterly cash dividend of $0.37 per share of common stock and the operating partnership declared a quarterly cash distribution of $0.37 per limited partnership unit, for the quarter ending March 31, 2000, payable on April 17, 2000, to stockholders and unitholders of record as of April 5, 2000. On February 29, 2000, we declared a cash dividend of $0.5313 per share of our Series A Preferred Stock, and the operating partnership declared a cash distribution of $0.5313 per unit on its Series A Preferred Units, for the three-month period ending April 14, 2000, payable on April 17, 2000, to stockholders and unitholders of record as of April 5, 2000. On February 29, 2000, the operating partnership declared a cash distribution of $1.0781 per unit on its Series B Preferred Units, for the three month period ending April 14, 2000, payable on April 17, 2000, to unitholders of record as of April 5, 2000. On February 29, 2000, AMB Property II, L.P. declared a cash distribution of $1.0938, $0.9688 and $0.9688 per unit on its Series C Preferred Units, Series D Preferred Units and Series E Preferred Units, respectively, for the three month periods ending April 14, March 24, and April 14, 2000, respectively, payable on April 17, March 25, and April 17, 2000, respectively, to unitholders of record as of April 5, March 15, and April 5, 2000.

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 financings, equity financings and/or property divestitures. However, we may not be able to obtain future financings on favorable terms or at all.

Capital Commitments

In addition to recurring capital expenditures and costs to renew or re-tenant space, as of December 31, 1999, our development pipeline included 18 projects representing a total estimated investment of $306.4 mil-

lion upon completion. Of this total, approximately $164.5 million had been funded as of December 31, 1999, approximately $141.9 million is estimated to be required to complete projects under construction as of December 31, 1999, and the remainder represents estimated investments in either projects where construction has not yet begun or future phases of projects under construction. We presently expect to fund these expenditures with cash flow from operations, borrowings under our unsecured credit facility, debt or equity issuances and net proceeds from property divestitures. Other than these capital items, we have no material capital commitments.

During the period from January 1, 1999 to December 31, 1999, we invested $471.9 million in 154 industrial buildings, aggregating approximately 8.4 million square feet. We funded these acquisitions and development projects through proceeds from the divestiture of properties, borrowings under our unsecured credit facility, limited partnership unit issuances, cash and debt assumption.

YEAR 2000 COMPLIANCE

We conducted a comprehensive company-wide test of our financial and non-financial systems to ensure that our systems would adequately handle the year 2000 issues. We also surveyed our property managers to determine if our HVAC, security, lighting and other building systems at our properties were year 2000 compliant. As a result of our efforts, we experienced no significant problems with any of our financial or non-financial systems, nor did any of the systems at our properties malfunction, at the turn of the century. In addition, we have not experienced any significant year 2000 issues with respect to our third party suppliers. We will continue to monitor our systems and those at our properties for potential imbedded year 2000 problems. The costs incurred by us in connection with our year 2000 compliance program have been, and are expected to remain, immaterial to our financial position, results of operations and cash flows.

FUNDS FROM OPERATIONS

We believe that Funds from Operations, or FFO, as defined by the National Association of Real Estate Investment Trusts, is an appropriate measure of performance for an equity real estate investment trust. While funds from operations 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 U.S. generally accepted accounting principles, and it should not be considered as an alternative to those indicators in evaluating liquidity or operating performance. Further, funds from operations as disclosed by other real estate investment trusts may not be comparable.

The following table reflects the calculation of our funds from operations for the fiscal years ended December 31, 1997, 1998 and 1999 (dollars in thousands, except share and per share data). The 1997 funds from operations was prepared on a pro forma basis (giving effect to the completion of our formation

transactions, our initial public offering and certain 1997 property acquisitions and divestitures as if they had occurred on January 1, 1997).

<TABLE>
<CAPTION>

	1997	1998	1999
<S>	<C>	<C>	<C>
Income from operations before minority interests	$ 103,903	$ 123,750	$ 158,851
Real estate depreciation and amortization:			
Total depreciation and amortization	45,886	57,464	67,505
Furniture, fixtures and equipment depreciation and ground lease amortization	(173)	(463)	(1,002)
FFO attributable to minority interests(1)(2)	(2,207)	(5,899)	(8,182)
Adjustments to derive FFO in unconsolidated joint ventures(3):			
Our share of net income	--	(1,750)	(4,701)
Our share of FFO	--	2,739	6,677
Series A preferred stock dividends	--	(3,639)	(8,500)
Series B, C, D, & E preferred unit distributions	--	(1,795)	(19,501)
FFO(1)	$ 147,409	$ 170,407	$ 191,147
FFO per common share and unit:			
Basic	$ 1.67	$ 1.90	$ 2.11
Diluted	$ 1.66	$ 1.90	$ 2.10
Weighted average shares and units:			
Basic	88,416,676	89,493,394	90,792,310
Diluted(4)	88,698,719	89,852,187	90,867,934

</TABLE>

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

(2) Represents funds from operations attributable to minority interests in consolidated joint ventures for the periods presented, which has been computed as minority interests' share of net income before disposal of properties plus minority interests' share of real estate-related depreciation and amortization of the consolidated joint ventures for such periods. These minority interests are not convertible into shares of common stock.

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

(4) Includes the dilutive effect of stock options.

FACTORS THAT MAY AFFECT FUTURE FINANCIAL RESULTS

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

GENERAL REAL ESTATE RISKS

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

Real property investments are subject to varying degrees of risk. The yields available from equity investments in real estate depend on the amount of income earned and capital appreciation generated by the related properties as well as the expenses incurred in connection with the properties. If our properties do not generate income sufficient to meet operating expenses, including debt service and capital expenditures, our ability to pay distributions to our stockholders could be adversely affected. Income from, and the value of, our properties may be adversely affected by the general economic climate, local conditions such as oversupply of

industrial space 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 and an increase in operating costs. In addition, revenues from properties and real estate values are also affected by factors such as the cost of compliance with regulations, the potential for liability under applicable laws (including changes in tax laws), interest rate levels and the availability of financing. Our income would be adversely affected if a significant number of customers were unable to pay rent or if we were unable to rent our industrial space on favorable terms. Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally do not decline when circumstances cause a reduction in income from the property.

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

We are subject to the risks that leases may not be renewed, space may not be relet, or the terms of renewal or reletting (including the cost of required renovations) may be less favorable than current lease terms. Leases on a total of approximately 32.4% of the leased square footage of our properties as of December 31, 1999 will expire on or prior to December 31, 2001, with leases on 16.1% of the leased square footage of our properties as of December 31, 1999 expiring during the 12 months ending December 31, 2000. In addition, numerous properties compete with our properties in attracting customers to lease space, particularly with respect to retail centers. The number of competitive commercial properties in a particular area could have a material adverse effect on our ability to lease space in our properties and on the rents that we are able to charge. Our financial condition, results of operations, cash flow and our ability to pay distributions on, and the market price of, our stock could be adversely affected if we are unable to promptly relet or renew the leases for all or a substantial portion of expiring leases, if the rental rates upon renewal or reletting is significantly lower than expected, or if our reserves for these purposes prove inadequate.

REAL ESTATE INVESTMENTS ARE ILLIQUID

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

A SIGNIFICANT NUMBER OF OUR PROPERTIES ARE LOCATED IN CALIFORNIA

Our properties located in California as of December 31, 1999 represented approximately 22.7% of the aggregate square footage of our properties as of December 31, 1999 and approximately 29.1% of our annualized base rent. Annualized base rent means the monthly contractual amount under existing leases at December 31, 1999, multiplied by 12. This amount excludes expense reimbursements and rental abatements. Our revenue from, and the value of, our properties located in California may be affected by a number of factors, including local real estate conditions (such as oversupply of or reduced demand for commercial properties) and the local economic climate. Business layoffs, downsizing, industry slowdowns, changing demographics and other factors may adversely impact the local economic climate. A downturn in either the California economy or in California real estate conditions could adversely affect our financial condition, results of operations, cash flow and our ability to pay distributions on, and the market price of, our stock. Certain of our properties are also subject to possible loss from seismic activity. During 1999, we sold 10 of the 11 retail centers that we owned in California, eight of which were sold to BPP Retail and two to an institutional investor for whom AMB Investment Management provides asset management services. Accordingly, as of December 31, 1999, 22.7% of our properties based on aggregate square footage and 29.1% of our properties based on annualized base rent were located in California.

OUR PROPERTIES ARE CURRENTLY CONCENTRATED IN THE INDUSTRIAL SECTOR

Our properties are currently concentrated predominantly in the industrial real estate sector. Our concentration in a certain property type may expose us to the risk of economic downturns in this sector to a greater extent than if our portfolio also included other property types. As a result of such concentration, economic downturns in the industrial real estate sector could have an adverse effect on our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our stock.

SOME POTENTIAL LOSSES ARE NOT COVERED BY INSURANCE

We carry comprehensive liability, fire, extended coverage and rental loss insurance covering all of our properties, with policy specifications and insured limits which we believe are adequate and appropriate under the circumstances given relative risk of loss, the cost of such coverage and industry practice. There are, however, certain losses that are not generally insured because it is not economically feasible to insure against them, including losses due to riots or acts of war. Certain losses such as losses due to floods or seismic activity may be insured subject to certain limitations including large deductibles or co-payments and policy limits. If an uninsured loss or a loss in excess of insured limits occurs with respect to one or more of our properties, we could lose the capital we invested in the properties, as well as the anticipated future revenue from the properties and, in the case of debt which is with recourse to us, we would remain obligated for any mortgage debt or other financial obligations related to the properties. Moreover, as the general partner of the operating partnership, we will generally be liable for all of the operating partnership's unsatisfied obligations other than non-recourse obligations. Any such liability could adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our 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, 1999, 209 industrial buildings aggregating 14.7 million rentable square feet (representing 22.0% of our properties based on aggregate square footage and 26.9% based on annualized base rent) and 1 retail center aggregating 0.4 million rentable square feet (representing 0.6% of our properties based on aggregate square footage and 2.2% based on annualized base rent) are located. We carry replacement cost earthquake insurance on all of our properties located in areas historically subject to seismic activity, subject to coverage limitations and deductibles which we believe are commercially reasonable. This insurance coverage also applies to the properties managed by AMB Investment Management, with a single aggregate policy limit and deductible applicable to those properties and our properties. The operating partnership owns 100% of the non-voting preferred stock of AMB Investment Management. Through an annual analysis prepared by outside consultants, we evaluate our earthquake insurance coverage in light of current industry practice and determine the appropriate amount of earthquake insurance to carry. We may incur material losses in excess of insurance proceeds and we may not be able to continue to obtain insurance at commercially reasonable rates.

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

As of December 31, 1999, we had ownership interests in 21 joint ventures, limited liability companies or partnerships with third parties, as well as interests in two unconsolidated entities. As of December 31, 1999, we owned 27 (excluding the two unconsolidated joint ventures) of our properties through these entities. We may make additional investments through these ventures in the future and presently plan to do so with clients of AMB Investment Management and certain Development Alliance Partners, who share certain approval rights over major decisions. Partnership, limited liability company or joint venture investments may involve risks such as the following:

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

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

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

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

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

WE MAY BE UNABLE TO CONSUMMATE ACQUISITIONS ON ADVANTAGEOUS TERMS

We intend to continue to acquire primarily industrial properties. Acquisitions of properties entail risks that investments will fail to perform in accordance with expectations. Estimates of the costs of improvements necessary for us to bring an acquired property up to market standards may prove inaccurate. In addition, there are general investment risks associated with any new real estate investment. Further, we anticipate significant competition for attractive investment opportunities from other major real estate investors with significant capital including both publicly traded real estate investment trusts and private institutional investment funds. We expect that future acquisitions will be financed through a combination of borrowings under our unsecured credit facility, proceeds from equity or debt offerings by us or the operating partnership (including issuances of limited partnership units by the operating partnership or its subsidiaries), and proceeds from property divestitures, which could have an adverse effect on our cash flow. We may not be able to acquire additional properties. Our inability to finance any future acquisitions on favorable terms or the failure of acquisitions to conform with our expectations or investment criteria, or our failure to timely reinvest the proceeds from property divestitures could adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our stock.

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

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

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

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

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

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

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

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

WE MAY BE UNABLE TO COMPLETE DIVESTITURES ON ADVANTAGEOUS TERMS

We intend to dispose of properties from time to time that do not conform with our current investment strategy or that we have otherwise determined should be divested, including, as of December 31, 1999, four retail centers, aggregating approximately 1.2 million square feet, and four industrial buildings aggregating approximately 0.3 million square feet, which are held for divestiture. Our ability to dispose of properties on advantageous terms is dependent upon factors beyond our control, including competition from other owners (including other real estate investment trusts) that are attempting to dispose of industrial and retail properties and the availability of financing on attractive terms for potential buyers of our properties. Our inability to dispose of properties on favorable terms and/or our inability to redeploy the proceeds of property divestitures in accordance with our investment strategy could adversely our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our stock.

DEBT FINANCING

WE COULD INCUR MORE DEBT

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

SCHEDULED DEBT PAYMENTS COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION

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

As of December 31, 1999, we had total debt outstanding of approximately $1.3 billion including:

- approximately $696.9 million of secured indebtedness (excluding unamortized debt premiums) with an average maturity of six years and a weighted average interest rate of 7.8%;

- approximately $80.0 million outstanding under the unsecured credit facility related to the Alliance Fund I, with a maturity date of April 2001 and a weighted average interest rate of 6.7%;

- approximately $83.0 million outstanding under our unsecured $500.0 million credit facility with a maturity date of November 2000 and a weighted average interest rate of 6.7%; and

- $400.0 million aggregate principal amount of unsecured senior debt securities with maturities in June 2008, 2015 and 2018 and a weighted average interest rate of 7.2%.

With the proceeds from the first, second and third transactions with BPP Retail, we repaid approximately $50.7 million of secured indebtedness relating to the properties divested and made payments under our unsecured credit facility in the amount of approximately $225.0 million.

We are a guarantor of the operating partnership's obligations with respect to the senior debt securities referenced above. If we are unable to refinance or extend principal payments due at maturity or pay them with proceeds of other capital transactions, we expect that our cash flow will not be sufficient in all years to pay distributions to our stockholders and to repay all such maturing debt. Furthermore, if prevailing interest rates

or other factors at the time of refinancing (such as the reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, the interest expense relating to that refinanced indebtedness would increase. This increased interest expense would adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our stock. In addition, if we mortgage one or more of our properties to secure payment of indebtedness and we are unable to meet mortgage payments, the property could be foreclosed upon or transferred to the mortgagee with a consequent loss of income and asset value. A foreclosure on one or more of our properties could adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our stock.

RISING INTEREST RATES COULD ADVERSELY AFFECT OUR CASH FLOW

As of December 31, 1999, we had $83.0 million and $80.0 million outstanding under our unsecured credit facility and the unsecured credit facility related to the Alliance Fund I, respectively. In addition, we may incur other variable rate indebtedness in the future. Increases in interest rates on this indebtedness could increase our interest expense, which would adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our stock. Accordingly, we may in the future engage in transactions to limit our exposure to rising interest rates.

WE ARE DEPENDENT ON EXTERNAL SOURCES OF CAPITAL

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

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

As of December 31, 1999, we had 16 non-recourse secured loans which are cross-collateralized by 17 properties. As of December 31, 1999, we had $196.5 million (not including unamortized debt premium) outstanding on these loans. If we default on any of these loans, we will be required to repay the aggregate of all indebtedness, together with applicable prepayment charges, to avoid foreclosure on all the cross-collateralized properties within the applicable pool. Foreclosure on our properties, or our inability to refinance our loans on favorable terms, could adversely impact our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our stock. In addition, our credit facilities and the senior debt securities of the operating partnership contain certain cross-default provisions which are triggered in the event that our other material indebtedness is in default. These cross-default provisions may require us to repay or restructure the credit facilities and the senior debt securities in addition to any mortgage or other debt which is in default, which could adversely affect our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our stock.

CONTINGENT OR UNKNOWN LIABILITIES COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION

Our predecessors have been in existence for varying lengths of time up to 17 years. At the time of our formation we acquired the assets of these entities subject to all of their potential existing liabilities. There may be current liabilities or future liabilities arising from prior activities that we are not aware of and therefore are not disclosed in this report. We assumed these liabilities as the surviving entity in the various merger and contribution transactions that occurred at the time of our formation. Existing liabilities for indebtedness generally were taken into account in connection with the allocation of the operating partnership's limited

partnership units and/or shares of our common stock in the formation transactions, but no other liabilities were taken into account for these purposes. We do not have recourse against our predecessors or any of their respective stockholders or partners or against any individual account investors with respect to any unknown liabilities. Unknown liabilities might include the following:

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

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

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

- tax liabilities; and

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

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

CONFLICTS OF INTEREST

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

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

We could also, in the future, subject to the unanimous approval of the disinterested members of the board of directors with respect to such transaction, acquire property from executive officers, enter into leases with executive officers, and/or engage in other related activities in which the interests pursued by the executive officers may not be in the best interests of our stockholders.

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

As of December 31, 1999, AMB Development, L.P. owns interests in 11 retail development projects in the U.S., 10 of which consist of a single free-standing Walgreens drugstore and one of which consists of a free-standing Walgreens drugstore, a ground lease to McDonald's and a 14,000 square foot retail center. In addition, Messrs. Abbey, Moghadam and Burke, each a founder and director, own less than 1% interests in

two partnerships which own office buildings in various markets; these interests have negligible value. Luis A. Belmonte, an executive officer, owns less than a 10% interest, representing an estimated value of $75,000, in a limited partnership which owns an office building located in Oakland, California.

