

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

<Table>
<C> <S>
(MARK ONE)
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

OR

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

</Table>

COMMISSION FILE NUMBER 001-13545
AMB PROPERTY CORPORATION
(Exact name of Registrant as specified in its charter)

<Table>
<S> <C>
MARYLAND 94-3281941
(State or Other Jurisdiction of (IRS Employer Identification No.)
Incorporation or Organization)
PIER 1, BAY 1, 94111
SAN FRANCISCO, CALIFORNIA (Zip Code)
(Address of Principal Executive Offices)

</Table>

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

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

<Table>
<Caption>
(TITLE OF EACH CLASS) (NAME OF EACH EXCHANGE ON WHICH REGISTERED)

<S> <C>
Common Stock, \$.01 par value New York Stock Exchange
6 1/2% Series L Cumulative Redeemable Preferred
Stock
6 3/4% Series M Cumulative Redeemable Preferred
Stock

</Table>

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:
NONE

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

PART I

ITEM 1. BUSINESS

GENERAL

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

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

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

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

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

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

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

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

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

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

OPERATING STRATEGY

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

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

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

GROWTH STRATEGIES

Growth Through Operations

We seek to generate long-term internal growth through rent increases on existing space and renewals on rollover space, by seeking to: maintain a high occupancy rate at our properties; and control expenses by capitalizing on the economies of owning, operating and growing a large, global portfolio. However, during

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

Growth Through Acquisitions and Capital Redeployment

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

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

Growth Through Development

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

The multidisciplinary backgrounds of our employees should provide us with the skills and experience to capitalize on strategic renovation, expansion and development opportunities. Several of our officers have specific experience in real estate development, both with us and with national development firms, and over the past year we have expanded our development staff. We pursue development projects directly and in joint ventures with our Development Alliance Partners(R), which provides us with the flexibility to pursue development projects independently or in partnerships, depending on market conditions, submarkets or

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building sites. Under a typical joint venture agreement with a Development Alliance Partner, we would fund 95% of the construction costs and our partner would fund 5%; however, in certain cases we may own as little as 50% or as much as 98% of the joint venture. Upon completion, we generally would purchase our partner's interest in the joint venture. We may also structure developments such that we would own 100% of the asset with an incentive development fee to be paid upon completion to our development partner.

Growth Through Developments for Sale

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

Growth Through Global Expansion

Over the next three-to-four years, we expect to have approximately 15% of our portfolio (based on consolidated annualized base rent) invested in international markets. As of December 31, 2003, our international operating properties comprised 3.0% of our total annualized industrial base rent. Our Mexican target markets currently include Mexico City, Guadalajara and Monterrey. Our European target markets currently include Paris, Amsterdam, Frankfurt, Madrid and London. Our Asian target markets currently include Singapore, Hong Kong and Tokyo. There are many factors that could cause our entry into target

markets and future capital allocation to differ from our current expectations, which are discussed under the subheading "Our International Growth is Subject to Special Political and Monetary Risks" and elsewhere under the heading "Business Risks" in this report. Further, it is possible that our target markets will change over time to reflect experience, market opportunities, customer needs and changes in global distribution patterns. For a breakout of the amount of our revenues attributable to the United States and to foreign countries in total, please see Part IV. "Item 15: Note 17 of the Notes to Consolidated Financial Statements".

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

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

Growth Through Co-Investments

We co-invest in properties with private-capital investors through partnerships, limited liability companies or joint ventures. Our co-investment joint ventures typically operate under the same investment strategy that we apply to our other operations. Typically we will own a 20-50% interest in our co-investment ventures. In general, we control all significant operating and investment decisions of our co-investment entities. We believe that our co-investment program will continue to serve as a source of capital for acquisitions and developments; however, there can be no assurance that it will continue to do so. In addition, our co-investment joint ventures are a significant source of revenues as we earn acquisition and development fees, asset management fees and priority distributions as well as promoted interests and incentive fees based on the performance of the co-investment joint ventures.

BUSINESS RISKS

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

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ITEM 2. PROPERTIES

INDUSTRIAL PROPERTIES

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

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

<Table>		<Caption>	
BUILDING TYPE	DESCRIPTION	2003	2002
-----	-----	----	----
<S>	<C>	<C>	<C>
Warehouse.....	15,000-75,00 square feet, single or multi-customer	40.7%	40.2%
Bulk Warehouse.....	Over 75,000 square feet, single or multi-customer	39.3%	39.6%
Flex Industrial.....	Includes assembly or research & development, single or multi-customer	7.3%	7.5%
Light Industrial.....	Smaller customers, 15,000 square feet or less, higher office finish	6.1%	6.5%
Trans-shipment.....	Unique configurations for truck terminals and cross-docking	2.2%	2.3%
Air Cargo.....	On-tarmac or airport land for transfer of air cargo		

	goods	3.1%	2.6%
Office.....	Single or multi-customer, used strictly for office	1.3%	1.3%

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

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

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

INDUSTRIAL MARKET OPERATING STATISTICS(1)

As of December 31, 2003, we operated in 34 markets throughout North America and in France, Germany and Japan. The following table represents properties in which we own a 100% interest or a

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controlling interest (consolidated), and excludes properties in which we only own a non-controlling interest (unconsolidated) and properties under development:

<Table>
<Caption>

SEATTLE	ATLANTA	CHICAGO	DALLAS/ FT. WORTH	LOS ANGELES (2)	NO. NEW JERSEY/ NEW YORK	SAN FRANCISCO BAY AREA	MIAMI
----	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>							
Number of buildings.... 46	57	94	42	150	92	141	
Rentable square feet... 4,802,715	7,053,878	7,810,008	3,854,932	12,950,949	7,923,272	11,382,570	
6,854,427							
% of total rentable square feet.....	8.1%	9.0%	4.4%	14.9%	9.1%	13.1%	
5.5%							
7.9%							
Occupancy percentage... 96.1%	92.9%	93.0%	85.6%	98.0%	91.7%	92.5%	
92.5%							
Annualized base rent (000's).....	\$ 26,970	\$ 35,810	\$ 13,456	\$ 77,450	\$ 47,770	\$ 81,474	\$
32,745							
\$ 33,737							
% of total annualized base rent.....	5.2%	6.9%	2.6%	14.9%	9.2%	15.7%	
6.4%							
6.5%							
Number of leases..... 230	204	187	112	384	291	400	
261							
Annualized base rent per square foot.....	\$ 4.12	\$ 4.93	\$ 4.08	\$ 6.10	\$ 6.57	\$ 7.74	\$
7.09							
\$ 5.32							
Lease expirations as a % of ABR:(4)							
2004.....	14.4%	22.4%	20.4%	21.1%	20.2%	15.0%	
17.7%							
15.3%							
2005.....	19.8%	19.9%	22.5%	14.8%	11.4%	22.6%	
21.2%							
14.7%							
2006.....	18.6%	18.9%	14.2%	16.9%	15.9%	10.3%	
17.0%							
18.8%							
Weighted average lease							

terms:							
Original.....	6.2 years	6.6 years	5.0 years	5.9 years	5.6 years	5.4 years	5.9
years 5.8 years							
Remaining.....	3.6 years	2.3 years	3.1 years	3.0 years	3.4 years	3.1 years	3.0
years 3.1 years							
Tenant retention:							
Quarter.....	50.2%	85.7%	46.9%	87.8%	98.1%	64.1%	
44.1% 70.5%							
Year-to-date.....	68.5%	63.0%	50.8%	70.6%	83.0%	66.3%	
71.9% 56.4%							
Rent increases on renewals and rollovers:							
Year-to-date.....	(10.4)%	(4.3)%	(7.6)%	0.0%	(9.9)%	(27.7)%	
(14.3)% (5.0)%							
Same Space SF leased..	828,797	2,023,590	1,236,952	2,560,211	1,601,083	3,167,662	
884,115 1,196,855							
Same store cash basis NOI growth:							
Year-to-date.....	(4.3)%	(7.9)%	(23.0)%	6.1%	(6.2)%	(13.9)%	
(11.7)% (7.6)%							
Sq. feet owned in same store pool(5).....	5,532,840	7,242,118	3,413,679	11,495,700	5,726,021	10,860,049	
4,342,301 3,636,191							
Our pro rata share of square feet.....	4,415,192	5,782,826	2,765,994	9,247,359	5,002,948	8,653,249	
4,175,271 3,596,230							
Total market square footage(6).....	7,586,128	12,062,539	4,595,219	16,716,976	8,578,109	12,014,032	
5,639,822 7,030,412							

<Caption>

	ON- TARMAC (3)	TOTAL U.S. HUB AND GATEWAY MARKETS	TOTAL OTHER MARKETS	TOTAL/ WEIGHTED AVERAGE
<S>	<C>	<C>	<C>	<C>
Number of buildings....	35	721	227	948
Rentable square feet...	2,733,487	65,366,238	21,735,174	87,101,412
% of total rentable square feet.....	3.0%	75.0%	25.0%	100.0%
Occupancy percentage...	92.6%	93.5%	91.9%	93.1%
Annualized base rent (000's).....	\$ 45,931	\$ 395,343	122,747	\$ 518,090
% of total annualized base rent.....	8.9%	76.3%	23.7%	100.0%
Number of leases.....	257	2,326	851	3,177
Annualized base rent per square foot.....	\$ 18.15	\$ 6.47	\$ 6.15	\$ 6.39
Lease expirations as a % of ABR:(4)				
2004.....	21.4%	18.6%	15.4%	17.8%
2005.....	11.1%	17.3%	17.9%	17.4%
2006.....	14.0%	15.4%	10.8%	14.3%
Weighted average lease terms:				
Original.....	8.3 years	5.9 years	6.6 years	6.1 years
Remaining.....	4.1 years	3.1 years	3.6 years	3.2 years
Tenant retention:				
Quarter.....	78.7%	72.1%	63.3%	70.4%
Year-to-date.....	79.0%	66.4%	61.6%	65.3%
Rent increases on renewals and rollovers:				
Year-to-date.....	7.9%	(12.7)%	1.7%	(10.1)%
Same Space SF leased..	136,785	13,636,050	3,636,967	17,273,017
Same store cash basis NOI growth:				
Year-to-date.....	5.0%	(7.2)%	0.1%	(5.6)%
Sq. feet owned in same store pool(5).....	1,324,738	53,573,637	18,411,938	71,985,575
Our pro rata share of square feet.....	2,344,839	45,983,908	18,592,025	64,575,933
Total market square footage(6).....	--	74,223,237	27,297,815	101,521,052

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

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

Angeles International Airport.

- (3) Includes on-tarmac air cargo facilities at 14 airports.
- (4) Annualized base rent is calculated as monthly base rent (cash basis) per the terms of the lease, as of December 31, 2003, multiplied by 12.
- (5) Same store pool excludes properties purchased or developments stabilized after December 31, 2001. Stabilized properties are generally defined as properties that are 90% leased or properties for which we have held a certificate of occupancy or where building has been substantially complete for at least 12 months.
- (6) Total market square footage includes industrial and retail operating properties, development properties, unconsolidated properties (100% of the square footage), properties managed for third parties and reallocation of on-tarmac properties into metro markets.