In addition, several of our executive officers individually own:

- less than 1% interests in the stocks of certain publicly-traded real estate investment trusts;

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

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

Thomas W. Tusher, a member of our board of directors, is a limited partner in a partnership in which Messrs. Abbey, Moghadam and Burke are general partners and which owns a 75% interest in an office building. Mr. Tusher owns a 20% interest in the partnership, valued as of December 31, 1999 at approximately $1.2 million. Messrs. Abbey, Moghadam and Burke each have an approximately 26.7% interest in the partnership, each valued as of December 31, 1999 at approximately $1.6 million.

We believe that the properties and activities set forth above generally do not directly compete with any of our properties. However, it is possible that a property in which an executive officer or director, or an affiliate of 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, the continued involvement by our executive officers and directors in these properties could divert management's attention from our day-to-day operations. Our policy prohibits us from acquiring any properties from our executive officers or their affiliates without the approval of the disinterested members of our board of directors with respect to that transaction.

OUR ROLE AS GENERAL PARTNER OF THE OPERATING PARTNERSHIP MAY CONFLICT WITH THE INTERESTS OF 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 partnership agreement of the operating partnership 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 which reflects the interests of all stockholders.

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

As of March 10, 2000, our three largest stockholders, Cohen & Steers Capital Management, Inc. (with respect to various client accounts for which Cohen & Steers Capital Management, Inc. serves as investment advisor), Southern Company Services, Inc. and Capital Research and Management Company (with respect to various client accounts for which Capital Research and Management Company serves as investment advisor) beneficially owned approximately 16.9% of our outstanding common stock. In addition, our executive officers and directors beneficially owned approximately 5.8% of our outstanding common stock as of March 10, 2000, and will have influence on our management and operation and, as stockholders, will have influence on the outcome of any matters submitted to a vote of our stockholders. This influence might be exercised in a manner that is inconsistent with the interests of other stockholders. Although there is no understanding or arrangement for these directors, officers and stockholders and their affiliates to act in concert, these parties would be in a position to exercise significant influence over our affairs if they choose to do so.

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

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

WE COULD INVEST IN REAL ESTATE MORTGAGES

We may invest in mortgages, and may do so as a strategy for ultimately acquiring the underlying property. In general, investments in mortgages include the risks that borrowers may not be able to make debt service payments or pay principal when due, that the value of the mortgaged property may be less than the principal amount of the mortgage note secured by the property and that interest rates payable on the mortgages may be lower than our cost of funds to acquire these mortgages. In any of these events, our funds from operations and our ability to make distributions on, and the market price of, our stock could be adversely affected. Funds from operations means income (loss) from operations before disposal of real estate properties, minority interests and extraordinary items plus depreciation and amortization, excluding depreciation of furniture, fixtures and equipment less funds from operations attributable to minority interests in consolidated joint ventures which are not convertible into shares of common stock.

GOVERNMENT REGULATIONS

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

COSTS OF COMPLIANCE WITH AMERICANS WITH DISABILITIES ACT

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

WE COULD ENCOUNTER COSTLY ENVIRONMENTAL PROBLEMS

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

Environmental laws also govern the presence, maintenance and removal of asbestos. These laws require that owners or operators of buildings containing asbestos properly manage and maintain the asbestos, that they adequately inform or train those who may come into contact with asbestos and that they undertake special precautions, including removal or other abatement in the event that asbestos is disturbed during renovation or

demolition of a building. These laws may impose fines and penalties on building owners or operators for failure to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers. Some of our properties may contain asbestos-containing building materials.

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

All of our properties were subject to a Phase I or similar environmental assessments by independent environmental consultants at the time of acquisition or shortly after acquisition. Phase I assessments are intended to discover and evaluate information regarding the environmental condition of the surveyed property and surrounding properties. Phase I assessments generally include an historical review, a public records review, an investigation of the surveyed site and surrounding properties, and preparation and issuance of a written report, but do not include soil sampling or subsurface investigations and typically do not include an asbestos survey. We may perform additional Phase II testing if recommended by the independent environmental consultant. Phase II testing may include the collection and laboratory analysis of soil and groundwater samples, completion of surveys for asbestos-containing building materials, and any other testing that the consultant considers prudent in order to test for the presence of hazardous materials. Some of the environmental assessments of our properties do not contain a comprehensive review of the past uses of the properties and/or the surrounding properties.

We have formed a limited liability company with AIG Global Real Estate Investment Corp. to acquire, develop, manage and operate environmentally impaired properties in target markets nationwide. The operating partnership is the managing member of this venture. Each of AIG and the operating partnership has committed $50 million to this venture. This venture currently intends to invest primarily in industrial properties located near major airports, ports and in-fill areas with known and quantifiable environmental issues, as well as, to a more limited extent, well-located, value-added retail properties. Environmental issues for each property are evaluated and quantified prior to acquisition. Phase I environmental assessments are performed on the property; Phase II testing is completed, if necessary, to supplement existing environmental data on the property; and detailed remedial cost estimates are prepared by independent third party engineers. Our and AIG Global Real Estate Investment Corp.'s risk management teams then review the various environmental reports and determine whether the property is appropriate for acquisition. The costs of environmental investigation, clean-up and monitoring are underwritten into the cost of the acquisition and appropriate environmental insurance is obtained for the property.

None of the environmental assessments of our properties has revealed any environmental liability that we believe would have a material adverse effect on our financial condition or results of operations taken as a whole, and we are not aware of any such material environmental liability. Nonetheless, it is possible that the assessments do not reveal all environmental liabilities and that there are material environmental liabilities of which we are unaware or that known environmental conditions may give rise to liabilities that are materially greater than anticipated. Moreover, future laws, ordinances or regulations may impose material environmental liability and the current environmental condition of our properties may be affected by tenants, by the condition

of land, by operations in the vicinity of the properties (such as releases from underground storage tanks), or by third parties unrelated to us. If the costs of compliance with environmental laws and regulations now existing or adopted in the future exceed our budgets for these items, our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our stock could be adversely affected.

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

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

FEDERAL INCOME TAX RISKS

OUR FAILURE TO QUALIFY AS A REAL ESTATE INVESTMENT TRUST WOULD HAVE SERIOUS ADVERSE CONSEQUENCES TO 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 which 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 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, at least 95% of our gross income in any year must be derived from qualifying sources, we must pay dividends to stockholders aggregating annually at least 95% of its real estate investment trust taxable income (determined without regard to the dividends paid deduction and by excluding capital gains) and we 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 in partnership form. 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 operate as a real estate investment trust. In connection with recent property acquisitions, we acquired partnership interests and may have inadvertently acquired the voting securities of shell corporations in violation of the 10% asset test at March 31, 1999. However, while no assurance can be given, based on the advice of counsel in the relevant jurisdiction and other factors, we do not believe that we have in fact violated this test or that we would lose our status as a real estate investment trust as a result of this matter. If the value of our investments in early-stage companies (as discussed below), either individually or in the aggregate, appreciate significantly, it may adversely affect our ability to continue to qualify as a real estate investment trust, unless we are able to restructure or dispose of our holdings on a timely basis.

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

distribution to stockholders would be significantly reduced for each of the years involved. In addition, we would no longer be required to make distributions to stockholders.

WE MAY INVEST IN HIGHLY SPECULATIVE EARLY-STAGE COMPANIES IN WHICH WE MAY LOSE OUR ENTIRE INVESTMENT OR WHICH MAY JEOPARDIZE OUR STATUS AS A REAL ESTATE INVESTMENT TRUST

From time to time, we may invest in early-stage companies that we believe will enhance our understanding of changes occurring in the movement of goods, which may, in turn, sharpen our real estate investment focus, create real estate provider relationships with growth companies and provide the potential for significant returns on invested capital. We currently expect that each of these investments will generally be in the amount of $10.0 million or less. As a result, we believe that the amounts of our investments in early-stage companies are immaterial, both individually and in the aggregate. However, these investments are highly speculative and it is possible that we may lose our entire investment in an early-stage company. We believe that our investments in these companies have been structured so that we currently qualify as a real estate investment trust under the Internal Revenue Code. However, if the value of these investments, either individually or in the aggregate, appreciate significantly, it may adversely affect our ability to continue to qualify as a real estate investment trust, unless we are able to restructure or dispose of our holdings on a timely basis. To date, we have invested approximately $14.0 million in early-stage companies. One of these investments, in an initial amount of $5.0 million, has appreciated to a market value in excess of $35.0 million at December 31, 1999, if it were freely tradable. See "-- Our Failure to Qualify as a Real Estate Investment Trust Would Have Serious Adverse Consequences to Stockholders."

WE PAY SOME TAXES

Even if we qualify as a real estate investment trust, we will be subject to certain state and local taxes on our income and property. In addition, the net taxable income, if any, from the activities conducted through AMB Investment Management, Inc. and Headlands Realty Corporation (which we discuss below under "-- AMB Investment Management, Inc. and Headlands Realty Corporation") will be subject to federal and state income tax.

CERTAIN PROPERTY TRANSFERS MAY GENERATE PROHIBITED TRANSACTION INCOME

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

WE ARE DEPENDENT ON OUR 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 distributions on, and the market price of, our stock. We do not have employment agreements with any of our executive officers.

WE MAY BE UNABLE TO MANAGE OUR GROWTH

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

AMB INVESTMENT MANAGEMENT, INC. AND HEADLANDS REALTY CORPORATION

WE DO NOT CONTROL THE ACTIVITIES OF AMB INVESTMENT MANAGEMENT, INC. AND HEADLANDS REALTY CORPORATION

The operating partnership owns 100% of the non-voting preferred stock of AMB Investment Management, Inc. and Headlands Realty Corporation (representing approximately 95% of the economic interest in each entity). Certain of AMB's current and former executive officers and a former executive officer of AMB

Investment Management, Inc. own all of the outstanding voting common stock of AMB Investment Management, Inc. (representing approximately 5% of the economic interest in AMB Investment Management, Inc.). Certain of our current and former executive officers and a director of Headlands Realty Corporation own all of the outstanding voting common stock of Headlands Realty Corporation (representing approximately 5% of the economic interest in Headlands Realty Corporation). The ownership structure of AMB Investment Management, Inc. and Headlands Realty Corporation permits us to share in the income of those corporations while allowing us to maintain our status as a real estate investment trust. We receive substantially all of the economic benefit of the businesses carried on by AMB Investment Management, Inc. and Headlands Realty Corporation through the operating partnership's right to receive dividends. However, we are not able to elect the directors or officers of AMB Investment Management, Inc. and Headlands Realty Corporation and, as a result, we do not have the ability to influence their operation or to require that their boards of directors declare and pay cash dividends on the non-voting stock of AMB Investment Management, Inc. and Headlands Realty Corporation held by the operating partnership. The boards of directors and management of AMB Investment Management, Inc. and Headlands Realty Corporation might implement business policies or decisions that would not have been implemented by persons controlled by us and that may be adverse to the interests of our stockholders or that may adversely impact our financial condition, results of operations, cash flow and ability to pay distributions on, and the market price of, our stock. In addition, AMB Investment Management, Inc. and Headlands Realty Corporation are subject to tax on their income, reducing their cash available for distribution to the operating partnership.

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

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

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, after the first taxable year for which a real estate investment trust election is made, our common stock must be held by a minimum of 100 persons for at least 335 days of a

12-month taxable year (or a proportionate part of a short tax year). In addition, if we, or an owner of 10% or more of our stock, actually or constructively owns 10% or more of one of our tenants (or a tenant of any partnership in which we are a partner), the rent received by us (either directly or through any such partnership) from that tenant will not be qualifying income for purposes of the real estate investment trust gross income tests of the Internal Revenue Code. To facilitate maintenance of our qualification as a real estate investment trust for federal income tax purposes, we will 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 our common stock and more than 9.8% (by value or number of shares, whichever is more restrictive) of the issued and outstanding shares of our Series A Preferred Stock, and we will also prohibit the ownership, actually or constructively, of any shares of our Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock by any single person so that no such person, taking into account all of our stock so owned by such person, may own in excess of 9.8% of our issued and outstanding capital stock. We refer to this limitation as the "ownership limit." Shares acquired or held in violation of the ownership limit will be transferred to a trust for the benefit of a designated charitable beneficiary. Any person who acquires shares in violation of the ownership limit will not be entitled to any distributions on the shares or be entitled to vote the shares or receive any proceeds from the subsequent sale of the shares in excess of the lesser of the price paid for the shares or the amount realized from the sale. A transfer of shares in violation of the above limits may be void under certain circumstances. 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 stock and Series A Preferred Stock and to issue Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock and one or more other series or classes of preferred stock and to establish the preferences, rights and other terms of any series or class of preferred stock that we issue. Although our board of directors has no intention to do so at the present time, it could establish a series or class of preferred stock that could delay, defer or prevent a transaction or a change in control that might involve a premium price for 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 delay, defer or prevent a transaction, including a change in control, that might involve payment of a premium price for the common stock or otherwise be in the best interests of our stockholders. Those provisions include the following:

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

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

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

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

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

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

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

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

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

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

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

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

All shares of common stock issuable upon the redemption of limited partnership units in the operating partnership will be deemed to be "restricted securities" within the meaning of Rule 144 under the Securities Act and may not be transferred unless registered under the Securities Act or an exemption from registration is available, including any exemption from registration provided under Rule 144. In general, upon satisfaction of certain conditions, Rule 144 permits the holder to sell certain amounts of restricted securities one year following the date of acquisition of the restricted securities from us and, after two years, permits unlimited sales by persons unaffiliated with us. On November 26, 1998, 74,710,153 shares of common stock issued in our formation transactions became eligible for sale pursuant to Rule 144, subject to the volume limitations and other conditions imposed by Rule 144, and, on November 26, 1999, these shares became eligible for sale pursuant to Rule 144(k). Commencing generally on the first anniversary of the date of acquisition of common limited partnership units (or such other date agreed to by the operating partnership and the holders of the units), the operating partnership may redeem common limited partnership units at the request of the holders for cash (based on the fair market value of an equivalent number of shares of common stock at the time of redemption) or, at our option, exchange the common limited partnership units for an equal number of shares of our common stock, subject to certain antidilution adjustments. The operating partnership had issued an outstanding 4,507,689 common limited partnership units as of December 31, 1999. As of December 31, 1999, we had reserved 8,776,280 shares of common stock for issuance under our Stock Option and Incentive Plan (not including shares that we have already issued) and, as of December 31, 1999, we had granted to certain directors, officers and employees options to purchase 4,509,561 shares of common stock (excluding forfeitures and 25,000 shares that we have issued pursuant to the exercise of options). As of December 31, 1999, we had granted 148,720 restricted shares of common stock, 1,633 of which have been forfeited. In addition, we may issue additional shares of common stock and the operating partnership may issue additional limited partnership units in connection with the acquisition of properties. In connection with the issuance of common limited partnership units to other transferors of properties, and in connection with the issuance of the performance units, we have agreed to file registration statements covering the issuance of shares of common stock upon the exchange of the common limited partnership units. We have also filed a registration statement

with respect to the shares of common stock issuable under our Stock Option and Incentive Plan. These registration statements and registration rights generally allow shares of common stock covered thereby, including shares of common stock issuable upon exchange of limited partnership units, including performance units, or the exercise of options or restricted shares of common stock, to be transferred or resold without restriction under the Securities Act. We may also agree to provide registration rights to any other person who may become an owner of the operating partnership's limited partnership units.

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

VARIOUS MARKET CONDITIONS AFFECT THE PRICE OF OUR STOCK

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

- 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);

- our financial performance; and

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

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

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

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

ITEM 7A. QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk includes the rising interest rates in connection with the Company's unsecured credit facility, the unsecured debt of the Alliance Fund I and other variable rate borrowings and our ability to incur more debt without stockholder approval, thereby increasing our debt service obligations, which

could adversely affect our cash flows. See "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources -- Capital Resources -- Market Capitalization."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See "Item 14. Exhibits, Financial Statement Schedules, and Reports of Form 8-K."

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEMS 10, 11, 12 AND 13.

DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT, EXECUTIVE COMPENSATION, SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, AND CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 10, Item 11, Item 12 and Item 13 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 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(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.

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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 the Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Statement on Form S-11 (No. 333-35915)).
3.2	Certificate of Correction of the Registrant's Articles Supplementary establishing and fixing the rights and preferences of the 8 1/2% Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.2 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
3.3	Articles Supplementary establishing and fixing the rights and preferences of the 8 5/8% Series B Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed on January 7, 1999).
3.4	Articles Supplementary establishing and fixing the rights and preferences of the 8.75% Series C Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K filed on January 7, 1999).
3.5	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 the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999).
3.6	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 the Registrant's Current Report on Form 8-K filed on September 14, 1999).
3.7	First Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.5 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
4.1	Form of Certificate for Common Stock of the Registrant (incorporated by reference to Exhibit 3.3 of the Registrant's Registration Statement on Form S-11 (No. 333-35915)).
4.2	Form of Certificate for the Registrant's 8 1/2% Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.4 of the Registrant's Registration Statement on Form S-11 (No. 333-58107)).
4.3	Indenture dated as of June 30, 1998 by and among AMB Property, L.P., the Registrant and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form S-11 (No. 333-49163)).
4.4	First Supplemental Indenture dated as of June 30, 1998 by and among AMB Property, L.P., the Registrant and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement Form S-11 (No. 333-49163)).
4.5	Second Supplemental Indenture dated as of June 30, 1998 by and among AMB Property, L.P., the Registrant and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form S-11 (No. 333-49163)).
4.6	Third Supplemental Indenture dated as of June 30, 1998 by and among AMB Property, L.P., the Registrant and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-11 (No. 333-49163)).
4.7	Specimen of 7.10% Notes due 2008 (included in the First Supplemental Indenture incorporated by reference as Exhibit 4.2 to the Registrant's Registration Statement on Form S-11 (No. 333-49163)).