INDUSTRIAL OPERATING PORTFOLIO OVERVIEW

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

	NUMBER	RENTABLE	% OF TOTAL		ANNUALIZED	% OF TOTAL	
ANNUALIZED	OF	SQUARE	RENTABLE	OCCUPANCY	BASE RENT	ANNUALIZED	NUMBER
BASE RENT PER	BUILDINGS	FEET	SQUARE FEET	PERCENTAGE	(000'S)	BASE RENT	OF LEASES
SQUARE FOOT							
-----	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>							
DOMESTIC HUB MARKETS.... \$ 6.47	721	65,366,238	75.0%	93.5%	\$395,343	76.3%	2,326
OTHER MARKETS							
DOMESTIC TARGET MARKETS							
Austin.....	9	1,365,873	1.6	91.4	8,988	1.7	29
7.20							
Baltimore/ Washington DC.....	65	4,262,420	4.9	95.3	32,299	6.2	292
7.95							
Boston.....	36	4,114,945	4.7	97.2	22,667	4.4	61
5.67							
Minneapolis.....	34	3,819,952	4.4	96.1	16,553	3.2	185
4.51							
-----	---	-----	-----	-----	-----	-----	-----
SUBTOTAL/WEIGHTED AVERAGE.....	144	13,563,190	15.6	95.7	80,507	15.5	567
6.20							
DOMESTIC NON-TARGET MARKETS							
Charlotte.....	21	1,317,864	1.5	70.2	5,038	1.0	59
5.45							
Columbus.....	1	240,000	0.3	45.0	306	0.1	3
2.83							
Memphis.....	17	1,883,845	2.1	82.7	8,016	1.5	46
5.15							
New Orleans.....	5	411,689	0.5	93.9	1,949	0.4	47
5.04							
Newport News.....	1	60,215	0.1	76.8	554	0.1	2
11.98							
Orlando.....	15	1,223,148	1.4	97.7	5,433	1.0	72
4.55							
Portland.....	5	676,104	0.8	95.4	2,966	0.6	9
4.60							
San Diego.....	5	276,167	0.3	100.0	2,866	0.5	21
10.38							
-----	---	-----	-----	-----	-----	-----	-----
SUBTOTAL/WEIGHTED AVERAGE.....	70	6,089,032	7.0	84.4	27,128	5.2	259
5.28							
INTERNATIONAL TARGET MARKETS (1)							

Frankfurt, Germany.....	1	166,917	0.2	0.0	--	0.0	0
Guadalajara, Mexico.....	5	687,088	0.8	100.0	4,053	0.8	16
Mexico City, Mexico.....	2	345,058	0.4	100.0	1,991	0.4	3
Paris, France.....	3	520,837	0.6	88.5	4,025	0.8	3
Tokyo, Japan.....	2	363,052	0.4	100.0	5,043	1.0	3

SUBTOTAL/WEIGHTED AVERAGE.....	13	2,082,952	2.4	89.1	15,112	3.0	25

TOTAL OTHER MARKETS.....	227	21,735,174	25.0	91.9	122,747	23.7	851

TOTAL/WEIGHTED AVERAGE.....	948	87,101,412	100.0%	93.1%	\$518,090	100.0%	3,177
=====							

</Table>

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

7

INDUSTRIAL LEASE EXPIRATIONS

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

<Table>
<Caption>

	SQUARE FEET (1)	ANNUALIZED BASE RENT (2)	% OF ANNUALIZED BASE RENT
	-----	-----	-----
2004.....	<C> 15,073,481	<C> \$ 97,194	<C> 17.8%
2005.....	14,866,366	95,429	17.4%
2006.....	12,384,981	78,363	14.3%
2007.....	10,898,668	72,560	13.3%
2008.....	10,452,586	64,433	11.8%
2009.....	6,880,585	39,045	7.1%
2010.....	2,876,654	27,515	5.0%
2011.....	3,032,522	23,456	4.3%
2012.....	1,900,671	21,816	4.0%
2013 and beyond.....	3,177,618	27,209	5.0%
TOTAL.....	81,544,132	\$547,020	100.0%
	=====	=====	=====

</Table>

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

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

8

CUSTOMER INFORMATION

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

<Table>

<Caption>

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

</Table>

- (1) Customer(s) may be a subsidiary of or an entity affiliated with the named customer. We also have a lease at our Park One property adjacent to the Los Angeles International Airport with an annualized base rent of \$6.1 million, which is not included.
- (2) Computed as aggregate leased square feet divided by the aggregate leased square feet of the industrial and retail properties.
- (3) Annualized base rent is calculated as monthly base rent (cash basis) per the lease, as of December 31, 2003, multiplied by 12.
- (4) Computed as aggregate annualized base rent divided by the aggregate annualized base rent of the industrial and retail and other properties.
- (5) Apron rental amounts (but not square footage) are included.
- (6) United States Government includes the United States Postal Service, United States Customs and the United States Department of Agriculture.
- (7) County of Los Angeles includes Child Support Service's Department, the Fire Department, the District Attorney, the Sheriff's Department, and the Unified School District.

OPERATING AND LEASING STATISTICS

INDUSTRIAL OPERATING AND LEASING STATISTICS

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

<Table>

<Caption>

OPERATING PORTFOLIO (1)	2003	2002	2001
<S>	<C>	<C>	<C>
Square feet owned (2).....	87,101,412	84,203,022	81,550,880
Occupancy percentage.....	93.1%	94.6%	94.5%
Weighted average lease terms:			
Original.....	6.1 years	6.2 years	6.3 years
Remaining.....	3.2 years	3.3 years	3.3 years

Tenant retention.....	65.3%	74.2%	66.8%
Same Space Leasing Activity(3):			
Rent increases/(decreases) on renewals and rollovers.....	(10.1)%	(1.0)%	20.4%
Same space square footage commencing (millions)....	17.3	14.7	11.9
Second Generation Leasing Activity:			
Tenant improvements and leasing commissions per sq. ft.:			
Renewals.....	\$ 1.39	\$ 1.30	\$ 0.99
Re-tenanted.....	2.13	2.45	3.25
	-----	-----	-----
Weighted average.....	\$ 1.77	\$ 1.90	\$ 2.05
	=====	=====	=====
Square footage commencing (millions).....	22.7	19.0	13.9

</Table>

-
- (1) Includes all consolidated industrial operating properties and excludes industrial development and renovation projects. Excludes retail and other properties' square footage of 0.5 million with occupancy of 75.2% and annualized base rents of \$5.5 million as of December 31, 2003.
- (2) In addition to owned square feet as of December 31, 2003, we managed, through our subsidiary, AMB Capital Partners, LLC, 0.5 million additional square feet of industrial, retail and other properties. As of December 31, 2003, we also had investments in 7.9 million square feet of industrial operating properties through our investments in unconsolidated joint ventures.
- (3) Consists of second-generation leases renewing or re-tenanting with current and prior lease terms greater than one year.

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INDUSTRIAL SAME STORE OPERATING STATISTICS

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

<Table>
<Caption>

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

</Table>

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

RETAIL AND OTHER PROPERTY SUMMARY

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

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DEVELOPMENT PROPERTIES

DEVELOPMENT PIPELINE

The following table sets forth the properties owned by us as of December

31, 2003, which were undergoing renovation, expansion or development. No assurance can be given that any of these projects will be completed on schedule or within budgeted amounts.

INDUSTRIAL DEVELOPMENT AND RENOVATION DELIVERIES

<Table>
<Caption>

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

<Table>
<Caption>

OUR OWNERSHIP PROJECT INVESTMENT (1)	PERCENTAGE	LOCATION	DEVELOPMENT ALLIANCE PARTNER (R)	ESTIMATED STABILIZATION	ESTIMATED SQUARE FEET AT STABILIZATION	ESTIMATED TOTAL
2006 DELIVERIES						
16. MAD Logistics Center.....	80%	Madrid, Spain	Codina Development & Torimbia	Q2	454,779	26,100
Total 2006 Deliveries.....	80%				454,779	26,100
Leased/Funded-to-date... 800 (2)					0%	\$
Weighted Average Estimated Stabilized Cash Yield(4).....						9.0%
TOTAL SCHEDULED DELIVERIES (1).....	63%				4,958,157	\$233,000
Leased/Funded-to-date... 91,200 (2)					34%	\$
Weighted Average Estimated Stabilized Cash Yield(4).....						9.0%

</Table>

- - - - -

- (1) Represents total estimated cost of renovation, expansion or development, including initial acquisition costs, Development Alliance Partner earnouts and associated carry costs. The estimates are based on our current estimates and forecasts and are subject to change. Excludes 349 acres of land held for future development (representing a potential 5.9 million square feet) and other acquisition-related costs totaling \$49.8 million. Non-U.S. dollar investments are translated to U.S. dollars using the exchange rate at December 31, 2003.
- (2) Our share of amounts funded to date for 2004, 2005 and 2006 deliveries was \$21.8 million, \$29.1 million and \$0.7 million, respectively, for a total of \$51.6 million.
- (3) Represents a renovation project.
- (4) The yields on international projects are on an after-tax basis.

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

DEVELOPMENT PROJECTS AVAILABLE FOR SALE

<Table>
<Caption>

PROJECTS (1)	MARKET	DEVELOPMENT ALLIANCE PARTNER	ESTIMATED COMPLETION DATE (2)	ESTIMATED SQUARE FEET AT COMPLETION	ESTIMATED TOTAL INVESTMENT (3)	OUR OWNERSHIP PERCENTAGE
1. Carson Town Center SW 10.....	Los Angeles	Mar Ventures	Completed	92,282	\$ 7,000	95%
2. Wilsonville Phase II.....	Portland	Trammell Crow Company	Completed	249,625	11,000	100%
3. Axygen Headquarters.....	San Francisco Bay Area	Harvest Properties	Q3 04	100,518	8,900	100%
4. Central Business Park Buildings A-G.....	San Francisco Bay Area	Harvest Properties	Q3 04	127,027	11,900	100%

TOTAL.....	569,452	\$38,800	99%
	=====	=====	

Funded-to-date..... \$21,000 (4)

</Table>

- -----

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

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

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

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

PROPERTIES HELD THROUGH JOINT VENTURES, LIMITED LIABILITY COMPANIES AND PARTNERSHIPS

Consolidated:

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

CO-INVESTMENT CONSOLIDATED JOINT VENTURES

<Table>
<Caption>

JOINT VENTURES	OUR OWNERSHIP PERCENTAGE	NUMBER OF BUILDINGS	SQUARE FEET (1)	GROSS BOOK VALUE (2)	PROPERTY DEBT	JV PARTNERS' SHARE OF DEBT
-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
CO-INVESTMENT OPERATING JOINT VENTURES:						
AMB/Erie, L.P. (3).....	50%	27	2,585,304	\$ 141,924	\$ 57,115	\$ 28,557
AMB Institutional Alliance Fund I, L.P. (4).....	21%	104	6,200,772	417,276	214,538	170,140
AMB Partners II, L.P. (5).....	20%	93	7,306,813	423,015	253,942	203,638
AMB-SGP, L.P. (6).....	50%	73	8,591,207	408,507	249,861	124,553
AMB Institutional Alliance Fund II, L.P. (4).....	20%	63	6,621,978	409,050	204,542	163,415
AMB-AMS, L.P. (7).....	39%	--	--	--	--	--
		---	-----	-----	-----	-----
TOTAL CO-INVESTMENT OPERATING JOINT VENTURES	29%	360	31,306,074	1,799,772	979,998	690,303
CO-INVESTMENT DEVELOPMENT JOINT VENTURES:						
AMB/Erie, L.P. (3).....	50%	--	--	14,250	--	--
AMB Institutional Alliance Fund I, L.P. (4).....	21%	--	--	626	--	--
AMB Partners II, L.P. (5).....	20%	--	--	5,822	--	--
AMB Institutional Alliance Fund II, L.P. (4).....	20%	3	809,820	40,659	--	--
		---	-----	-----	-----	-----
TOTAL CO-INVESTMENT DEVELOPMENT JOINT VENTURES.....	27%	3	809,820	61,357	--	--
		---	-----	-----	-----	-----
TOTAL CO-INVESTMENT CONSOLIDATED JOINT VENTURES.....	29%	363	32,115,894	\$1,861,129	\$979,998	\$690,303
		===	=====	=====	=====	=====

</Table>

-
- (1) For development properties, this represents estimated square feet at completion of development for committed phases of development and renovation projects.
- (2) Represents the book value of the property (before accumulated depreciation) owned by the joint venture entity and excludes net other assets as of December 31, 2003. Development book values include uncommitted land.
- (3) AMB Erie, L.P. is a co-investment partnership formed in 1998 with the Erie Insurance Company and certain related entities.
- (4) AMB Institutional Alliance Fund I, L.P. and AMB Institutional Alliance Fund II, L.P. are co-investment partnerships with institutional investors, which invest through private real estate investment trusts.
- (5) AMB Partners II, L.P. is a co-investment partnership formed in 2001 with the City and County of San Francisco Employees' Retirement System.
- (6) AMB-SGP, L.P. is a co-investment partnership formed in 2001 with Industrial JV Pte Ltd, a subsidiary of GIC Real Estate Pte. Ltd, the real estate investment subsidiary of the government of Singapore Investment Corporation.
- (7) AMB-AMS, L.P. is a commitment to form a co-investment partnership with two Dutch pension funds advised by Mn Services NV.