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EXHIBIT NUMBER	DESCRIPTION
<S>	<C>
4.8	Specimen of 7.50% Notes due 2018 (included in the Second Supplemental Indenture incorporated by reference as Exhibit 4.3 to the Registrant's Registration Statement on Form S-11 (No. 333-49163)).
4.9	Specimen of 6.90% Reset Put Securities due 2015 (included in the Third Supplemental Indenture incorporated by reference as Exhibit 4.4 to the Registrant's Registration Statement on Form S-11 (No. 333-49163)).
10.1	Third Amended and Restated Agreement of Limited Partnership of AMB Property, L.P. (incorporated by reference to Exhibit 99.1 of the Registrant's Registration Statement of Form S-3 (No. 333-68291)).
10.2	Form of Registration Rights Agreement among the Registrant and the persons named therein (incorporated by reference to Exhibit 10.2 of the Registrant's Registration Statement on Form S-11 (No. 333-35915)).
10.3	Second Amended and Restated Credit Agreement, dated November 26, 1997 (incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.4	Amendment to Second Amended and Restated Revolving Credit Agreement made as of May 29, 1998 (incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.5	Second Amendment to Second Amended and Restated Revolving Credit Agreement made as of September 30, 1998 (incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.6	Form of Change in Control and Noncompetition Agreement between the Registrant and Executive Officers (incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.7	The First Amended and Restated 1997 Stock Option and Incentive Plan of the Registrant (incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.8	The First Amendment to the First Amended Restated Stock Option and Incentive Plan of the Registrant (incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.9	Agreement for Purchase and Exchange entered into as of March 9, 1999 by and among AMB Property, L.P., AMB Property II, L.P., Long Gate, L.L.C. and BPP Retail, LLC, regarding the transaction which closed on June 15, 1999 (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).
10.10	Agreement for Purchase and Exchange entered into as of March 9, 1999 by and among AMB Property, L.P., AMB Property II, L.P., Long Gate, L.L.C. and BPP Retail, LLC, regarding the transaction which closed on August 4, 1999 (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).
10.11	Agreement for Purchase and Exchange entered into as of March 9, 1999 by and among AMB Property, L.P., AMB Property II, L.P., Long Gate, L.L.C. and BPP Retail, LLC, regarding the transaction which closed on December 1, 1999 (incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).
10.12	Dividend Reinvestment and Direct Purchase Plan, dated July 9, 1999 (incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Report Form 10-Q for the quarter ended June 30, 1999).

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EXHIBIT NUMBER	DESCRIPTION
<S>	<C>
10.13	Second Amended and Restated 1997 Stock Option and Incentive Plan (incorporated by reference to Exhibit 10.5 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).
10.14	Registration Rights Agreement, dated August 31, 1999 (incorporated by reference to Exhibit 10.1 of the

	Registrant's Current Report on Form 8-K filed on September 14, 1999).
10.15	Fifth Amended and Restated Agreement of Limited Partnership of AMB Property II, L.P., dated August 31, 1999 (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on September 14, 1999).
10.16	Credit Agreement, dated as of September 27, 1999, by and among AMB Institutional Alliance Fund I, L.P., AMB Institutional Alliance REIT I, Inc., the Lenders and Issuing Bank party thereto, BT Realty Resources, Inc. and The Chase Manhattan Bank. (incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Report Form 10-Q for the quarter ended September 30, 1999).
10.17	Third Amendment to Second Amended and Restated Revolving Credit Agreement made as of March 22, 1999.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Arthur Andersen LLP.
24.1	Powers of Attorney (included in Part IV of this Form 10-K).
27.1	Financial Data Schedule -- AMB Property Corporation.

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(b) REPORTS ON FORM 8-K:

- The Registrant filed a Current Report on Form 8-K on October 15, 1999, regarding the acquisition of certain properties during 1999.

- The Registrant filed Amendment No. 1 to Current Report on Form 8-K on November 16, 1999, regarding the acquisition of certain properties during 1999.

- The Registrant filed a Current Report on Form 10-K on December 14, 1999, regarding the closing of the third transaction with BPP Retail, LLC.

(c) EXHIBITS:

See Item 14(a)(3) above.

(d) FINANCIAL STATEMENT SCHEDULES:

See Item 14(a)(1) and (2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 22, 2000.

AMB PROPERTY CORPORATION

By: /s/ HAMID R. MOGHADAM

Hamid R. Moghadam
Chairman of the Board and
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of AMB Property Corporation, hereby severally constitute Hamid R. Moghadam, W. Blake Baird, David S. Fries and Michael A. Coke, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Form 10-K filed herewith and any and all amendments to said Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable AMB Property Corporation to comply with the provisions of the Securities Exchange Act of 1934, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Form 10-K and any and all amendments thereto.

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

<TABLE>
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NAME	TITLE	DATE
<S>	<C>	<C>
/s/ HAMID R. MOGHADAM - ------------------------------------	Chairman of the Board and Chief Executive Officer	March 22, 2000

Hamid R. Moghadam	(Principal Executive Officer)	
/s/ W. BLAKE BAIRD W. Blake Baird	President	March 22, 2000
/s/ DOUGLAS D. ABBEY Douglas D. Abbey	Director	March 22, 2000
/s/ T. ROBERT BURKE T. Robert Burke	Director	March 22, 2000
/s/ DANIEL H. CASE III Daniel H. Case III	Director	March 22, 2000
/s/ ROBERT H. EDELSTEIN, PH.D. Robert H. Edelstein, Ph.D.	Director	March 22, 2000
/s/ LYNN M. SEDWAY Lynn M. Sedway	Director	March 22, 2000
/s/ JEFFREY L. SKELTON, PH.D. Jeffrey L. Skelton, Ph.D.	Director	March 22, 2000
Thomas W. Tusher	Director	March 22, 2000
/s/ CARYL B. WELBORN, ESQ. Caryl B. Welborn, Esq.	Director	March 22, 2000
/s/ MICHAEL A. COKE Michael A. Coke	Chief Financial Officer and Managing Director (Principal Financial and Accounting Officer)	March 22, 2000

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
AMB Property Corporation:

We have audited the accompanying consolidated balance sheets of AMB Property Corporation, a Maryland corporation, and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1999. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AMB Property Corporation and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index to the financial statements is presented for purposes of complying with the Securities and Exchange Commission's rules and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

San Francisco, California
January 18, 2000

AMB PROPERTY CORPORATION

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 1998 AND 1999
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

ASSETS

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<S>	1998 <C>	1999 <C>
Investments in real estate:		
Land and improvements	$ 740,680	$ 714,916
Buildings and improvements	2,445,104	2,349,221
Construction in progress	183,276	185,315
Total investments in properties	3,369,060	3,249,452
Accumulated depreciation and amortization	(58,404)	(103,558)
Net investments in properties	3,310,656	3,145,894
Investment in unconsolidated joint ventures	57,655	66,357
Properties held for divestiture, net	115,050	181,201
Net investments in real estate	3,483,361	3,393,452
Cash and cash equivalents	19,910	33,312
Restricted cash and cash equivalents	5,227	103,707
Other assets	54,387	91,079
Total assets	$3,562,885	$3,621,550
LIABILITIES AND STOCKHOLDERS' EQUITY		
Debt:		
Secured debt	$ 734,196	$ 707,037
Alliance Fund I unsecured debt	--	80,000
Unsecured senior debt securities	400,000	400,000
Unsecured credit facility	234,000	83,000
Total debt	1,368,196	1,270,037
Other liabilities	104,305	89,371
Total liabilities	1,472,501	1,359,408
Commitments and contingencies (note 13)		
Minority interests	325,024	432,883
Stockholders' equity:		
Series A preferred stock, cumulative, redeemable, $0.01 par value, 100,000,000 shares authorized, 4,000,000 issued and outstanding, $100,000 liquidation preference	96,100	96,100
Common stock, $0.01 par value, 500,000,000 shares authorized, 85,917,520 and 85,133,041 issued and outstanding, respectively	859	851
Additional paid-in capital	1,668,401	1,656,226
Retained earnings	--	47,089
Accumulated other comprehensive income	--	28,993
Total stockholders' equity	1,765,360	1,829,259
Total liabilities and stockholders' equity	$3,562,885	$3,621,550

</TABLE>

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, 1997, 1998 AND 1999
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	1997	1998	1999

<S>	<C>	<C>	<C>
REVENUES			
Rental revenues	$ 26,465	$ 354,658	$ 439,658
Investment management and other income	29,597	4,229	8,525
Total revenues	56,062	358,887	448,183
OPERATING EXPENSES			
Property operating expenses	5,312	40,197	51,739
Real estate taxes	3,587	48,218	56,184
General and administrative	1,197	19,588	25,223
Interest, including amortization	3,528	69,670	88,681
Depreciation and amortization	4,195	57,464	67,505
Investment management expenses	19,358	--	--
Total operating expenses	37,177	235,137	289,332
Income from operations before minority interests	18,885	123,750	158,851
Minority interests' share of net income	(657)	(11,157)	(34,011)
Net income before gain from divestiture of real estate	18,228	112,593	124,840
Gain from divestiture of real estate	--	--	53,753
Net income before extraordinary items	18,228	112,593	178,593
Extraordinary items	--	--	(2,490)
Net income	18,228	112,593	176,103
Series A preferred stock dividends	--	(3,639)	(8,500)
Net income available to common stockholders	$ 18,228	$ 108,954	$ 167,603
BASIC INCOME PER COMMON SHARE			
Before extraordinary items	$ 1.39	$ 1.27	$ 1.97
Extraordinary items	--	--	(0.03)
Net income available to common stockholders	$ 1.39	$ 1.27	$ 1.94
DILUTED INCOME PER COMMON SHARE			
Before extraordinary items	$ 1.38	$ 1.26	$ 1.97
Extraordinary items	--	--	(0.03)
Net income available to common stockholders	$ 1.38	$ 1.26	$ 1.94
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING			
Basic	13,140,218	85,876,383	86,271,862
Diluted	13,168,036	86,235,176	86,347,487

</TABLE>

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, 1997, 1998 AND 1999
(IN THOUSANDS)

<TABLE>
<CAPTION>

	1997	1998	1999
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 18,228	$ 112,593	$ 176,103
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,195	57,464	67,505
Straight-line rents	(901)	(10,921)	(10,847)
Amortization of debt premiums and financing costs	(266)	(2,730)	(3,009)
Minority interests' share of net income	657	11,157	34,011
Gain on divestiture of real estate	--	--	(53,753)
Non-cash portion of extraordinary items	--	--	(6,058)
Equity in (earnings) loss of AMB Investment Management	(61)	313	875
Equity in earnings of unconsolidated joint ventures	--	(1,730)	(4,701)
Changes in assets and liabilities:			
Other assets	(11,873)	(9,377)	5,199
Other liabilities	2,301	20,411	(14,934)
Net cash provided by operating activities	12,280	177,180	190,391
CASH FLOWS FROM INVESTING ACTIVITIES			

Change in restricted cash and cash equivalents	(8,074)	2,847	(98,480)
Cash paid for property acquisitions	--	(564,304)	(399,891)
Additions to land, building, development costs and other first generation improvements	(232,807)	(125,180)	(152,643)
Additions to second generation building improvements and lease costs	--	(12,733)	(27,289)
Acquisition of interest in unconsolidated joint ventures	--	(67,376)	(7,789)
Distributions received from unconsolidated joint ventures	--	11,451	3,787
Net proceeds from divestiture of real estate	--	--	746,037
Reduction of payable to affiliates in connection with Formation Transactions	--	(38,071)	--
Net cash (used in) provided by investing activities	(240,881)	(793,366)	63,732
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock	317,009	--	732
Borrowings on unsecured credit facility	150,000	745,000	327,000
Borrowings on Alliance Fund I unsecured debt	--	--	80,000
Borrowings on secured debt	850	58,725	36,174
Payments on unsecured credit facility	(182,000)	(661,000)	(478,000)
Payments on secured debt	(516)	(79,380)	(117,463)
Payment of financing fees	(900)	(7,704)	(242)
Net proceeds from issuance of senior debt securities	--	399,166	--
Net proceeds from issuance of Series A preferred stock	--	96,100	--
Net proceeds from issuance of Series B & C preferred units	--	167,993	--
Net proceeds from issuance of Series D & E preferred units	--	--	88,476
Contributions from investors of the Alliance Fund I	--	--	14,611
Dividends paid to common stockholders and preferred stockholders	(11,506)	(88,236)	(160,566)
Dividends paid to Predecessor stockholders	(16,404)	--	--
Distributions to minority interests, including preferred units	--	(26,462)	(31,443)
Principal payment of notes receivable from stockholders of Predecessor	869	--	--
Net cash provided by (used in) financing activities	257,402	604,202	(240,721)
Net increase (decrease) in cash and cash equivalents	28,801	(11,984)	13,402
Cash and cash equivalents at beginning of period	3,093	31,894	19,910
Cash and cash equivalents at end of period	$ 31,894	$ 19,910	$ 33,312

</TABLE>

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, 1997, 1998 AND 1999
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

<TABLE>
<CAPTION>

	SERIES A PREFERRED STOCK	COMMON STOCK NUMBER OF SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	NOTES RECEIVABLE FROM STOCKHOLDERS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
AMB PROPERTY CORPORATION								
Balance at December 31, 1996	$ --	5,181,450	$1,349	$ 1,298	$ 4,522	$(869)	$ --	$ 6,300
Net income	--	--	--	--	18,228	--	--	18,228
Dividends declared and paid to Predecessor stockholders	--	--	(990)	(1,298)	(14,116)	--	--	(16,404)
Principal payment of notes receivable from stockholders	--	--	--	--	--	869	--	869

Exchange of Predecessor shares for shares of AMB Property Corporation, net	--	(434,834)	(312)	312	--	--	--	--
Issuance of common stock for properties	--	65,022,185	651	1,369,740	--	--	--	1,370,391
Issuance of common stock, net of IPO costs of $38,068	--	16,100,000	161	299,871	--	--	--	300,032
Issuance of restricted stock	--	5,712	--	120	--	--	--	120
Distributions paid to AMB Property Corporation stockholders	--	--	--	(2,872)	(8,634)	--	--	(11,506)
Balance at December 31, 1997	--	85,874,513	859	1,667,171	--	--	--	1,668,030
Net income	3,639	--	--	--	108,954	--	--	112,593
Issuance of preferred stock, net of offering costs	96,100	--	--	--	--	--	--	96,100
Issuance of restricted stock	--	43,007	--	930	--	--	--	930
Reallocation of limited partners' interests in Operating Partnership	--	--	--	7,215	--	--	--	7,215
Dividends	(3,639)	--	--	(6,915)	(108,954)	--	--	(119,508)
Balance at December 31, 1998	96,100	85,917,520	859	1,668,401	--	--	--	1,765,360
Comprehensive income:								
Net income	8,500	--	--	--	167,603	--	--	
Unrealized gain on securities	--	--	--	--	--	--	28,993	
Total comprehensive income								205,096
Issuance of restricted stock, net	--	98,368	1	2,214	--	--	--	2,215
Retirement of common stock	--	(1,443,600)	(14)	(27,286)	--	--	--	(27,300)
Exercise of stock options	--	25,000	--	526	--	--	--	526
Conversion of Operating Partnership units	--	535,753	5	11,048	--	--	--	11,053
Deferred compensation	--	--	--	(3,080)	--	--	--	(3,080)
Deferred compensation amortization	--	--	--	952	--	--	--	952
Reallocation of limited partners' interests in Operating Partnership	--	--	--	3,451	--	--	--	3,451
Dividends	(8,500)	--	--	--	(120,514)	--	--	(129,014)
Balance at December 31, 1999	$96,100	85,133,041	$ 851	$1,656,226	$ 47,089	$ --	$28,993	$1,829,259

</TABLE>

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

1. ORGANIZATION AND FORMATION OF 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 (the "IPO") on November 26, 1997. The Company elected to be taxed as a real estate investment trust ("REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year ended December 31, 1997, and believes its current organization and method of operation will enable it to maintain its status as a REIT. The Company, through its controlling interest in its subsidiary, AMB Property, L.P., a Delaware limited partnership (the "Operating Partnership"), is engaged in the acquisition, ownership, operation, management, renovation, expansion and development of primarily industrial properties in target industrial markets nationwide. Unless the context otherwise requires, the "Company" means AMB Property Corporation, the Operating Partnership and its other controlled subsidiaries.

The Company and the Operating Partnership were formed shortly before consummation of the IPO. AMB Institutional Realty Advisors, Inc., a California corporation and registered investment advisor (the "Predecessor"), formed AMB Property Corporation, a wholly owned subsidiary, and merged with and into the Company (the "Merger") in exchange for 4,746,616 shares of the Company's Common Stock, $0.01 par value per share (the "Common Stock"). In addition, the Company and the Operating Partnership acquired, through a series of mergers and other transactions, 31.8 million rentable square feet of industrial property and 6.3 million rentable square feet of retail property in exchange for 65,022,185 shares of the Company's Common Stock, 2,542,163 limited partner interests ("LP Units") in the Operating Partnership, the assumption of debt and, to a limited extent, cash. The net assets of the Predecessor and the properties acquired with Common Stock were contributed to the Operating Partnership in exchange for 69,768,801 LP Units. The purchase method of accounting was applied to the acquisition of the properties. Collectively, the Merger and the other formation transactions described above are referred to as the "Formation Transactions."