OTHER CONSOLIDATED JOINT VENTURES

<Table>
<Caption>

PROPERTIES	MARKET	OUR OWNERSHIP PERCENTAGE	SQUARE FEET	GROSS BOOK VALUE (1)	PROPERTY DEBT	JV PARTNERS' SHARE OF DEBT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
OTHER INDUSTRIAL OPERATING JOINT VENTURES.....	Various	92%	3,801,160	\$280,528	\$75,665	\$6,036
OTHER INDUSTRIAL DEVELOPMENT JOINT VENTURES.....	Various	84%	1,906,133	77,123	--	--
TOTAL OTHER INDUSTRIAL CONSOLIDATED JOINT VENTURES.....		90%	5,707,293	\$357,651	\$75,665	\$6,036
RETAIL JOINT VENTURES:						
1. Around Lenox.....	Atlanta	90%	125,222	\$ 22,184	\$ 9,368	\$ 937
2. Palm Aire.....	Miami	100%	140,262	19,773	--	--
3. Springs Gate Land.....	Miami	100%	--	6,717	--	--
TOTAL RETAIL CONSOLIDATED JOINT VENTURES.....		95%	265,484	\$ 48,674	\$ 9,368	\$ 937

</Table>

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

Unconsolidated Joint Ventures, Mortgage Investments and Other Investment:

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

UNCONSOLIDATED JOINT VENTURES,
MORTGAGE INVESTMENTS AND OTHER INVESTMENT

<Table>
<Caption>

UNCONSOLIDATED JOINT VENTURES	MARKET	ALLIANCE PARTNER	SQUARE FEET	OUR NET EQUITY INVESTMENT	OUR OWNERSHIP PERCENTAGE
<S>	<C>	<C>	<C>	<C>	<C>

OTHER INDUSTRIAL OPERATING JOINT VENTURES						
1. Elk Grove Du Page.....	Chicago	Hamilton Partners	4,046,721	\$31,548		56%
2. Pico Rivera.....	Los Angeles	Majestic Realty	855,600	1,091		50%
3. Monte Vista Spectrum.....	Los Angeles	Majestic Realty	576,852	487		50%
4. Industrial Fund I, LLC.....	Various	Citigroup	2,446,334	4,173		15%
TOTAL OTHER INDUSTRIAL OPERATING JOINT VENTURES.....			7,925,507	37,299		
OTHER INDUSTRIAL DEVELOPMENT JOINT VENTURES(1)						
5. Sterling Distribution Center...	Los Angeles	Majestic Realty	1,880,000	12,643		50%
6. Airport Logistics Park of Singapore Phase I.....	Singapore	Boustead Projects	233,773	2,067		50%
TOTAL OTHER INDUSTRIAL DEVELOPMENT JOINT VENTURES.....			2,113,773	14,710		
TOTAL UNCONSOLIDATED JOINT VENTURES.....			10,039,280	\$52,009		45%

</Table>

<Table>
<Caption>

MORTGAGE INVESTMENTS	MARKET	MATURITY	MORTGAGE RECEIVABLE	RATE	OUR OWNERSHIP PERCENTAGE (2)
1. Pier 1(3).....	SF Bay Area	May 2026	\$13,042	13.0%	100%
2. Platinum Distribution Center.....	No. New Jersey	February 2004	19,500	6.0%	20%
3. Platinum Distribution Center.....	No. New Jersey	November 2006	1,300	12.0%	20%
4. North Bay Distribution Center/BAB.....	SF Bay Area	December 2004	7,040	5.5%	100%
5. North Bay Distribution Center/Corovan.....	SF Bay Area	December 2004	2,263	7.3%	100%
			\$43,145		

</Table>

<Table>
<Caption>

OTHER INVESTMENT	MARKET	PROPERTY TYPE	GROSS INVESTMENT	OUR OWNERSHIP PERCENTAGE
1. Park One.....	Los Angeles	Parking Lot	\$75,497	100%

</Table>

- (1) Square feet for development alliance joint ventures represents estimated square feet at completion of development project.
- (2) Represents our ownership percentage in the co-investment joint venture that holds the mortgage investment.
- (3) We also have a 0.1% unconsolidated equity interest (with a 33% economic interest) in this property and an option to purchase the remaining equity interest that begins January 1, 2007 and expires December 31, 2009.

SECURED DEBT

As of December 31, 2003, we had \$1.4 billion of secured indebtedness, net of unamortized premiums, secured by deeds of trust on 111 properties. As of December 31, 2003, the total gross consolidated investment value of those properties secured by debt was \$2.6 billion. Of the \$1.4 billion of secured indebtedness,

\$1.1 billion was joint venture debt secured by properties with a gross investment value of \$1.8 billion. For additional details, see "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" and "Item 15: Note 7 of Notes to Consolidated Financial Statements" included in this report. We believe that as of December 31, 2003, the fair value of the properties securing the respective obligations in each case exceeded the principal amount of the outstanding obligations.

ITEM 3. LEGAL PROCEEDINGS

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

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

None.

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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, 2004, there were approximately 371 holders of record of our common stock (excluding shares held through The Depository Trust Company, as nominee). Set forth below are the high and low sales prices per share of our common stock, as reported on the NYSE composite tape, and the distribution per share paid or payable by us during the period from January 1, 2002, through December 31, 2003:

YEAR	HIGH	LOW	DIVIDEND
-----	-----	-----	-----
<S>	<C>	<C>	<C>
2002			
1st Quarter.....	\$27.60	\$25.26	\$0.410
2nd Quarter.....	31.00	27.46	0.410
3rd Quarter.....	30.83	26.35	0.410
4th Quarter.....	28.92	24.99	0.410
2003			
1st Quarter.....	28.75	26.00	0.415
2nd Quarter.....	29.11	26.95	0.415
3rd Quarter.....	30.81	26.99	0.415
4th Quarter.....	33.45	29.99	0.415

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

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ITEM 6. SELECTED FINANCIAL DATA

SELECTED COMPANY FINANCIAL AND OTHER DATA(1)

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

	2003	2002	2001 (2)	2000	1999
	-----	-----	-----	-----	-----
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
<S>	<C>	<C>	<C>	<C>	<C>
OPERATING DATA					
Total revenues.....	\$ 615,037	\$ 589,682	\$ 534,266	\$ 433,866	\$ 412,755
Income before minority interests and discontinued operations....	153,826	145,705	185,290	151,765	198,126
Income from continuing operations.....	82,587	86,759	119,934	108,312	165,151
Income from discontinued operations.....	51,432	37,478	18,019	13,470	10,952
Net income available to common stockholders.....	121,607	116,153	121,853	113,282	167,603
Net income from continuing operations per common share:					
Basic(3).....	0.87	0.94	1.23	1.19	1.81
Diluted(3).....	0.85	0.93	1.22	1.19	1.81
Net income from discontinued operations per common share:					
Basic(3).....	0.63	0.45	0.22	0.16	0.13
Diluted(3).....	0.62	0.44	0.21	0.16	0.13
Net income per common share:					
Basic(3).....	1.50	1.39	1.45	1.35	1.94

Diluted(3).....	1.47	1.37	1.43	1.35	1.94
Dividends declared per common share.....	1.66	1.64	1.58	1.48	1.40
OTHER DATA					
Funds from operations(4).....	\$ 186,666	\$ 215,194	\$ 186,707	\$ 202,751	\$ 190,678
Funds from operations per common share and unit:					
Basic.....	2.17	2.44	2.09	2.26	2.10
Diluted.....	2.13	2.40	2.07	2.25	2.10
EBITDA(5).....	\$ 462,847	\$ 465,169	\$ 430,863	\$ 350,392	\$ 319,290
Cash flows provided by (used in):					
Operating activities.....	271,536	288,801	288,562	261,175	198,939
Investing activities.....	(348,003)	(244,390)	(363,152)	(726,499)	55,184
Financing activities.....	112,022	(28,150)	127,303	452,370	(240,721)
BALANCE SHEET DATA					
Investments in real estate at cost.....	\$5,491,707	\$4,922,782	\$4,527,511	\$4,026,597	\$3,249,452
Total assets.....	5,420,666	4,989,294	4,765,743	4,433,207	3,631,175
Total consolidated debt.....	2,574,257	2,235,361	2,143,714	1,843,857	1,279,662
Our share of total debt(6).....	1,954,314	1,691,737	1,655,386	1,681,161	1,168,218
Stockholders' equity.....	1,666,899	1,680,950	1,749,142	1,767,930	1,829,259

</Table>

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

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(2) In July 2003, the U.S. Securities and Exchange Commission announced that it had revised its position relating to the application of Emerging Issues Task Force Topic No. D-42, The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock, ("Topic D-42"). As a result of this announcement, original issuance costs related to preferred equity are to be reflected as a reduction of net income available to common stockholders in determining earnings per share for the period in which the preferred equity is redeemed. The announcement requires retroactive application of the revised position in previously issued financial statements. As a result, our financial statements for the year ending December 31, 2001, are restated to reflect a reduction in net income available to common stockholders of \$3.2 million, representing the original issuance costs of AMB Property II, L.P.'s series C preferred units, which were redeemed in December 2001. Diluted earnings per share for the year ended December 31, 2001 was \$1.43 compared to \$1.47 as previously reported. The U.S. Securities and Exchange Commission's revised position on Topic D-42 did not require us to file amendments to previously filed reports and will not impact any other previously reported periods.

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

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

(5) For an explanation of earnings before interest, tax, depreciation and amortization, or EBITDA, and a discussion of why management believes that EBITDA is a meaningful supplemental measure of our operating performance, please see "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations -- Supplemental Earnings Measures".

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

default under any or all of such loans or a liquidation of the joint ventures. For a reconciliation of our share of total debt to total consolidated debt, a GAAP financial measure, please see the table of debt maturities and capitalization in Part II. "Item 7. Liquidity and Capital Resources -- Capital Resources".

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

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

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

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

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

GENERAL

We commenced operations as a fully integrated real estate company effective with the completion of our initial public offering on November 26, 1997, and elected to be taxed as a real estate investment trust under Sections 856 through 860 of the Internal Revenue Code of 1986 with our initial tax return for the

year ended December 31, 1997. AMB Property Corporation and AMB Property, L.P. were formed shortly before the consummation of our initial public offering. We refer to AMB Property, L.P. as the "operating partnership."

MANAGEMENT'S OVERVIEW

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

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

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

<Table>
<Caption>

PROPERTY DATA	U.S. HUB MARKETS (1)	TOTAL OTHER MARKETS	TOTAL/WEIGHTED AVERAGE
-----	-----	-----	-----
<S>	<C>	<C>	<C>
For the year ended December 31, 2003:			
% of total rentable square feet.....	75.0%	25.0%	100.0%
Occupancy percentage at year end.....	93.5%	91.9%	93.1%
Same space square footage leased.....	13,636,050	3,636,967	17,273,017
Rent increases/(decreases) on renewals and rollovers.....	(12.7)%	1.7%	(10.1)%
For the year ended December 31, 2002:			
% of total rentable square feet.....	70.0%	30.0%	100.0%
Occupancy percentage at year end.....	95.5%	92.5%	94.6%
Same space square footage leased.....	10,303,683	4,396,916	14,700,599
Rent increases/(decreases) on renewals and rollovers.....	(1.8)%	1.0%	(1.0)%

</Table>

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

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

overall industrial market, according to Torto Wheaton Research. Rents on

industrial renewals and rollovers in our portfolio decreased 1.0% during 2002 and 10.1% during 2003.