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

As of December 31, 1999, the Company owned an approximate 95.0% general partner interest in the Operating Partnership, excluding preferred units. The remaining 5.0% limited partner interest is owned by non-affiliated investors. For local law purposes, certain properties are owned through limited partnerships and limited liability companies. The ownership of such properties through such entities does not materially affect the Company's overall ownership of the interests in the properties. As the sole general partner of the Operating Partnership, the Company has the full, exclusive and complete responsibility and discretion in the day-to-day management and control of the Operating Partnership. Net operating results of the Operating Partnership are allocated after preferred unit distributions based on the respective partners' ownership interest.

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

(IN THOUSANDS, EXCEPT SHARE, PER SHARE AND UNIT AMOUNTS, AND PROPERTY STATISTICS)

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

As of December 31, 1999, the Company owned 724 industrial buildings and 9 retail centers located in 24 markets throughout the United States. As of December 31, 1999, the industrial properties, principally warehouse distribution buildings, encompassed approximately 65.2 million rentable square feet and were 95.9% leased to over 2,240 tenants. As of December 31, 1999, the retail centers, principally grocer-anchored community shopping centers, encompassed approximately 1.6 million rentable square feet and were 92.4% leased to over 240 tenants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Generally Accepted Accounting Principles

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles using the accrual method of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying consolidated financial statements include the financial position, results of operations and cash flows of the Company, its wholly owned qualified REIT subsidiaries, the Operating Partnership and 21 joint ventures (the "Joint Ventures"), through which 27 properties are held and in which the Company has a controlling interest. Third party equity interests in the Operating Partnership and the Joint Ventures are reflected as minority interests in the consolidated financial statements. The Company also has two non-controlling limited partnership interests of 56.1% and 50.0% in two separate unconsolidated real estate joint ventures, which are accounted for under the equity method. All significant intercompany amounts have been eliminated.

Basis of Presentation

The consolidated financial statements for 1998 and 1999 represent the results of operations of the Company for the years ended December 31, 1998 and 1999. The consolidated financial statements for 1997 include the results of operations of the Company, including property operations for the period from November 26, 1997 (the commencement of operations as a fully integrated real estate company) to December 31, 1997 and the results of the Company's Predecessor, an investment manager, for the period from January 1, 1997 to November 25, 1997.

Investments in Real Estate

Investments in real estate are stated at the lower of depreciated cost or net realizable value. Net realizable value for financial reporting purposes is reviewed for impairment on a property-by-property basis whenever events or changes in circumstances indicate that the carrying amount 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. To the extent an impairment has occurred, the excess of the carrying amount of the property over its estimated fair value is charged to income.

Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the investments. The estimated lives and depreciation and amortization expenses are as follows:

<TABLE>
<CAPTION>

		DEPRECIATION AND AMORTIZATION EXPENSES		
	ESTIMATED LIVES	1997	1998	1999

<S>	<C>	<C>	<C>	<C>
Land improvements	40	$ --	$ --	$ --
Building costs	40	4,012	54,417	54,668
Building improvements:				
Roof/HVAC/parking lots	10	18	346	1,106
Plumbing/signage	7	2	26	144
Painting and other	5	18	668	2,546
Tenant improvements	Term of the related lease	1	782	4,091
Lease commissions	Term of the related lease	102	761	3,902
Total real estate depreciation		4,153	57,000	66,457
Other amortization	Various	42	464	1,048
Total depreciation and amortization		$4,195	$57,464	$67,505

</TABLE>

The cost of buildings and improvements includes the purchase price of the property or interest in property, legal fees and acquisition costs, and interest, property taxes, partner earnouts, and other costs incurred during the period of construction. Project costs directly associated with the development and construction of a real estate project are capitalized as construction in progress.

Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations or betterments that extend the economic useful life of assets are capitalized.

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 and Cash Equivalents

Restricted cash and cash equivalents include cash held in escrow in connection with property purchases, Section 1031 exchange funds and capital improvements.

Deferred Financing Costs

Costs incurred in connection with financing are capitalized and amortized to interest expense on a straight-line basis over the term of the related loan. As of December 31, 1998 and 1999, deferred financing fees were $7,318 and $6,659, respectively, net of accumulated amortization of $772 and $2,187, respectively. Such amounts are included in Other Assets on the Consolidated Balance Sheets.

Investments in Equity Securities

In 1999, the Company adopted SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. In accordance with SFAS No. 115, certain of the Company's marketable equity securities are considered available-for-sale investments and are carried at market value in Other Assets on the Consolidated

Balance Sheets, with the difference between cost and market value recorded as a component of Accumulated Other Comprehensive Income in Stockholders' Equity. The adoption of SFAS No. 115 had no impact on prior year financial statements.

Debt Premiums

In connection with the Formation Transactions, the Company assumed certain secured debt with an aggregate principal value of $517,031 and an estimated fair value of $535,613. The difference between the principal value and the fair value was recorded as a debt premium. The debt premium is being amortized into interest expense over the term of the related debt instrument using the effective interest method. As of December 31, 1998 and 1999, the unamortized debt premium was $15,217 and $10,106, respectively.

Minority Interests

Minority interests in the Company represent the limited partnership interests in the Operating Partnership and interests held by certain third parties in 21 joint ventures, through which 27 properties are held, that are consolidated for financial reporting purposes. Such investments are consolidated because (i) the Company owns a majority interest or (ii) the Company exercises significant control through the ability to control major operating decisions such as approval of budgets, selection of property managers and changes in financing.

(IN THOUSANDS, EXCEPT SHARE, PER SHARE AND UNIT AMOUNTS, AND PROPERTY STATISTICS)

On September 24, 1999 and December 22, 1999, AMB Institutional Alliance REIT I, Inc. (the "Alliance REIT") issued and sold shares of its capital stock to fourteen third party investors. The Alliance REIT has elected to be taxed as a REIT under the Code, commencing with its tax year ending December 31, 1999. The Alliance REIT acquired a limited partnership interest in AMB Institutional Alliance Fund I, L.P. (the "Alliance Fund I"), which is engaged in the acquisition, ownership, operation, management, renovation, expansion and development of primarily industrial buildings in target industrial markets nationwide. The Operating Partnership is the managing general partner of the Alliance Fund I and, together with an affiliate of the Company, owns approximately 25.0% of the partnership interests in the Alliance Fund I. Upon final closing, it is currently expected that the Operating Partnership, together with an affiliate of the Company, will own 20% of the Alliance Fund I. The Company consolidates the Alliance Fund I for financial reporting purposes because the Operating Partnership is the sole managing general partner of the Alliance Fund I and, as a result, controls all of its major operating decisions.

The following table distinguishes the minority interest ownership held by certain joint venture partners, separate account co-investors, the Alliance Fund I, the limited partners in the Operating Partnership, the Series B Preferred Unit holders' interest in the Operating Partnership, the Series C Preferred Unit holders' interest in an indirect subsidiary of the Company, the Series D Preferred Unit holders' interest in an indirect

subsidiary of the Company and the Series E Preferred Unit holders' interest in an indirect subsidiary of the Company as of and for the year ended December 31, 1999.

<TABLE>
<CAPTION>

	MINORITY INTEREST EQUITY AS OF DECEMBER 31, 1999	MINORITY INTEREST SHARE OF NET INCOME FOR THE YEAR ENDED DECEMBER 31, 1999
<S>	<C>	<C>
Joint venture partners	$ 18,868	$ 1,871
Separate account co-investors	51,143	3,461
Alliance Fund I	14,259	389
Limited partners in the Operating Partnership	91,972	8,789
Series B preferred units (liquidation preference of $65,000)	62,318	5,608
Series C preferred units (liquidation preference of $110,000)	105,847	9,624
Series D preferred units (liquidation preference of $79,767)	77,688	3,949
Series E preferred units (liquidation preference of $11,022)	10,788	320
Total	$432,883	$34,011

</TABLE>

Revenues

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 tenants for real estate taxes and other recoverable operating expenses are recognized as revenue in the period the applicable expenses are incurred. Differences between estimated and actual amounts are recognized in the subsequent year.

Investment Management and Other Income

Investment management income consists primarily of professional fees generated from the Predecessor's real estate investment management services for periods prior to the Formation Transactions and the Company's equity in the earnings of AMB Investment Management and the unconsolidated joint ventures for periods subsequent to the Formation Transactions. Other income consists primarily of interest income on cash and cash equivalents.

Investment Management Expenses

Investment management expenses represent the operating expenses of the Predecessor for periods prior to November 26, 1997 and consist of salaries and benefits and other management related expenses.

Comprehensive Income

In 1999, the Company adopted SFAS No. 130, Reporting Comprehensive Income. This statement establishes rules for the reporting of comprehensive income and its components. Comprehensive income consists of net income and unrealized gains on certain investments in equity securities and is presented in the Consolidated Statements of Stockholders' Equity.

Reclassifications

Certain items in the consolidated financial statements for prior periods have been reclassified to conform with current classifications with no effect on results of operations. General and administrative expenses on the Consolidated Statements of Operations include internal asset management costs of $7,659 and $9,908 for the twelve-month periods ended December 31, 1998 and 1999, respectively. Prior to the third quarter of 1999, such costs were classified as property operating expenses.

3. TRANSACTIONS WITH AFFILIATES

As discussed in Note 1, the Operating Partnership formed AMB Investment Management for the purpose of carrying on the operations of the Predecessor. The Company and AMB Investment Management have an agreement that allows for the sharing of certain costs and employees. Additionally, the Company provides AMB Investment Management with certain acquisition-related services.

The Company and AMB Investment Management share common office space under lease obligations of an affiliate of the Predecessor. Such lease obligations are charged to the Company and AMB Investment Management at cost. For the years ended December 31, 1997, 1998 and 1999, the Company paid approximately $700, $1,160 and $1,324, respectively, for occupancy costs related to the lease obligations of the affiliate.

4. PROPERTY DIVESTITURES AND PROPERTIES HELD FOR DIVESTITURE

Property Divestitures. On March 9, 1999, the Operating Partnership signed three separate definitive agreements with BPP Retail, LLC ("BPP Retail"), a co-investment entity between Burnham Pacific ("BPP") and the California Public Employees' Retirement System ("CalPERS"), pursuant to which, if fully consummated, BPP Retail would have acquired up to 28 retail shopping centers, totaling approximately 5.1 million square feet, for an aggregate price of $663,400. The sale of three of the properties was subject to the consent of one of the Company's joint venture partners, which did not consent to the sale of these properties. As a result, the price with respect to the 25 remaining properties, totaling approximately 4.3 million square feet, was approximately $560,300. The Company intends to dispose of the remaining three properties or its interests in the joint ventures through which it holds such properties. The Company has included these properties in properties held for divestiture in its financial statements.

Pursuant to the agreements, BPP Retail acquired the 25 retail centers in three separate transactions. Pursuant to the closing of the first transaction, which occurred on June 15, 1999, BPP Retail acquired nine retail shopping centers, totaling approximately 1.4 million square feet, for an aggregate price of approximately $207,400. The Company used the proceeds from the first transaction to repay secured debt related to the properties divested, to partially repay amounts outstanding under the Company's unsecured credit facility, to pay transaction expenses, to acquire certain properties and for general corporate purposes. This divestiture resulted in an approximate net gain of $10,300, which is net of extraordinary loss consisting of prepayment penalties with an offset for the write-off of debt premiums related to the indebtedness extinguished. On August 4, 1999, the second transaction with BPP Retail closed. Pursuant to the closing of the second transaction, BPP Retail acquired 12 of the Company's retail shopping centers, totaling approximately 2.0 million square feet, for an aggregate price of approximately $245,800. The Company used the proceeds from the second transaction to repay secured debt related to the properties divested, to partially repay amounts outstanding under the Company's unsecured credit facility, to pay transaction expenses, to acquire certain properties and for general corporate purposes. This divestiture resulted in an approximate net gain of $20,200, which is net of extraordinary loss consisting of prepayment penalties with an offset for the write-off of debt premiums related to the indebtedness extinguished. On December 1, 1999, the third transaction with BPP Retail closed. BPP Retail acquired the remaining four retail centers, totaling approximately 0.9 million square

(IN THOUSANDS, EXCEPT SHARE, PER SHARE AND UNIT AMOUNTS, AND PROPERTY STATISTICS)

feet, for an aggregate price of approximately $107,193. The Company used the proceeds from the third divestiture to partially repay amounts outstanding under the Company's unsecured credit facility, to pay transaction expenses, for potential acquisitions and for general corporate purposes. This divestiture resulted in an approximate gain of $9,087.

In addition, the Operating Partnership entered into a definitive agreement, subject to a financing condition, with BPP, pursuant to which, if fully consummated, BPP would have acquired up to six additional retail centers, totaling approximately 1.5 million square feet, for an aggregate price of approximately $284,400. On June 30, 1999, this agreement was terminated pursuant to its terms as a result of BPP's decision not to waive the financing condition.

In connection with the BPP Retail transactions, the Company has granted CalPERS an option to purchase up to 2,000,000 shares of the Company's Common Stock for an exercise price of $25.00 per share that CalPERS may exercise on or before March 31, 2000. The Company has registered the 2,000,000 shares of Common Stock issuable upon exercise of the option.

In the fourth quarter of 1999, the Company disposed of three of the retail properties that were originally under contract with BPP to an institutional investor for whom AMB Investment Management provides asset management services. The properties aggregated approximately 0.4 million square feet and were sold for an aggregate price of approximately $96,290. In addition, the Company disposed of another of these properties, aggregating approximately 0.6 million square feet, to an unaffiliated third party for an aggregate price of approximately $58,062. The divestiture of these four properties resulted in an approximate net gain of $14,938, which is net of extraordinary gain consisting of write-offs of debt premiums with an offset for prepayment penalties related to the indebtedness extinguished. The Company currently intends to dispose of one of the remaining two retail properties or its interest in the joint venture which holds such property.

In addition, during 1999, the Company disposed of 15 industrial buildings and one other retail center, aggregating approximately 1.3 million square feet, for an aggregate price of approximately $49,403. These divestitures resulted in an aggregate approximate net loss of $3,385.

Properties Held for Divestiture. As of December 31, 1999, the properties held for divestiture consisted of four retail centers and four industrial buildings, with an aggregate net carrying value of $181,201. The net carrying values of the retail centers and industrial properties held for divestiture were $168,451 and $12,750, respectively, as of December 31, 1999. Certain of the properties held for divestiture are subject to indebtedness, which totaled $54,283 as of December 31, 1999. The divestitures of the properties are subject to negotiation of acceptable terms and other customary conditions.

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

	PROPERTIES HELD FOR DIVESTITURE					
	INDUSTRIAL		RETAIL		TOTAL	
	1998	1999	1998	1999	1998	1999
Income	$1,283	$1,442	$21,462	$23,170	$22,745	$24,612
Property operating expenses	213	261	6,838	7,338	7,051	7,599
Net operating income	$1,070	$1,181	$14,624	$15,832	$15,694	$17,013

(IN THOUSANDS, EXCEPT SHARE, PER SHARE AND UNIT AMOUNTS, AND PROPERTY STATISTICS)

5. REAL ESTATE ACQUISITION AND DEVELOPMENT ACTIVITY

During 1999, the Company acquired $471,905 in operating properties, consisting of 154 industrial buildings, aggregating approximately 8.4 million square feet. The Company also initiated eight new development projects, aggregating approximately 1.7 million square feet, with a total estimated cost of $130,900 upon completion. Seven development projects, aggregating approximately 1.7 million square feet, were completed during the year, at a total aggregate cost of $68,900. As of December 31, 1999, the Company had 18 projects, aggregating approximately 4.3 million square feet, in its development pipeline, with a total estimated cost of $306,400 upon completion. The Company funded these acquisitions and development projects through proceeds from the divestitures of properties, borrowings under the unsecured credit facility, LP Unit issuances, cash and debt assumption.

6. DEBT

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

<TABLE>
<CAPTION>

<S>	1998 <C>	1999 <C>
Secured debt, varying coupon interest rates from 4.0% to 10.4%, due May 2000 to April 2014	$ 718,979	$ 696,931
Alliance Fund I unsecured debt, variable interest at LIBOR plus 87.5 basis points (6.7% at December 31, 1999), due April 2001	--	80,000
Unsecured senior debt securities, weighted average interest rate of 7.2%, due June 2008, 2015 and 2018	400,000	400,000
Unsecured credit facility, variable interest at LIBOR plus 90 to 120 basis points (6.7% at December 31, 1999), due November 2000	234,000	83,000
Subtotal	1,352,979	1,259,931
Unamortized debt premiums	15,217	10,106
Total consolidated debt	$1,368,196	$1,270,037

</TABLE>

Secured debt generally requires monthly principal and interest payments. The secured debt is secured by deeds of trust on certain properties. As of December 31, 1998 and 1999, the total gross investment value of those properties secured by debt was $1,458,652 and $1,385,476, respectively. All of the secured debt bears interest at fixed rates, except for two loans with an aggregate principal amount of $9,155 and $10,442 at December 31, 1998 and 1999, respectively, which bear interest at variable rates. The secured debt has various financial and non-financial covenants. Additionally, certain of the secured debt is cross-collateralized. As of December 31, 1999, the estimated fair value of the secured debt was approximately $684,000.

The unsecured debt of the Alliance Fund I represents a loan secured by the unfunded capital commitments of the third party investors in the Alliance REIT. See Note 2 for a discussion of the Alliance REIT and the Alliance Fund I.

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

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

Capitalized interest related to construction projects for the year ended December 31, 1998 was $7,192 and for the year ended December 31, 1999 was $10,872.