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

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

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

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

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

SUMMARY OF KEY TRANSACTIONS IN 2003

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

- Acquired 82 buildings in the U.S., Mexico, Europe and Asia, aggregating approximately 6.5 million square feet, for \$533.9 million, including \$238.3 million invested through two of our co-investment joint ventures;
- Completed industrial development projects in the U.S., Mexico and Europe, comprising 1.6 million square feet, for a total investment of \$105.7 million;
- Expanded our development pipeline, which at December 31, 2003, included projects in the U.S., Mexico, Singapore and Spain totaling 5.0 million square feet with an expected total investment of

\$233.0 million, of which \$91.2 million was invested as of December 31, 2003 and of which 34% was pre-leased;

- Divested ourselves of 24 industrial buildings and two retail centers,

aggregating approximately 2.8 million square feet, for an aggregate price of \$272.3 million; and

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

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

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

- Raised \$103.4 million, net of costs, from the issuances of \$50.0 million of our 6.5% Series L Cumulative Redeemable Preferred Stock and \$57.5 million of our 6.75% Series M Cumulative Redeemable Preferred Stock;
- Raised \$125.0 million from the issuance by the operating partnership of \$75.0 million of 5.53%, 10-year, unsecured fixed-rate notes and \$50.0 million of floating rate unsecured notes at a rate of three month-LIBOR telerate plus 40 basis points;
- Redeemed all of our outstanding 8.5% Series A Cumulative Redeemable Preferred Stock and all of the operating partnership's outstanding 8 5/8% Series B Cumulative Redeemable Preferred Units for an aggregate of \$165.8 million;
- Repurchased 812,900 shares of our common stock for \$21.2 million;
- Obtained long-term secured debt financing for our co-investment joint ventures totaling \$177.0 million at an average rate of 4.3%; and
- Repaid the \$45.5 million outstanding balance on the AMB Institutional Alliance Fund II, L.P. credit facility with capital contributions and secured debt financing proceeds.

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

CRITICAL ACCOUNTING POLICIES

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

Investments in Real Estate. Investments in real estate are stated at cost unless circumstances indicate that cost cannot be recovered, in which case, the carrying value of the property is reduced to estimated fair value. We also record at acquisition an intangible asset or liability for the value attributable to above or below-market leases, in-place leases and lease origination costs for all acquisitions subsequent to July 1, 2001. Carrying values for financial reporting purposes are reviewed for impairment on a property-by-property basis whenever events or changes in circumstances indicate that the carrying value of a property may not be recoverable. Impairment is recognized when estimated expected future cash flows (undiscounted and without interest charges) are less than the carrying amount of the property. The estimation of expected future net cash flows is inherently uncertain and relies on assumptions regarding current and future market conditions and the availability of capital. Examples of certain situations that could affect future cash flows of a property may

include, but are not limited to: significant decreases in occupancy; unforeseen bankruptcy, lease termination and move-out of a major customer; or a significant decrease in annual base rents of that property. If impairment analysis assumptions change, then an adjustment to the carrying amount of our long-lived assets could occur in the future period in which the assumptions change. To the extent that a property is impaired, the excess of the carrying amount of the property over its estimated fair value is charged to earnings.

Revenue Recognition. We record rental revenue from operating leases on a

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

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

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

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

RESULTS OF OPERATIONS

The analysis below includes changes attributable to same store growth, acquisitions, development activity and divestitures. Same store properties are those that we owned during both the current and prior year reporting periods, excluding development properties prior to being stabilized subsequent to December 31, 2001 (generally defined as properties that are 90% leased or properties for which we have held a certificate of occupancy or where building has been substantially complete for at least 12 months). As of December 31,

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2003, same store industrial properties consisted of properties aggregating approximately 72.0 million square feet. The properties acquired during 2003, consisted of 82 buildings, aggregating approximately 6.5 million square feet. The properties acquired during 2002 consisted of 43 buildings, aggregating approximately 5.4 million square feet. During 2003, property divestitures and contributions consisted of 48 industrial buildings and two retail centers, aggregating approximately 5.3 million square feet. In 2002, property divestitures consisted of 58 industrial and two retail buildings, aggregating approximately 5.7 million square feet. Our future financial condition and results of operations, including rental revenues, may be impacted by the acquisition of additional properties and dispositions. Our future revenues and expenses may vary materially from historical results.

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002 (DOLLARS IN MILLIONS)

<Table>

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

</Table>

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

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increase in private capital income was primarily due to incentive distributions earned from AMB Partners II, L.P.

<Caption> COSTS AND EXPENSES	2003	2002	\$ CHANGE	% CHANGE
<S>	<C>	<C>	<C>	<C>
Property operating costs:				
Rental expenses.....	\$ 88.5	\$ 76.4	\$12.1	15.8%
Real estate taxes.....	71.4	67.7	3.7	5.5%
Total property operating costs.....	\$159.9	\$144.1	\$15.8	11.0%
Property operating costs U.S. industrial:				
Same store.....	\$128.6	\$125.2	\$ 3.4	2.7%
2002 acquisitions.....	17.6	6.8	10.8	158.8%
2003 acquisitions.....	3.6	--	3.6	--%
Development.....	3.3	3.8	(0.5)	(13.2)%
Other industrial.....	3.9	5.7	(1.8)	(31.6)%
International industrial.....	0.4	--	0.4	--%
Retail.....	2.5	2.6	(0.1)	(3.8)%
Total property operating costs.....	159.9	144.1	15.8	11.0%
Depreciation and amortization.....	133.5	123.4	10.1	8.2%
Impairment losses.....	5.3	2.9	2.4	82.8%
General and administrative.....	47.7	47.2	0.5	1.1%
Total costs and expenses.....	\$346.4	\$317.6	\$28.8	9.1%

</Table>

The \$3.4 million increase in same store properties' operating expenses was primarily due to increases in common area maintenance expenses of \$3.4 million, including snow removal, and real estate taxes of \$0.9 million, partially offset by a decrease in insurance expenses of \$1.2 million. The 2002 acquisitions consisted of 43 buildings, aggregating approximately 5.4 million square feet. The 2003 acquisitions consist of 82 buildings, aggregating approximately 6.5 million square feet. Other industrial includes expenses from divested properties not classified as discontinued operations. The increase in depreciation and amortization expense was due to the increase in our net investment in real estate, partially offset by a reduction of \$2.1 million for the recovery, through the settlement of a lawsuit, of capital expenditures paid in prior years. The 2003 impairment loss was on investments in real estate and leasehold interests that we continue to hold for long-term investment. The 2002 impairment

included losses for lease cost write-offs of \$1.7 million and an impairment on a portion of our planned property contributions of \$1.2 million. The increase in general and administrative expenses was primarily due to increased stock-based compensation expense of \$2.8 million resulting from our decision to expense stock options under SFAS No. 123 prospectively and the issuance of additional restricted stock, partially offset by decreased personnel costs and taxes.