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

(IN THOUSANDS, EXCEPT SHARE, PER SHARE AND UNIT AMOUNTS, AND PROPERTY STATISTICS)

<TABLE>
<CAPTION>

	SECURED DEBT	ALLIANCE FUND I UNSECURED DEBT	UNSECURED SENIOR DEBT SECURITIES	UNSECURED CREDIT FACILITY	TOTAL DEBT
<S>	<C>	<C>	<C>	<C>	<C>
2000......................	$ 45,128	$ --	$ --	$83,000	$ 128,128
2001......................	38,218	80,000	--	--	118,218
2002......................	56,037	--	--	--	56,037
2003......................	75,394	--	--	--	75,394
2004......................	91,042	--	--	--	91,042
2005......................	70,131	--	100,000	--	170,131
2006......................	134,330	--	--	--	134,330
2007......................	48,143	--	--	--	48,143
2008......................	127,747	--	175,000	--	302,747
2009......................	1,811	--	--	--	1,811
Thereafter................	8,950	--	125,000	--	133,950
Subtotal........	$696,931	$80,000	$400,000	$83,000	$1,259,931

</TABLE>

7. LEASING ACTIVITY

Future minimum rental income due under noncancelable leases with tenants in effect at December 31, 1999 is as follows:

<TABLE>

<S>	<C>
2000..	$ 335,508
2001..	289,289
2002..	232,604
2003..	176,902
2004..	128,513
Thereafter..	382,119
	$1,544,935

</TABLE>

In addition to minimum rental payments, certain tenants pay reimbursements for their pro rata share of specified operating expenses, which amounted to $5,267 for the period from November 26, 1997 to December 31, 1997, and $68,071 and $81,055 for the years ended December 31, 1998 and 1999, respectively. These amounts are included as rental income and operating expenses in the accompanying Consolidated Statements of Operations. Certain of the leases also provide for the payment of additional rent based on a percentage of the tenant's revenues. For the period from November 26, 1997 to December 31, 1997 and for the years ended December 31, 1998 and 1999, the Company recognized percentage rent revenues of $185, $1,870 and $1,997, respectively. Some leases contain options to renew. No individual tenant accounts for greater than 1.5% of rental revenues.

8. 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 95% 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 not be able 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 and local taxes on its income and property and to federal income and excise taxes on its undistributed taxable income. For the years ended December 31, 1997, 1998 and 1999, none of the dividends paid to common stockholders represented a return of capital for income tax purposes. In addition, for the year ended December 31, 1999, the Company elected to distribute all of its taxable capital gain. Approximately 18.5% of the dividends paid or payable, represents a dividend taxable as a long-term capital gain and approximately 6.9% represents a dividend taxable as an Unrecaptured Section 1250 Gain.

(IN THOUSANDS, EXCEPT SHARE, PER SHARE AND UNIT AMOUNTS, AND PROPERTY STATISTICS)

Prior to the Merger, the Predecessor conducted its business as an S corporation and was not subject to federal income taxes under Subchapter S of the Internal Revenue Code. Under this election, federal income taxes were paid by the stockholders of the Predecessor.

The following reconciles net income available to common stockholders to taxable income available to common stockholders for the years ended December 31, 1997, 1998 and 1999:

	1997	1998	1999
Net income available to common stockholders	$18,228	$108,954	$167,603
Add: Book depreciation and amortization	4,195	57,464	67,505
Less: Tax depreciation and amortization	(5,515)	(51,620)	(69,264)
Book/tax difference on gain on divestiture of real estate	--	--	(15,471)
Other book/tax differences, net(1)	(5,948)	(20,778)	(12,722)
Taxable income available to common stockholders	$10,960	$ 94,020	$137,651

- ---------------

(1) Primarily represents difference in timing of recognition of rent and debt premium amortization.

9. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

The Company has a 56.1% and a 50.0% non-controlling limited partnership interest in two separate unconsolidated equity investment joint ventures, which were purchased in June 1998 and September 1999, respectively. The unconsolidated joint ventures own an aggregate of 36 industrial buildings, totaling approximately 4.0 million square feet. For the years ended December 31, 1998 and 1999, the Company's share of net operating income was $1,818 and $7,983, respectively, and, as of December 31, 1998 and 1999, the Company's share of the unconsolidated joint ventures debt was $20,186 and $22,740, respectively, with a weighted average interest rate of 6.9% and a weighted average maturity of 6.2 years.

10. STOCKHOLDERS' EQUITY

On February 9, 1999, the Operating Partnership issued an aggregate of 1,034 LP Units with an aggregate value of approximately $25 to two corporations and twelve individuals. On April 30, 1999, the Operating Partnership issued an aggregate of 390,633 LP Units with an aggregate value of approximately $9,377 to two corporations and twelve individuals. On May 21, 1999, the Operating Partnership issued 18,638 LP Units with a value of approximately $451 to a limited liability company. On May 26, 1999, the Operating Partnership issued 212,766 LP Units with a value of approximately $5,000 to a limited liability company. On

September 30, 1999, the Operating Partnership issued an aggregate of 3,642 LP Units with an aggregate value of $86 to five partnerships. All of these LP Units were issued in partial consideration for the acquisition of properties.

Holders of LP Units may redeem part or all of their LP Units for cash, or at the election of the Company, exchange their LP Units for shares of the Company's common stock on a one-for-one basis. The issuance of LP Units in connection with the acquisitions discussed above constituted private placements of securities which were exempt from the registration requirements of the Securities Act pursuant to Section 4(2) of the Securities Act and Rule 506 of Regulation D.

During 1999, 31,109 LP Units were redeemed for cash and 535,753 LP Units were redeemed for shares of the Company's Common Stock.

During the fourth quarter of 1999, the Company's Board of Directors approved a stock repurchase program for the repurchase of up to $50,000 worth of its Common Stock. During 1999, the Company repurchased a total of 1,443,600 shares of its Common Stock in the open market, for an aggregate purchase price of $27,300 (including commissions). The average price per share was $18.913. In

January 2000, the Company's Board of Directors approved an increase in the stock repurchase program, thereby authorizing the repurchase of an aggregate of up to $100,000 worth of its Common Stock. The Company's stock repurchase program will expire on the second anniversary of the first purchase made thereunder.

At the time of the Company's IPO, 4,237,750 shares of Common Stock, known as Performance Shares, were placed in escrow by certain investors of the Company, which were subject to advisory agreements with the Company's Predecessor that included incentive fee provisions. On January 7, 2000, 2,771,824 shares of Common Stock were released from escrow to these investors and 1,465,926 shares of Common Stock were returned to the Company and cancelled. Inasmuch as the cancelled shares of Common Stock represent indirect interests in the Operating Partnership that were reallocated from the Company (thereby decreasing the number of shares of Common Stock outstanding) to other unitholders (thereby increasing the number of LP Units owned by partners other than the Company), the total number of outstanding partnership units did not change as a result of this reallocation. This reallocation did not change the amount of fully diluted shares of Common Stock and LP Units outstanding.

On March 5, 1999, the Company declared a quarterly cash dividend of $0.35 per share on Common Stock and the Operating Partnership declared a quarterly cash distribution of $0.35 per LP Unit, for the quarter ended March 31, 1999, payable on April 15, 1999, to stockholders and unitholders of record as of March 31, 1999. On March 5, 1999, the Company declared a cash dividend of $0.5313 per share on its Series A Preferred Stock, and the Operating Partnership declared a cash distribution of $0.5313 per unit on its Series A Preferred Units, for the three month period ended April 14, 1999, payable on April 15, 1999, to stockholders and unitholders of record as of March 31, 1999. On March 5, 1999, the Operating Partnership declared a cash distribution of $1.0781 per unit on its Series B Preferred Units, for the three month period ended April 14, 1999, payable on April 15, 1999, to unitholders of record as of March 31, 1999. On March 5, 1999, AMB Property II, L.P. declared a cash distribution of $1.0938 per unit on its Series C Preferred Units, for the three month period ended April 14, 1999, payable on April 15, 1999, to unitholders of record as of March 31, 1999.

On June 4, 1999, the Company declared a quarterly cash dividend of $0.35 per share on Common Stock and the Operating Partnership declared a quarterly cash distribution of $0.35 per LP Unit, for the quarter ended June 30, 1999, payable on July 15, 1999, to stockholders and unitholders of record as of July 6, 1999. On June 4, 1999, the Company declared a cash dividend of $0.5313 per share on its Series A Preferred Stock, and the Operating Partnership declared a cash distribution of $0.5313 per unit on its Series A Preferred Units, for the three month period ended July 14, 1999, payable on July 15, 1999, to stockholders and unitholders of

record as of July 6, 1999. On June 4, 1999, the Operating Partnership declared a cash distribution of $1.0781 per unit on its Series B Preferred Units, for the three month period ended July 14, 1999, payable on July 15, 1999, to unitholders of record as of July 6, 1999. On June 4, 1999, AMB Property II, L.P. declared a cash distribution of $1.0938 per unit on its Series C Preferred Units, for the three month period ended October 14, 1999, payable on October 15, 1999, to unitholders of record as of October 5, 1999. On June 4, 1999, AMB Property II, L.P. declared a cash distribution of $0.5382 per unit on its Series D Preferred Units, for the period from May 5, 1999 to June 24, 1999, payable on June 25, 1999, to unitholders of record as of June 15, 1999.

On September 10, 1999, the Company declared a quarterly cash dividend of $0.35 per share on Common Stock and the Operating Partnership declared a quarterly cash distribution of $0.35 per LP Unit, for the quarter ended September 30, 1999, payable on October 15, 1999, to stockholders and unitholders of record as of October 5, 1999. On September 10, 1999, the Company declared a cash dividend of $0.5313 per share on its Series A Preferred Stock, and the Operating Partnership declared a cash distribution of $0.5313 per unit on its Series A Preferred Units, for the three month period ended October 14, 1999, payable on October 15, 1999, to stockholders and unitholders of record as of October 5, 1999. On September 10, 1999, the Operating Partnership declared a cash distribution of $1.0781 per unit on its Series B Preferred Units, for the three month period ended October 14, 1999, payable on October 15, 1999, to unitholders of record as of October 5, 1999. On September 10, 1999, AMB Property II, L.P. declared a cash distribution of $1.0938 and $0.9688 per unit on its Series C Preferred Units and Series D Preferred Units, respectively, for the three month periods ended October 14, 1999 and September 24, 1999, respectively, payable on October 15, 1999 and September 25, 1999, respectively, to unitholders of record as of October 5, 1999 and September 15, 1999, respectively. On September 10, 1999, AMB Property II, L.P. declared a cash distribution of $0.3264 per unit on its Series E Preferred Units, for the period from August 31, 1999 to October 14, 1999, payable on October 15, 1999, to unitholders of record as of October 5, 1999.

On December 10, 1999, the Company declared a quarterly cash dividend of $0.35 per share on Common Stock and the Operating Partnership declared a quarterly cash distribution of $0.35 per LP Unit, for the quarter ended December 31, 1999, payable on December 28, 1999, to stockholders and unitholders of record as of December 17, 1999. On December 10, 1999, the Company declared a cash dividend of $0.5313 per share on its Series A Preferred Stock, and the Operating Partnership declared a cash distribution of $0.5313 per unit on its Series A Preferred Units, for the three month period ended January 14, 2000, payable on January 17, 2000, to stockholders and unitholders of record as of January 5, 2000. On December 10, 1999, the Operating Partnership declared a cash distribution of $1.0781 per unit on its Series B Preferred Units, for the three month period ended January 14, 2000, payable on January 17, 2000, to unitholders of record as of January 5, 2000. On December 10, 1999, AMB Property II, L.P. declared a cash distribution of $1.0938, $0.9688 and $0.9688 per unit on its Series C Preferred Units, Series D Preferred Units and Series E Preferred Units, respectively, for the three month periods ended January 14, 2000, December 24, 1999 and January 14, 2000, respectively, payable on January 17, 2000, December 27, 1999 and January 17, 2000, respectively, to unitholders of record as of January 5, 2000, December 15, 1999 and January 5, 2000, respectively.

11. STOCK INCENTIVE PLAN, 401(K) PLAN AND DEFERRED COMPENSATION PLAN

Stock Incentive Plan

In November 1997, the Company established a Stock Option and Incentive Plan (the "Stock Incentive Plan") for the purpose of attracting and retaining eligible officers, directors and employees. The Stock Incentive Plan was amended on March 5, 1999 to increase the number of shares reserved for issuance thereunder and to amend various other provisions, including removal of provisions permitting the repricing of options granted under the Stock Incentive Plan. The Company's stockholders approved the amendments to the Stock Incentive Plan on May 7, 1999. The Company has reserved for issuance an aggregate of 8,950,000

shares of Common Stock under the Stock Incentive Plan. As of December 31, 1999, the Company had 4,509,561 non-qualified options outstanding to certain directors, officers and employees. Each option is exchangeable for one share of the Company's Common Stock and has a weighted average exercise price equal to $21.44. Each option's exercise price is equal to the Company's market price at the date of grant. The options had an original ten-year term and vest pro rata in annual installments over a three or four-year period from the date of grant.

The Company applies APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for the Stock Incentive Plan. Opinion No. 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. As of December 31, 1999, $1,340 has been recognized as compensation expense for the Stock Incentive Plan.

As permitted by SFAS 123, Accounting Stock-based Compensation, the Company has not changed the method of accounting for stock options but has provided the 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 under those plans consistent with the method of SFAS No. 123, the Company's pro forma net income available to common stockholders would have been reduced by $1,767 and $3,166 and pro forma basic and diluted earnings per share would have been reduced to $1.25 and $1.24, and $1.92 and $1.92, respectively, for the years ended December 31, 1998 and 1999. The impact on pro forma net income and earnings per share for 1997 was not material.

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 1997, 1998 and 1999, respectively: dividend yield of 6.5%, 6.3% and 7.2%, expected volatility of 18.8%, 23.1% and 18.5%, risk-free interest rate of 5.9%, 4.9% and 5.4%, and expected lives of 10 years for each year.

Following is a summary of the option activity for the years ended December 31, 1997, 1998 and 1999:

<TABLE>
<CAPTION>

	SHARES UNDER OPTION (000S)	WEIGHTED AVERAGE EXERCISE PRICE	REMAINING CONTRACTUAL LIFE
<S>	<C>	<C>	<C>

(IN THOUSANDS, EXCEPT SHARE, PER SHARE AND UNIT AMOUNTS, AND PROPERTY STATISTICS)

Outstanding, 11/26/97	--	--	--
Granted	3,154	$21.00	10 years
Exercised	--	--	--
Forfeited	(10)	--	--
Outstanding, 12/31/97	3,144	21.00	10 years
Granted	1,508	21.69	10 years
Exercised	--	--	--
Forfeited	(268)	--	--
Outstanding, 12/31/98	4,384	21.40	9.4 years
Granted	451	22.24	10.0 years
Exercised	(25)	--	--
Forfeited	(300)	--	--
Outstanding, 12/31/99	4,510	$21.44	9.4 years
Options exercisable at year-end	1,832	$21.05	
Fair value of options granted during the year	$ 1.88		

</TABLE>

In 1997, under the Stock Incentive Plan, the Company sold 5,712 restricted shares of its Common Stock to certain independent directors for $0.01 per share in cash. In 1998 and 1999, under the Stock Incentive Plan the Company issued 43,007 and 100,000 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, 1999, 1,633 shares of restricted stock have been forfeited. The outstanding restricted shares are subject to a repurchase right held by the Company, which lapses over a period of three to five years. The repurchase right lapses fully on January 1, 2002 for shares issued in 1997 and 1998, and lapses fully on January 20, 2004 for those shares issued in 1999.

401(k) Plan

In November 1997, the Company established a Section 401(k) Savings/Retirement Plan (the "Section 401(k) Plan"), which is a continuation of the Section 401(k) plan of the Predecessor, to cover eligible employees of the Company and any designated affiliate. During 1999, the Section 401(k) Plan permitted eligible employees of the Company to defer up to 10% of their annual compensation, subject to certain limitations imposed by the Code. Beginning in 2000, eligible employees may 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 Section 401(k) Plan. During 1999, the Company matched the employee contributions to the Section 401(k) Plan in an amount equal to 50% of the first 3.5% of annual compensation deferred by each employee. Beginning in 2000, the Company intends to match the employee contributions to the Section 401(k) Plan in an amount equal to 50% of the first 5.5% of annual compensation deferred by each employee and may also make discretionary contributions to the Section 401(k) Plan. As of December 31, 1998 and 1999, the Company's accrual for 401(k) matches was $153 and $180, respectively. Such amounts were included in Other Liabilities on the Consolidated Balanced Sheets.

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. The plan enables participants to defer income up to 25% 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 1999. The participants' elective deferrals and any matching contributions are immediately 100% vested. As of December 31, 1999, the total amount of compensation deferred by was $159.

12. SUPPLEMENTAL INFORMATION TO STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
<S>	<C>	<C>	<C>
Cash paid for interest	$ 2,509	$ 68,209	$ 89,627
Non-cash transactions:			

Acquisitions of properties....................	$ 2,438,634	$ 901,284	$471,905
Assumption of debt............................	(717,613)	(221,017)	(57,480)
Cash acquired.................................	(43,978)	--	--
Other assumed assets and liabilities..........	(13,862)	--	--
Minority interests' contribution, including units issued..............................	(64,358)	(115,963)	(14,534)
Shares issued.................................	(1,370,391)	--	--
Net cash paid, net of cash acquired............	$ 228,432	$ 564,304	$399,891

</TABLE>

13. COMMITMENTS AND CONTINGENCIES

Litigation

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

Environmental Matters

The Company follows the policy of monitoring its properties for the presence of hazardous or toxic substances. The Company is not aware of any environmental liability with respect to the properties that would have a material adverse effect on the Company's business, assets or results of operations; 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 comprehensive liability, fire, flood, environmental, extended coverage and rental loss insurance with policy specifications, limits and deductibles that the Company believes are adequate and appropriate under the circumstances given the relative risk of loss, the cost of such coverage and industry practice. There are, however, certain types of extraordinary losses that may be either uninsurable or not economically insurable. Certain of the properties are located in areas that are subject to earthquake activity; therefore, the Company has obtained limited earthquake insurance on those properties. Should an uninsured loss occur, the Company could lose its investment in, and anticipated profits and cash flows from, a property.

14. QUARTERLY FINANCIAL DATA (UNAUDITED)

Selected quarterly financial data for 1998 and 1999 are as follows:

<TABLE>
<CAPTION>

	QUARTER				
1998	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31	1998 YEAR
<S>	<C>	<C>	<C>	<C>	<C>
Revenues.........................	$ 75,785	$ 85,014	$ 94,061	$ 104,027	$ 358,887
Income from operations before minority interests............	29,188	30,382	31,802	32,378	123,750
Minority interests' share of net income........................	(1,282)	(2,404)	(2,930)	(4,541)	(11,157)
Net income....................	27,906	27,978	28,872	27,837	112,593
Preferred stock dividends.......	--	--	(1,514)	(2,125)	(3,639)
Net income available to common stockholders..............	$ 27,906	$ 27,978	$ 27,358	$ 25,712	$ 108,954
NET INCOME PER COMMON SHARE(1)					
Basic.........................	$ 0.33	$ 0.33	$ 0.32	$ 0.30	$ 1.27
Diluted.......................	$ 0.32	$ 0.32	$ 0.32	$ 0.30	$ 1.26
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING					
Basic.........................	85,874,513	85,874,513	85,874,513	85,881,992	85,876,383

(IN THOUSANDS, EXCEPT SHARE, PER SHARE AND UNIT AMOUNTS, AND PROPERTY STATISTICS)

Diluted......................	86,284,736	86,222,175	86,251,857	86,181,937	86,235,176

</TABLE>

<TABLE>
<CAPTION>

	QUARTER				
1999	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31	1999 YEAR
<S>	<C>	<C>	<C>	<C>	<C>
Revenues.......................	$ 109,572	$ 115,377	$ 111,784	$ 111,450	$ 448,183
Income from operations before minority interests...........	34,575	41,446	42,055	40,775	158,851
Minority interests' share of net income.......................	(6,561)	(8,145)	(9,661)	(9,644)	(34,011)
Net income before gain from divestiture of real estate....................	28,014	33,301	32,394	31,131	124,840
Gain from divestiture of real estate.......................	--	11,525	21,532	20,696	53,753
Extraordinary items............	--	(1,509)	(1,347)	366	(2,490)
Net income...................	28,014	43,317	52,579	52,193	176,103
Preferred stock dividends.......	(2,125)	(2,125)	(2,125)	(2,125)	(8,500)
Net income available to common stockholders..............	$ 25,889	$ 41,192	$ 50,454	$ 50,068	$ 167,603
BASIC INCOME PER COMMON SHARE(1)					
Before extraordinary items....	$ 0.30	$ 0.50	$ 0.60	$ 0.58	$ 1.97
Extraordinary items..........	--	(0.02)	(0.02)	--	(0.03)
Net income available to common stockholders......	$ 0.30	$ 0.48	$ 0.58	$ 0.58	$ 1.94
DILUTED INCOME PER COMMON SHARE(1)					
Before extraordinary items....	$ 0.30	$ 0.50	$ 0.60	$ 0.58	$ 1.97
Extraordinary items..........	--	(0.02)	(0.02)	--	(0.03)
Net income available to common stockholders......	$ 0.30	$ 0.48	$ 0.58	$ 0.58	$ 1.94
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING					
Basic........................	86,001,104	86,286,613	86,536,918	86,262,815	86,271,862
Diluted......................	86,020,680	86,468,820	86,637,633	86,262,815	86,347,487

</TABLE>

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

15. SEGMENT INFORMATION

The Company has two reportable segments: industrial properties and retail properties. The industrial properties consist primarily of warehouse distribution facilities suitable for single or multiple tenants and are typically comprised of multiple buildings which are leased to tenants engaged in various types of businesses. The retail properties are generally leased to one or more anchor tenants, such as grocery and drug stores, and various retail businesses. The Company evaluates performance based upon property net operating income of the combined properties in each segment. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Significant information used by the Company for the reportable segments for the years ended December 31, 1997, 1998 and 1999 are as follows:

(IN THOUSANDS, EXCEPT SHARE, PER SHARE AND UNIT AMOUNTS, AND PROPERTY STATISTICS)

<TABLE>
<CAPTION>

	INDUSTRIAL PROPERTIES	RETAIL PROPERTIES	TOTAL PROPERTIES
<S>	<C>	<C>	<C>
Rental revenues:(1)			
1997	$ 16,898	$ 9,567	$ 26,465
1998	248,134	106,524	354,658
1999	352,861	86,797	439,658
Property net operating income:(2)			
1997	11,056	6,510	17,566
1998	187,218	79,025	266,243
1999	269,339	62,396	331,735
Gross additions to investment in properties:(3)			
1997	686,821	140,087	826,908
1998	916,503	9,558	926,061
1999	820,656	29,173	849,829
Investment in properties:(4)			
1997	1,639,321	803,678	2,442,999
1998	2,574,940	794,120	3,369,060
1999	3,177,283	72,169	3,249,452

</TABLE>

- ---------------

(1) Includes straight-line rents of $1,407, $10,921 and $10,848 for years ended December 31, 1997, 1998 and 1999, respectively.

(2) Property net operating income is defined as rental revenues, including reimbursements and straight-line rents, less property level operating expenses and excluding depreciation, amortization and interest expense.

(3) Represents cost incurred during the year for land, building, building improvements, tenant improvements, leasing costs and other related real estate costs. Amounts are before divestiture of properties of $814,825 for the year ended December 31, 1999. There were no property divestitures in 1997 or 1998.

(4) Excludes net properties held for divestiture of $0, $115,050 and $181,201 as of December 31, 1997, 1998 and 1999, respectively.

The Company uses property net operating income as an operating performance measure. The following is a reconciliation between total reportable segment revenue and property net operating income to consolidated revenues and net income:

<TABLE>
<CAPTION>

	1997	1998	1999
<S>	<C>	<C>	<C>
REVENUES			
Total rental revenues for reportable segments	$26,465	$354,658	$439,658
Investment management and other income	29,597	4,229	8,525
Total consolidated revenues	$56,062	$358,887	$448,183
NET INCOME			
Property net operating income for reportable segments	$17,566	$266,243	$331,735
Investment management and other income	29,597	4,229	8,525
Less:			
General and administrative	1,197	19,588	25,223
Interest expense	3,528	69,670	88,681
Depreciation and amortization	4,195	57,464	67,505
Investment management expenses	19,358	--	--
Minority interests	657	11,157	34,011
Net income before gain from divestiture of real estate	18,228	112,593	124,840
Gain from divestiture of real estate	--	--	53,753
Extraordinary items	--	--	(2,490)
Net income	$18,228	$112,593	$176,103

</TABLE>

16. NEW ACCOUNTING PRONOUNCEMENT

On June 15, 1998, the FASB issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities. The Statement establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

Statement No. 133 may become effective for the Operating Partnership beginning with the 2001 fiscal year and may not be applied retroactively. Management does not expect the impact of Statement No. 133 to be material to the financial statements. However, the Statement could increase volatility in earnings and other comprehensive income.

17. SUBSEQUENT EVENTS (UNAUDITED)

On February 29, 2000, the Company declared a quarterly cash dividend of $0.37 per share of Common Stock and the Operating Partnership declared a quarterly cash distribution of $0.37 per LP Unit, for the quarter ending March 31, 2000, payable on April 17, 2000, to stockholders and unitholders of record as of April 5, 2000. On February 29, 2000, the Company declared a cash dividend of $0.5313 per share of its Series A Preferred Stock, and the Operating Partnership declared a cash distribution of $0.5313 per unit on its Series A Preferred Units, for the three month period ending April 14, 2000, payable on April 17, 2000, to stockholders and unitholders of record as of April 5, 2000. On February 29, 2000, the Operating Partnership

declared a cash distribution of $1.0781 per unit on its Series B Preferred Units, for the three month period ending April 14, 2000, payable on April 17, 2000, to unitholders of record as of April 5, 2000. On February 29, 2000, AMB Property II, L.P. declared a cash distribution of $1.0938, $0.9688 and $0.9688 per unit on its Series C Preferred Units, Series D Preferred Units and Series E Preferred Units, respectively, for the three month periods ending April 14, March 24, and April 14, 2000, respectively, payable on April 17, March 25, and April 17, 2000, respectively, to unitholders of record as of April 5, March 15, and April 5, 2000.

AMB PROPERTY CORPORATION

SCHEDULE III

CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION
AS OF DECEMBER 31, 1999
(IN THOUSANDS, EXCEPT NUMBER OF BUILDINGS/CENTERS)

PROPERTY	NO. OF BLDGS./ CTRS.	LOCATION	TYPE	ENCUMBRANCES (1)	INITIAL COST TO COMPANY LAND	INITIAL COST TO COMPANY BUILDING & IMPROVEMENTS	COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION
Acer Distribution Center..........	1	CA	IND	$ --	$ 3,146	$ 9,479	$ 500
Activity Distribution Center.......	4	CA	IND	5,148	3,736	11,248	155
Addison Technology Center..........	1	TX	IND	--	899	2,696	166
Alsip Industrial..................	1	IL	IND	--	1,200	3,744	100
Alvarado Business Center..........	10	CA	IND	--	7,906	23,757	1,723
AMB O'Hare Rosemont...............	14	IL	IND	--	2,717	8,995	411

Amwiler-Gwinnett Industrial Portfolio........................	9	GA	IND	13,590	6,641	19,964	1,075
Anaheim Industrial.................	1	CA	IND	--	1,457	4,341	313
Ardenwood Corporate Park...........	4	CA	IND	9,756	7,321	22,002	(280)
Artesia Industrial Portfolio.......	27	CA	IND	53,927	23,860	71,620	3,505
Atlanta South......................	9	GA	IND	--	8,047	24,180	790
Beacon Industrial Park.............	8	FL	IND	17,522	10,466	31,437	4,935
Belden Avenue......................	3	IL	IND	--	5,019	15,186	187
Beltway Distribution...............	1	VA	IND	--	4,800	15,159	--
Bensenville........................	13	IL	IND	40,307	20,799	62,438	3,212
Blue Lagoon........................	2	FL	IND	11,457	4,945	14,875	75
Bonnie Lane Industrial.............	2	IL	IND	--	884	2,732	--
Boston Industrial Portfolio........	20	MA	IND	21,032	28,518	85,799	5,883
Braemar Business Center............	2	MA	IND	--	1,422	4,613	447
Brightseat Road....................	1	MD	IND	--	1,557	4,841	359
Britannia Business Park............	2	FL	IND	--	3,199	9,637	258
Broward Business Park..............	5	FL	IND	--	1,886	5,659	245
Broward Turnpike Center............	1	FL	IND	--	682	2,046	29
Burnsville Business Center.........	1	MN	IND	--	932	2,796	115
Cabot Business Park................	17	MA	IND	--	17,231	51,726	2,121
Carson Industrial..................	12	CA	IND	--	4,231	10,418	2,477
Cascade............................	4	OR	IND	--	2,825	7,860	1,710
Chancellor.........................	1	FL	IND	2,839	1,587	4,802	66
Chancellor Square..................	3	FL	IND	16,150	7,575	22,721	1,134
Chemway Industrial Portfolio.......	5	NC	IND	--	2,875	8,625	388
Chicago Industrial.................	2	IL	IND	3,143	1,574	4,761	342

<CAPTION>

PROPERTY	GROSS AMOUNT CARRIED AT 12/31/99 LAND	BUILDING & IMPROVEMENTS	TOTAL COSTS(2)(3)	ACCUMULATED DEPRECIATION	YEAR OF CONSTRUCTION/ ACQUISITION	DEPRECIABLE LIFE (YEARS)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Acer Distribution Center...........	$ 3,146	$ 9,979	$ 13,125	$ 444	1997	5-40
Activity Distribution Center.......	3,736	11,404	15,140	512	1997	5-40
Addison Technology Center..........	899	2,862	3,761	127	1998	5-40
Alsip Industrial...................	1,200	3,844	5,044	170	1998	5-40
Alvarado Business Center...........	7,906	25,480	33,386	1,128	1997	5-40
AMB O'Hare Rosemont................	2,717	9,406	12,123	410	1999	5-40
Amwiler-Gwinnett Industrial Portfolio........................	6,641	21,039	27,680	936	1997	5-40
Anaheim Industrial.................	1,457	4,654	6,111	207	1997	5-40
Ardenwood Corporate Park...........	7,321	21,722	29,043	982	1997	5-40
Artesia Industrial Portfolio.......	23,860	75,125	98,985	3,345	1997	5-40
Atlanta South......................	8,047	24,970	33,016	1,116	1997	5-40
Beacon Industrial Park.............	10,466	36,372	46,838	1,583	1997	5-40
Belden Avenue......................	5,019	15,373	20,392	689	1997	5-40
Beltway Distribution...............	4,800	15,159	19,959	675	1999	5-40
Bensenville........................	20,831	65,618	86,449	2,922	1997	5-40
Blue Lagoon........................	4,945	14,949	19,894	672	1997	5-40
Bonnie Lane Industrial.............	884	2,732	3,615	122	1999	5-40
Boston Industrial Portfolio........	28,518	91,682	120,200	4,062	1998	5-40
Braemar Business Center............	1,422	5,059	6,482	219	1998	5-40
Brightseat Road....................	1,557	5,200	6,757	228	1997	5-40
Britannia Business Park............	3,199	9,895	13,095	443	1997	5-40
Broward Business Park..............	1,886	5,904	7,790	263	1998	5-40

Broward Turnpike Center............	682	2,076	2,758	93	1998	5-40
Burnsville Business Center.........	932	2,912	3,844	130	1998	5-40
Cabot Business Park................	17,231	53,847	71,078	2,402	1998	5-40
Carson Industrial..................	4,231	12,896	17,127	579	1999	5-40
Cascade............................	2,825	9,570	12,396	419	1998	5-40
Chancellor.........................	1,587	4,868	6,456	218	1997	5-40
Chancellor Square..................	7,575	23,854	31,429	1,062	1998	5-40
Chemway Industrial Portfolio.......	2,875	9,013	11,888	402	1998	5-40
Chicago Industrial.................	1,574	5,103	6,676	226	1997	5-40

</TABLE>

AMB PROPERTY CORPORATION

SCHEDULE III

CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)
AS OF DECEMBER 31, 1999
(IN THOUSANDS, EXCEPT NUMBER OF BUILDINGS/CENTERS)

<TABLE>
<CAPTION>

					INITIAL COST TO COMPANY		
PROPERTY	NO. OF BLDGS./ CTRS.	LOCATION	TYPE	ENCUMBRANCES (1)	LAND	BUILDING & IMPROVEMENTS	COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Circle Freeway.....................	1	OH	IND	--	530	1,591	241
Columbia Business Center...........	9	MD	IND	4,594	3,856	11,736	247
Concord Industrial Portfolio.......	10	CA	IND	--	3,719	11,647	272
Corporate Park/Hickory Hill........	7	TN	IND	16,400	6,789	20,366	472
Corporate Square...................	6	MN	IND	--	4,024	12,113	396
Corridor...........................	1	MD	IND	2,486	996	3,019	18
Crysen Industrial..................	1	DC	IND	3,303	1,425	4,275	650
D/FW Int'l Air Cargo...............	1	TX	IND	--	--	19,683	--
Deerfield Commerce Center..........	3	FL	IND	--	711	2,133	37
Diablo Industrial Park.............	16	CA	IND	--	3,449	10,730	15
Dixie Highway......................	2	KY	IND	--	1,700	5,149	94
Dock's Corner......................	1	NJ	IND	--	2,050	6,190	49,046
Dock's Corner II...................	1	NJ	IND	--	2,272	6,917	338
Dowe Industrial Center.............	2	CA	IND	--	2,665	8,034	52
East Valley Warehouse..............	1	WA	IND	--	6,813	20,511	646
East Walnut Drive..................	1	CA	IND	--	964	2,918	28
Edenvale Business Center...........	1	MN	IND	1,467	919	2,411	554
Elk Grove Village Industrial.......	11	IL	IND	--	7,713	23,179	748
Elmwood Business Park..............	5	LA	IND	--	4,163	12,488	399
Empire Drive.......................	1	KY	IND	--	1,590	4,815	244
Executive Drive....................	1	IL	IND	--	1,399	4,236	321
Fairway Drive Industrial...........	3	CA	IND	--	3,219	9,677	5,604
Fontana Industrial.................	2	CA	IND	--	2,197	6,653	2,357
Garland Industrial.................	20	TX	IND	19,600	8,161	24,484	1,634
Gateway Commerce...................	5	MD	IND	15,579	4,083	12,336	424
Gateway Corporate Center...........	9	WA	IND	--	10,369	32,201	(75)

Gateway North......................	6	WA	IND	--	6,124	18,941	7
Glen Ellyn Road....................	1	IL	IND	--	850	2,549	266
Greater Dallas Industrial Portfolio.........................	8	TX	IND	--	10,425	31,451	3,899
Greater Houston Portfolio..........	14	TX	IND	--	6,197	18,592	1,141

<CAPTION>

PROPERTY	GROSS AMOUNT CARRIED AT 12/31/99 LAND	BUILDING & IMPROVEMENTS	TOTAL COSTS (2)(3)	ACCUMULATED DEPRECIATION	YEAR OF CONSTRUCTION/ ACQUISITION	DEPRECIABLE LIFE (YEARS)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Circle Freeway.....................	530	1,832	2,363	80	1998	5-40
Columbia Business Center...........	3,856	11,983	15,839	535	1999	5-40
Concord Industrial Portfolio.......	3,719	11,919	15,637	528	1999	5-40
Corporate Park/Hickory Hill........	6,789	20,838	27,627	934	1998	5-40
Corporate Square...................	4,024	12,509	16,534	559	1997	5-40
Corridor...........................	996	3,037	4,033	136	1999	5-40
Crysen Industrial..................	1,425	4,925	6,350	215	1998	5-40
D/FW Int'l Air Cargo...............	--	19,683	19,683	665	1999	5-40
Deerfield Commerce Center..........	711	2,170	2,880	97	1998	5-40
Diablo Industrial Park.............	3,449	10,745	14,194	480	1999	5-40
Dixie Highway......................	1,700	5,243	6,943	235	1997	5-40
Dock's Corner......................	5,125	52,161	57,286	1,936	1997	5-40
Dock's Corner II...................	2,272	7,255	9,527	322	1997	5-40
Dowe Industrial Center.............	2,665	8,086	10,751	363	1997	5-40
East Valley Warehouse..............	6,813	21,157	27,970	945	1999	5-40
East Walnut Drive..................	964	2,947	3,910	132	1997	5-40
Edenvale Business Center...........	919	2,966	3,884	131	1998	5-40
Elk Grove Village Industrial.......	7,713	23,927	31,640	1,069	1997	5-40
Elmwood Business Park..............	4,163	12,887	17,049	576	1998	5-40
Empire Drive.......................	1,590	5,059	6,649	225	1997	5-40
Executive Drive....................	1,399	4,557	5,956	201	1997	5-40
Fairway Drive Industrial...........	3,219	15,282	18,500	625	1999	5-40
Fontana Industrial.................	2,197	9,009	11,206	379	1997	5-40
Garland Industrial.................	8,161	26,118	34,279	1,159	1998	5-40
Gateway Commerce...................	4,083	12,760	16,844	569	1999	5-40
Gateway Corporate Center...........	10,369	32,126	42,496	1,436	1999	5-40
Gateway North......................	6,124	18,948	25,072	847	1999	5-40
Glen Ellyn Road....................	850	2,815	3,665	124	1998	5-40
Greater Dallas Industrial Portfolio........................	9,995	35,781	45,775	1,547	1997	5-40
Greater Houston Portfolio..........	6,197	19,733	25,930	876	1998	5-40

</TABLE>

AMB PROPERTY CORPORATION

SCHEDULE III

CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)
AS OF DECEMBER 31, 1999
(IN THOUSANDS, EXCEPT NUMBER OF BUILDINGS/CENTERS)

<TABLE>
<CAPTION>

PROPERTY	NO. OF BLDGS./ CTRS.	LOCATION	TYPE	ENCUMBRANCES (1)	INITIAL COST TO COMPANY LAND	BUILDING & IMPROVEMENTS	COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Greenwood Industrial...............	3	MD	IND	--	4,729	14,188	771
Harvest Business Park..............	3	WA	IND	--	2,371	7,153	293
Hewlett-Packard Distribution.......	1	CA	IND	3,276	1,668	5,043	41
Hintz Road.........................	1	IL	IND	--	420	1,259	38
Holton Drive.......................	1	KY	IND	--	2,633	7,899	140

Houston Service Center............	3	TX	IND	--	3,800	11,401	1,166
Industrial Drive..................	1	OH	IND	--	1,743	5,230	181
Interchange.......................	2	TN	IND	7,288	3,523	10,570	344
International Multifoods..........	1	CA	IND	--	1,613	4,879	97
Itasca Industrial Portfolio.......	6	IL	IND	--	6,416	19,289	1,854
Jamesburg.........................	3	NJ	IND	23,500	11,700	35,101	740
Janitrol..........................	1	OH	IND	--	1,797	5,390	241
Junction Industrial Park..........	4	CA	IND	--	7,875	23,975	233
Kent Centre.......................	4	WA	IND	--	3,042	9,165	619
Kingsport Industrial Park.........	7	WA	IND	17,071	7,919	23,798	(162)
L.A. County Industrial Portfolio...	6	CA	IND	--	9,671	29,082	630
Lake Michigan Industrial Portfolio........................	2	IL	IND	--	2,886	8,699	113
Laurelwood........................	2	CA	IND	--	2,750	8,538	113
Lincoln Industrial Center.........	1	TX	IND	--	671	2,052	188
Linden Industrial.................	1	NJ	IND	--	900	2,753	--
Linder Skokie.....................	1	IL	IND	--	2,938	8,854	873
Lisle Industrial..................	1	IL	IND	--	2,290	6,911	42
Locke Drive.......................	1	MA	IND	--	1,074	3,227	66
Lonestar..........................	7	TX	IND	17,000	7,129	21,428	318
Los Nietos........................	4	CA	IND	--	2,518	7,624	--
Mahwah Corporate Center...........	7	NJ	IND	--	10,421	31,263	775
Meadow Lane.......................	1	NJ	IND	--	838	2,594	--
MBC Industrial....................	4	CA	IND	12,377	5,892	17,716	84
Marietta Industrial...............	3	GA	IND	--	1,830	5,489	280
Meadowridge.......................	3	MD	IND	--	3,716	11,147	121
Melrose Park......................	1	IL	IND	--	2,936	9,190	39

<CAPTION>

PROPERTY	GROSS AMOUNT CARRIED AT 12/31/99 LAND	BUILDING & IMPROVEMENTS	TOTAL COSTS (2)(3)	ACCUMULATED DEPRECIATION	YEAR OF CONSTRUCTION/ ACQUISITION	DEPRECIABLE LIFE (YEARS)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Greenwood Industrial..............	4,729	14,959	19,688	665	1998	5-40
Harvest Business Park.............	2,371	7,446	9,817	332	1997	5-40
Hewlett-Packard Distribution.......	1,668	5,084	6,752	228	1997	5-40
Hintz Road........................	420	1,297	1,716	58	1998	5-40
Holton Drive......................	2,633	8,039	10,672	361	1997	5-40
Houston Service Center............	3,800	12,567	16,367	553	1998	5-40
Industrial Drive..................	1,743	5,410	7,153	242	1997	5-40
Interchange.......................	3,523	10,914	14,437	488	1998	5-40
International Multifoods..........	1,613	4,976	6,589	223	1997	5-40
Itasca Industrial Portfolio.......	6,416	21,143	27,560	931	1997	5-40
Jamesburg.........................	11,700	35,841	47,541	1,607	1998	5-40
Janitrol..........................	1,797	5,631	7,427	251	1997	5-40
Junction Industrial Park..........	7,875	24,208	32,083	1,084	1999	5-40
Kent Centre.......................	3,042	9,784	12,826	433	1997	5-40
Kingsport Industrial Park.........	7,919	23,636	31,556	1,066	1997	5-40
L.A. County Industrial Portfolio...	9,671	29,712	39,383	1,331	1997	5-40
Lake Michigan Industrial Portfolio........................	2,886	8,811	11,697	395	1997	5-40
Laurelwood........................	2,750	8,651	11,401	385	1997	5-40
Lincoln Industrial Center.........	671	2,240	2,910	98	1997	5-40
Linden Industrial.................	900	2,753	3,653	123	1999	5-40

Linder Skokie......................	2,938	9,727	12,665	428	1997	5-40
Lisle Industrial...................	2,290	6,952	9,243	312	1997	5-40
Locke Drive........................	1,074	3,293	4,366	148	1998	5-40
Lonestar...........................	7,129	21,745	28,875	976	1997	5-40
Los Nietos.........................	2,518	7,624	10,141	343	1999	5-40
Mahwah Corporate Center............	10,421	32,038	42,459	1,435	1998	5-40
Meadow Lane........................	838	2,594	3,432	116	1999	5-40
MBC Industrial.....................	5,892	17,800	23,692	801	1997	5-40
Marietta Industrial................	1,830	5,770	7,599	257	1998	5-40
Meadowridge........................	3,716	11,268	14,984	506	1998	5-40
Melrose Park.......................	2,936	9,229	12,166	411	1997	5-40

</TABLE>

AMB PROPERTY CORPORATION

SCHEDULE III

CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)
AS OF DECEMBER 31, 1999
(IN THOUSANDS, EXCEPT NUMBER OF BUILDINGS/CENTERS)

<TABLE>
<CAPTION>

					INITIAL COST TO COMPANY		
PROPERTY	NO. OF BLDGS./ CTRS.	LOCATION	TYPE	ENCUMBRANCES (1)	LAND	BUILDING & IMPROVEMENTS	COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Mendota Heights....................	1	MN	IND	668	1,367	4,565	1,799
Metric Center......................	6	TX	IND	--	10,968	32,944	479
Miami Airport Business Center......	6	FL	IND	--	6,400	19,634	105
Minnetonka.........................	10	MN	IND	12,334	6,794	20,380	1,241
Milmont Page.......................	3	CA	IND	--	3,201	9,642	304
Minneapolis Distribution Portfolio.........................	5	MN	IND	--	6,227	18,692	992
Minneapolis Industrial Portfolio IV...............................	4	MN	IND	7,955	4,938	14,854	742
Minneapolis Industrial V...........	7	MN	IND	6,512	4,426	13,317	647
Mittel Drive.......................	2	IL	IND	--	646	1,938	83
Moffett Park R&D Portfolio.........	14	CA	IND	--	14,807	44,462	3,527
Murray Hill........................	2	NJ	IND	--	1,670	2,568	2,632
NDP -- Los Angeles.................	6	CA	IND	10,550	5,948	17,844	504
NDP -- Seattle.....................	4	WA	IND	--	3,888	11,663	272
Norcross/Brookhollow Portfolio.....	4	GA	IND	--	3,721	11,180	396
North GSW Industrial Park..........	1	TX	IND	--	--	1,388	--
Northpointe Commerce...............	2	CA	IND	--	1,773	5,358	85
Northwest Distribution Center......	3	WA	IND	--	3,533	10,751	565
O'Hare Industrial Portfolio........	15	IL	IND	--	7,357	22,112	1,075
Oakland Ridge Industrial Center....	12	MD	IND	7,407	5,571	16,933	1,077
Orlando Central Park...............	n/a	FL	IND	--	--	1,218	--
Pacific Business Center............	2	CA	IND	9,521	5,417	16,291	281
Pacific Service Center.............	1	GA	IND	--	504	1,511	322
Pardee Drive.......................	1	CA	IND	--	619	1,924	1
Parkway Business Center............	1	MN	IND	--	475	1,425	377

Patuxent	2	MD	IND	--	1,696	5,127	118
Peachtree North East Business Center	3	GA	IND	--	2,197	6,592	922
Peninsula Business Center III	1	VA	IND	--	992	2,976	65
Penn James Office Warehouse	2	MN	IND	--	1,991	6,013	605
Pennsy Drive	1	MD	IND	--	657	2,011	12,600
Pioneer Alburtis	5	CA	IND	--	2,355	7,163	--
Porete Avenue Warehouse	1	NJ	IND	9,567	4,067	12,202	1,523

<CAPTION>

PROPERTY	GROSS AMOUNT CARRIED AT 12/31/99 LAND	BUILDING & IMPROVEMENTS	TOTAL COSTS(2)(3)	ACCUMULATED DEPRECIATION	YEAR OF CONSTRUCTION/ ACQUISITION	DEPRECIABLE LIFE (YEARS)
Mendota Heights	1,367	6,364	7,731	261	1998	5-40
Metric Center	10,968	33,422	44,390	1,500	1997	5-40
Miami Airport Business Center	6,400	19,739	26,139	883	1999	5-40
Minnetonka	6,794	21,622	28,415	960	1998	5-40
Milmont Page	3,201	9,946	13,147	444	1997	5-40
Minneapolis Distribution Portfolio	6,227	19,684	25,911	876	1997	5-40
Minneapolis Industrial Portfolio IV	4,938	15,595	20,533	694	1997	5-40
Minneapolis Industrial V	4,426	13,964	18,389	621	1997	5-40
Mittel Drive	646	2,021	2,667	90	1998	5-40
Moffett Park R&D Portfolio	14,805	47,992	62,796	2,122	1997	5-40
Murray Hill	1,670	5,199	6,869	232	1999	5-40
NDP -- Los Angeles	5,948	18,348	24,296	821	1998	5-40
NDP -- Seattle	3,888	11,935	15,822	535	1998	5-40
Norcross/Brookhollow Portfolio	3,721	11,576	15,297	517	1997	5-40
North GSW Industrial Park	--	1,388	1,388	47	1999	5-40
Northpointe Commerce	1,773	5,443	7,216	244	1997	5-40
Northwest Distribution Center	3,533	11,316	14,849	502	1997	5-40
O'Hare Industrial Portfolio	7,357	23,187	30,545	1,032	1997	5-40
Oakland Ridge Industrial Center	5,571	18,009	23,581	797	1999	5-40
Orlando Central Park	--	1,218	1,218	41	1999	5-40
Pacific Business Center	5,417	16,572	21,990	743	1997	5-40
Pacific Service Center	504	1,833	2,337	79	1998	5-40
Pardee Drive	619	1,925	2,544	86	1999	5-40
Parkway Business Center	475	1,802	2,277	77	1998	5-40
Patuxent	1,696	5,246	6,941	235	1997	5-40
Peachtree North East Business Center	2,197	7,513	9,711	328	1998	5-40
Peninsula Business Center III	992	3,041	4,033	136	1998	5-40
Penn James Office Warehouse	1,991	6,617	8,608	291	1997	5-40
Pennsy Drive	2,857	12,411	15,268	516	1997	5-40
Pioneer Alburtis	2,355	7,163	9,518	322	1999	5-40
Porete Avenue Warehouse	4,067	13,725	17,793	601	1998	5-40

</TABLE>

AMB PROPERTY CORPORATION

SCHEDULE III

CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)
AS OF DECEMBER 31, 1999
(IN THOUSANDS, EXCEPT NUMBER OF BUILDINGS/CENTERS)

<TABLE>
<CAPTION>

PROPERTY	NO. OF BLDGS./ CTRS.	LOCATION	TYPE	ENCUMBRANCES (1)	INITIAL COST TO COMPANY LAND	BUILDING & IMPROVEMENTS	COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION
Presidents Drive Distribution							

Center............................	6			--	3,687	11,307	1,019
Preston Court.....................	1	MD	IND	--	2,313	7,192	288
Production Drive..................	1	KY	IND	--	425	1,286	273
Rivers Corporate Center...........	4	MD	IND	--	2,838	8,648	294
Round Lake Business Center.........	1	MN	IND	--	875	2,625	330
Sabal III.........................	1	FL	IND	--	1,211	3,634	69
Sand Lake Service Center..........	6	FL	IND	--	--	--	744
Santa Barbara Court...............	1	MD	IND	--	1,617	5,029	398
Scripps Sorrento..................	1	CA	IND	--	1,110	3,330	32
Shawnee Industrial................	1	GA	IND	--	2,481	7,531	2,019
Silicon Valley R&D Portfolio.......	5	CA	IND	--	8,024	24,205	(260)
South Bay Industrial..............	8	CA	IND	18,970	14,992	45,016	981
South Point Business Park.........	7	NC	IND	10,725	5,371	16,113	303
South River Park..................	1	NJ	IND	--	1,122	12,404	0
Southfield/KDRC Industrial Portfolio........................	13	GA	IND	--	11,827	35,730	1,039
Stadium Business Park.............	9	CA	IND	4,680	3,768	11,345	330
Stapleton Square..................	2	CO	IND	--	526	1,577	157
Sunrise Industrial................	4	FL	IND	17,240	6,266	18,798	278
Suwannee Creek....................	n/a	GA	IND	--	--	1,660	0
Sylvan............................	1	GA	IND	--	1,946	5,905	0
Systematics.......................	1	CA	IND	--	911	2,773	40
Technology I......................	2	MD	IND	--	1,657	5,049	46
Technology II.....................	9	MD	IND	13,433	10,206	3,761	27,025
Texas Industrial Portfolio.........	23	TX	IND	--	10,806	32,499	2,234
The Rotunda.......................	2	MD	IND	13,184	4,400	17,736	665
Torrance Commerce Center..........	6	CA	IND	--	2,046	6,136	218
Twin Cities.......................	2	MN	IND	--	4,873	14,638	1,042
Two South Middlesex...............	1	NJ	IND	--	2,247	6,781	47
Valwood...........................	2	TX	IND	3,882	1,983	5,989	609
Viscount..........................	1	FL	IND	--	984	3,016	143
Weigman Road......................	1	CA	IND	--	1,563	4,688	166

<CAPTION>

PROPERTY	GROSS AMOUNT CARRIED AT 12/31/99 LAND	BUILDING & IMPROVEMENTS	TOTAL COSTS(2)(3)	ACCUMULATED DEPRECIATION	YEAR OF CONSTRUCTION/ ACQUISITION	DEPRECIABLE LIFE (YEARS)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Presidents Drive Distribution Center............................	3,687	12,326	16,013	541	1997	5-40
Preston Court.....................	2,313	7,480	9,793	331	1997	5-40
Production Drive..................	425	1,559	1,984	67	1997	5-40
Rivers Corporate Center...........	2,838	8,941	11,779	398	1999	5-40
Round Lake Business Center.........	875	2,955	3,830	129	1998	5-40
Sabal III.........................	1,211	3,703	4,914	166	1998	5-40
Sand Lake Service Center..........	--	744	744	25	1998	5-40
Santa Barbara Court...............	1,617	5,427	7,044	238	1997	5-40
Scripps Sorrento..................	1,110	3,363	4,473	151	1998	5-40
Shawnee Industrial................	2,481	9,551	12,032	407	1999	5-40

Silicon Valley R&D Portfolio.......	8,024	23,945	31,970	1,080	1997	5-40
South Bay Industrial...............	14,992	45,998	60,990	2,061	1997	5-40
South Point Business Park..........	5,371	16,415	21,786	736	1998	5-40
South River Park...................	1,122	12,404	13,526	457	1999	5-40
Southfield/KDRC Industrial Portfolio.........................	11,827	36,768	48,595	1,642	1999	5-40
Stadium Business Park..............	3,768	11,675	15,443	522	1997	5-40
Stapleton Square...................	526	1,734	2,260	76	1998	5-40
Sunrise Industrial.................	6,266	19,075	25,341	856	1998	5-40
Suwannee Creek.....................	--	1,660	1,660	56	1999	5-40
Sylvan.............................	1,946	5,905	7,851	265	1999	5-40
Systematics........................	911	2,813	3,724	126	1997	5-40
Technology I.......................	1,657	5,095	6,752	228	1999	5-40
Technology II......................	10,206	30,786	40,993	1,385	1999	5-40
Texas Industrial Portfolio.........	10,806	34,733	45,539	1,539	1997	5-40
The Rotunda........................	4,400	18,401	22,802	771	1999	5-40
Torrance Commerce Center...........	2,046	6,354	8,400	284	1998	5-40
Twin Cities........................	4,873	15,680	20,553	695	1997	5-40
Two South Middlesex................	2,247	6,828	9,075	307	1997	5-40
Valwood............................	1,983	6,598	8,581	290	1997	5-40
Viscount...........................	984	3,159	4,143	140	1997	5-40
Weigman Road.......................	1,563	4,855	6,417	217	1997	5-40

</TABLE>

AMB PROPERTY CORPORATION

SCHEDULE III

CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)
AS OF DECEMBER 31, 1999
(IN THOUSANDS, EXCEPT NUMBER OF BUILDINGS/CENTERS)

<TABLE>
<CAPTION>

PROPERTY	NO. OF BLDGS./ CTRS.	LOCATION	TYPE	ENCUMBRANCES (1)	INITIAL COST TO COMPANY: LAND	INITIAL COST TO COMPANY: BUILDING & IMPROVEMENTS	COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
West North Carrier.................	1	TX	IND	3,143	1,375	4,165	128
Williams & Bouroughs...............	4	CA	IND	--	294	6,981	2,048
Willmingham Drive..................	1	GA	IND	--	314	981	--
Willow Park Industrial Portfolio...	21	CA	IND	30,902	25,590	76,771	3,947
Willowlake Industrial Park.........	10	TN	IND	30,129	11,997	35,990	5,581
Wilmington Ave.....................	2	CA	IND	--	3,849	11,605	644
Wilsonville........................	1	OR	IND	--	3,407	13,493	53
Windsor Court......................	1	IL	IND	--	766	2,338	41
Wood Dale..........................	3	IL	IND	--	1,885	5,724	--
Yosemite Drive.....................	1	CA	IND	--	2,350	7,051	249
Zanker/Charcot Industrial..........	5	CA	IND	--	5,282	15,887	479
Around Lenox.......................	1	GA	RET	10,273	3,462	13,848	848
Howard and Western.................	1	IL	RET	--	700	2,983	--
Mazzeo.............................	1	MA	RET	3,868	1,477	4,432	34
Total.......................	725			$563,757	$708,043	$2,155,421	$200,673

<CAPTION>

GROSS AMOUNT CARRIED AT 12/31/99

BUILDING & ACCUMULATED YEAR OF CONSTRUCTION/

(IN THOUSANDS)

PROPERTY	LAND	IMPROVEMENTS	TOTAL COSTS	DEPRECIATION	ACQUISITION	DEPRECIABLE LIFE (YEARS)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
West North Carrier................	1,375	4,292	5,667	192	1997	5-40
Williams & Bouroughs..............	2,294	7,030	9,323	315	1999	5-40
Willmingham Drive.................	314	981	1,295	44	1999	5-40
Willow Park Industrial Portfolio...	25,590	80,718	106,309	3,593	1998	5-40
Willowlake Industrial Park.........	11,997	41,571	53,568	1,810	1998	5-40
Wilmington Ave....................	3,849	12,249	16,097	544	1999	5-40
Wilsonville.......................	3,407	13,546	16,953	573	1998	5-40
Windsor Court.....................	766	2,379	3,145	106	1997	5-40
Wood Dale.........................	1,885	5,724	7,609	257	1999	5-40
Yosemite Drive....................	2,350	7,300	9,650	326	1997	5-40
Zanker/Charcot Industrial.........	5,282	16,367	21,649	732	1997	5-40
Around Lenox......................	3,462	14,696	18,158	614	1998	5-40
Howard and Western................	700	2,983	3,684	125	1999	5-40
Mazzeo............................	1,477	4,466	5,943	201	1998	5-40
Total......................	$714,916	$2,349,221	$3,064,137	$103,558		

</TABLE>

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(1) As of December 31, 1999, properties with a net book value of $140,792, served as collateral for outstanding indebtedness under a secured debt facility of $73,000.

(2) Reconciliation of total cost to Consolidated Balance Sheet caption at December 31, 1999:

<TABLE>

<S>	<C>
Total per Schedule III(4)..................................	$3,064,137
Construction in process(5).................................	185,315
Total investments in properties..................	$3,249,452

</TABLE>

(3) As of December 31, 1999, the aggregate cost for federal income tax purposes of investments in real estate was approximately $2,877,017.

(4) A summary of activity for real estate and accumulated depreciation for the year ended December 31, 1999, is as follows:

<TABLE>

<S>	<C>
Investment in Real Estate:	
Balance at beginning of year.............................	$3,185,783
Acquisition of properties(6).............................	471,905
Improvements...	216,766
Acquisition of properties under development/redevelopment.............................	190,612
Divestiture of properties................................	(814,825)
Adjustment for properties held for divestiture............	(186,104)
Balance at end of year...................................	$3,064,137
Accumulated Depreciation:	
Balance at beginning of year.............................	$ 58,404
Depreciation expense.....................................	66,457
Adjustment for properties divested.......................	(20,264)
Adjustment for properties held for divestiture............	(1,039)
Balance at end of year...................................	$ 103,558

</TABLE>

(5) Includes $164,500 of fundings for projects under development and $8,676 of leasing and other costs related to leases starting subsequent to December 31, 1999.

(6) Excludes $7,789 investment in unconsolidated joint venture.

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
3.1	Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Statement on Form S-11 (No. 333-35915)).
3.2	Certificate of Correction of the Registrant's Articles Supplementary establishing and fixing the rights and preferences of the 8 1/2% Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.2 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
3.3	Articles Supplementary establishing and fixing the rights and preferences of the 8 5/8% Series B Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed on January 7, 1999).
3.4	Articles Supplementary establishing and fixing the rights and preferences of the 8.75% Series C Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K filed on January 7, 1999).
3.5	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 the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999).
3.6	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 the Registrant's Current Report on Form 8-K filed on September 14, 1999).
3.7	First Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.5 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
4.1	Form of Certificate for Common Stock of the Registrant (incorporated by reference to Exhibit 3.3 of the Registrant's Registration Statement on Form S-11 (No. 333-35915)).
4.2	Form of Certificate for the Registrant's 8 1/2% Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.4 of the Registrant's Registration Statement on Form S-11 (No. 333-58107)).
4.3	Indenture dated as of June 30, 1998 by and among AMB Property, L.P., the Registrant and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form S-11 (No. 333-49163)).
4.4	First Supplemental Indenture dated as of June 30, 1998 by and among AMB Property, L.P., the Registrant and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement Form S-11 (No. 333-49163)).
4.5	Second Supplemental Indenture dated as of June 30, 1998 by and among AMB Property, L.P., the Registrant and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form S-11 (No. 333-49163)).
4.6	Third Supplemental Indenture dated as of June 30, 1998 by and among AMB Property, L.P., the Registrant and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-11 (No. 333-49163)).
4.7	Specimen of 7.10% Notes due 2008 (included in the First Supplemental Indenture incorporated by reference as Exhibit 4.2 to the Registrant's Registration Statement on Form S-11 (No. 333-49163)).
4.8	Specimen of 7.50% Notes due 2018 (included in the Second Supplemental Indenture incorporated by reference as Exhibit 4.3 to the Registrant's Registration Statement on Form S-11 (No. 333-49163)).

EXHIBIT NUMBER	DESCRIPTION
4.9	Specimen of 6.90% Reset Put Securities due 2015 (included in the Third Supplemental Indenture incorporated by reference as Exhibit 4.4 to the Registrant's Registration Statement on Form S-11 (No. 333-49163)).
10.1	Third Amended and Restated Agreement of Limited Partnership of AMB Property, L.P. (incorporated by reference to Exhibit 99.1 of the Registrant's Registration Statement of Form S-3 (No. 333-68291)).
10.2	Form of Registration Rights Agreement among the Registrant and the persons named therein (incorporated by reference to Exhibit 10.2 of the Registrant's Registration Statement on Form S-11 (No. 333-35915)).
10.3	Second Amended and Restated Credit Agreement, dated November 26, 1997 (incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.4	Amendment to Second Amended and Restated Revolving Credit Agreement made as of May 29, 1998 (incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.5	Second Amendment to Second Amended and Restated Revolving Credit Agreement made as of September 30, 1998 (incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.6	Form of Change in Control and Noncompetition Agreement between the Registrant and Executive Officers (incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.7	The First Amended and Restated 1997 Stock Option and Incentive Plan of the Registrant (incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.8	The First Amendment to the First Amended Restated Stock Option and Incentive Plan of the Registrant (incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.9	Agreement for Purchase and Exchange entered into as of March 9, 1999 by and among AMB Property, L.P., AMB Property II, L.P., Long Gate, L.L.C. and BPP Retail, LLC, regarding the transaction which closed on June 15, 1999 (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).
10.10	Agreement for Purchase and Exchange entered into as of March 9, 1999 by and among AMB Property, L.P., AMB Property II, L.P., Long Gate, L.L.C. and BPP Retail, LLC, regarding the transaction which closed on August 4, 1999 (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).
10.11	Agreement for Purchase and Exchange entered into as of March 9, 1999 by and among AMB Property, L.P., AMB Property II, L.P., Long Gate, L.L.C. and BPP Retail, LLC, regarding the transaction which closed on December 1, 1999 (incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).
10.12	Dividend Reinvestment and Direct Purchase Plan, dated July 9, 1999 (incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Report Form 10-Q for the quarter ended June 30, 1999).
10.13	Second Amended and Restated 1997 Stock Option and Incentive Plan (incorporated by reference to Exhibit 10.5 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).
10.14	Registration Rights Agreement, dated August 31, 1999 (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on September 14, 1999).

EXHIBIT NUMBER	DESCRIPTION
10.15	Fifth Amended and Restated Agreement of Limited Partnership of AMB Property II, L.P., dated August 31, 1999 (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on September 14, 1999).

10.16	Credit Agreement, dated as of September 27, 1999, by and among AMB Institutional Alliance Fund I, L.P., AMB Institutional Alliance REIT I, Inc., the Lenders and Issuing Bank party thereto, BT Realty Resources, Inc. and The Chase Manhattan Bank. (incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Report Form 10-Q for the quarter ended September 30, 1999).
10.17	Third Amendment to Second Amended and Restated Revolving Credit Agreement made as of March 22, 1999.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Arthur Andersen LLP.
24.1	Powers of Attorney (included in Part IV of this Form 10-K).
27.1	Financial Data Schedule -- AMB Property Corporation.

</TABLE>

EXHIBIT 10.17

THIRD AMENDMENT TO SECOND AMENDED AND RESTATED
REVOLVING CREDIT AGREEMENT

THIS THIRD AMENDMENT TO SECOND AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT (this "Amendment") is made as of March 22, 1999, by and among AMB PROPERTY, L.P., a Delaware limited partnership (the "Borrower"), the BANKS and CO-AGENTS party hereto, and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent.

WITNESSETH:

WHEREAS, the Borrower, the Agent, the Co-Agents and the Banks have entered into the Second Amended and Restated Revolving Credit Agreement, dated as of November 26, 1997, as amended by the Amendment to Second Amended and Restated Revolving Credit Agreement, dated as of May 29, 1998, and by the Second Amendment to Second Amended and Restated Revolving Credit Agreement, dated as of September 30, 1998 (as so amended, the "Credit Agreement"); and

WHEREAS, the parties desire to modify the Credit Agreement upon the terms and conditions set forth herein.

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

1. DEFINITIONS. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

2. MODIFICATIONS TO DEFINITIONS. The definition of "Non-Recourse Debt" is hereby amended by adding the following:

> Notwithstanding the foregoing, however, Non-Recourse Debt shall include Recourse Debt of a Subsidiary incurred to fund the costs of a Development Project if the sole asset of such Subsidiary shall be such Development Project and the right of recovery of the obligee of such Debt is limited to the assets of such Subsidiary, together with a guaranty of completion by Borrower.

3. FIXED RATE INDEBTEDNESS. Section 5.9(d) of the Credit Agreement is hereby deleted and the following substituted therefore:

> (d) Fixed Rate Indebtedness. All Non-Recourse Debt of the Borrower, the General Partner and any Subsidiaries shall be Fixed Rate Indebtedness; provided, however, the Subsidiaries may incur Non-Recourse Debt that is Floating Rate Indebtedness in connection with the funding of construction costs at Development Projects, which such Floating Rate Indebtedness shall not exceed $150,000,000 outstanding at any time.

4. EFFECTIVE DATE. This Amendment shall become effective as of the date hereof upon receipt by the Agent of counterparts hereof signed by the Borrower and the Required Banks (the date of such receipt being deemed the "Effective Date").

5. ENTIRE AGREEMENT. This Amendment constitutes the entire and final agreement among the parties hereto with respect to the subject matter hereof and there are no other agreements, understandings, undertakings, representations or warranties among the parties hereto with respect to the subject matter hereof except as set forth herein.

6. GOVERNING LAW. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

7. COUNTERPARTS. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any of the parties hereto may execute this Amendment by signing any such counterpart.

8. HEADINGS, ETC. Section or other headings contained in this Amendment are for reference purposes only and shall not in any way affect the meaning of interpretation or this Amendment.

9. NO FURTHER MODIFICATIONS. Except as modified herein, all of the terms and conditions of the Credit Agreement, as modified hereby shall remain in full force and effect and, as modified hereby, the Borrower confirms and

ratifies all of the terms, covenants and conditions of the Credit Agreement in all respect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

Borrower: AMB Property, L.P., a
Delaware limited partnership

By: AMB Property Corporation, a Maryland
corporation and its
sole general partner

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

Name: John T. Roberts, Jr.
Title: Senior Vice President

FOR PURPOSES OF CONFIRMING AND RATIFYING THE CONTINUED EFFECTIVENESS OF THE UNCONDITIONAL GUARANTY AGREEMENT, DATED AS OF NOVEMBER 26, 1997, BY AMB PROPERTY CORPORATION:

Confirmed and Ratified:

AMB Property Corporation

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

Name: John T. Roberts, Jr.
Title: Senior Vice President

Signature Page to AMB Property, L.P. Third Amendment to
Second Amended and Restated Revolving Credit Agreement

Agent and Bank: Morgan Guaranty Trust Company of
New York, as a Bank and as Agent

By: /s/ Gery Sampere

Name: Gery Sempere
Title: Vice President

Co-Agent and Bank: Commerzbank Aktiengesellschaft
Los Angeles Branch

By: /s/ David M. Schwarz

Name: David M. Schwarz
Title: Vice President

By: /s/ Lisa C. Miller

Name: Lisa C. Miller
Title: Assistant Vice President

Fleet National Bank

By: /s/ Allison M. Gauthier

Name: Allison M. Gauthier
Title: Vice President

PNC Bank, National Association

By: /s/ David Martens

Name: David Martens
Title: Vice President

Bank of America, National Trust and
Savings Association

By: /s/ Donald H. Moses

Name: Donald H. Moses
Title: Senior Vice President

Bank: Societe Generale, Southwest Agency

By: /s/ Scott Gosslee

Name: Scott Gosslee
Title: Vice President

Dresdner Bank AG, New York and
Grand Cayman Branches

By: /s/ John W. Sweeney

Name: John W. Sweeney
Title: Assistant Vice President

By: /s/ Brigitte Sacin

Name: Brigitte Sacin
Title: Assistant Treasurer

Bankers Trust Company

By: /s/ Steven P. Lapham

Name: Steven P. Lapham
Title: Principal

First Union Bank, N.A.
(successor to Corestates Bank, N.A.)

By: /s/ Daniel J. Sullivan

Name: Daniel J. Sullivan
Title: Director

The Bank of Novia Scotia,
Acting through its San Francisco Agency

By: /s/ Kate Pigott

Name: Kate Pigott
Title: Relationship Manager

Bank: The Industrial Bank of Japan,
Limited, Los Angeles Agency

By: /s/ Yoshiaki Ohashi

Name: Yoshiaki Ohashi
Title: Senior Deputy General Manager

Union Bank of California, N.A.

By: /s/ Diana Giacomini

Name: Diana Giacomini
Title: Vice President

Exhibit 21.1

SUBSIDIARIES OF REGISTRANT

Name of Subsidiary	Jurisdiction of Organization and Type of Entity
AMB Property, L.P.	Delaware limited partnership
AMB Property II, L.P.	Delaware limited partnership
Long Gate, L.L.C.	Delaware limited liability company

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into AMB Property Corporation's previously filed Registration Statement File Nos. 333-68291, 333-68283, 333-42015, 333-75953, 333-78779, 333-78699, 333-76823, 333-81475, 333-80815, and 333-75951.

ARTHUR ANDERSEN LLP

San Francisco, California
March 17, 2000

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM AMB PROPERTY CORPORATION'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS.
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