<Table>				
<Caption>				
OTHER INCOME AND (EXPENSES)	2003	2002	\$ CHANGE	% CHANGE
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Equity in earnings of unconsolidated joint ventures.....	\$ 5.5	\$ 5.7	\$ (0.2)	(3.5)%
Interest and other income.....	4.7	10.4	(5.7)	(54.8)%
Gains from dispositions of real estate.....	7.4	2.5	4.9	196.0%
Development profits, net of taxes.....	14.4	1.2	13.2	1,100.0%
Interest, including amortization.....	(146.8)	(146.2)	0.6	0.4%
	-----	-----	-----	-----
Total other income and (expenses).....	\$ (114.8)	\$ (126.4)	\$ (11.6)	(9.2)%
	=====	=====	=====	=====

</Table>

The decrease in interest and other income was primarily due to the repayment in full of a \$74.0 million 9.5% mortgage note receivable in July 2002. The increase in gains from dispositions of real estate (not classified as discontinued operations) resulted from our contribution of \$94.0 million in operating properties to our newly formed co-investment joint venture, Industrial Fund I, LLC, in February 2003. We recognized a gain of \$7.4 million on the contribution, representing the portion of the contributed properties acquired by the

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third-party investors. During 2002, we sold two industrial buildings and one retail center, aggregating approximately 0.8 million square feet, for an aggregate price of \$50.6 million, with a resulting loss of \$0.8 million. In June 2002, we also contributed \$76.9 million in operating properties to our consolidated co-investment joint venture, AMB-SGP, LP. We recognized a gain of \$3.3 million on the contribution, representing the portion of the contributed properties acquired by the third-party investors. The property contributions and 2002 divestitures of properties held for disposition at December 31, 2001, were not classified as discontinued operations under the provisions of SFAS No. 144. The increase in development profits, net of taxes, resulted from an increased sales volume of \$57.8 million in 2003.

<Table>				
<Caption>				
DISCONTINUED OPERATIONS	2003	2002	\$ CHANGE	% CHANGE
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Income attributable to discontinued operations, net of minority interests.....	\$ 8.5	\$20.6	\$ (12.1)	(58.7)%
Interest, including amortization.....	42.9	16.9	26.0	153.8%
	-----	-----	-----	-----
Total discontinued operations.....	\$51.4	\$37.5	\$ (13.9)	(37.1)%
	=====	=====	=====	=====

</Table>

During 2003, we divested ourselves of 24 industrial buildings and two retail centers, aggregating approximately 2.8 million square feet, for an aggregate price of \$272.3 million, with a resulting net gain of \$42.9 million. During 2002, we divested ourselves of 56 industrial buildings, one retail center and an undeveloped land parcel, aggregating approximately 4.9 million square feet, for an aggregate price of \$193.4 million, with a resulting net gain of \$10.6 million. In November 2002, our joint venture partner in AMB Partners II, L.P. increased its ownership in AMB Partners II, L.P. from 50% to 80% by acquiring 30% of the operating partnership's interest in AMB Partners II, L.P. We recognized a gain of \$6.3 million on the sale of the operating partnership's 30% interest.

<Table>				
<Caption>				
PREFERRED STOCK	2003	2002	\$ CHANGE	% CHANGE
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Preferred stock dividends.....	\$ (7.0)	\$ (8.5)	\$ 1.5	17.6%
Preferred stock and unit redemption discount/(issuance costs or premium).....	(5.4)	0.4	(5.8)	(1,450.0)%
	-----	-----	-----	-----
Total preferred stock.....	\$ (12.4)	\$ (8.1)	\$ (4.3)	(53.1)%
	=====	=====	=====	=====

</Table>

In July 2003, we redeemed all 3,995,800 outstanding shares of our 8.5%

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

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001 (DOLLARS IN MILLIONS)

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

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

COSTS AND EXPENSES	2002	2001	\$ CHANGE	% CHANGE
Property operating costs:				
Rental expenses.....	\$ 76.4	\$ 63.7	\$ 12.7	19.9%
Real estate taxes.....	67.7	62.6	5.1	8.1%
Total property operating costs.....	\$144.1	\$126.3	\$ 17.8	14.1%
Property operating costs:				
U.S. industrial:				
Same store.....	\$125.2	\$112.4	\$ 12.8	11.4%
2002 acquisitions.....	6.9	--	6.9	--%
Development.....	3.4	--	3.4	--%
Other industrial.....	6.1	11.1	(5.0)	(45.0)%
International industrial.....	(0.1)	--	(0.1)	--%
Retail.....	2.6	2.8	(0.2)	(7.1)%
Total property operating costs.....	144.1	126.3	17.8	14.1%
Depreciation and amortization.....	123.4	103.6	19.8	19.1%
Impairment losses.....	2.9	18.6	(15.7)	(84.4)%
General and administrative.....	47.2	35.8	11.4	31.8%
Total costs and expenses.....	\$317.6	\$284.3	\$ 33.3	11.7%

The \$12.8 million increase in same store properties' operating expenses primarily relates to increases in real estate taxes of \$5.1 million, insurance expenses of \$4.3 million and increases in common area maintenance expenses of \$2.7 million. Other industrial property operating costs include expenses from sold properties not classified as discontinued operations. The increase in depreciation expense was due to the increase in our net investment in real estate. The 2002 impairment included losses for lease cost write-offs of \$1.7 million and an impairment on a portion of our planned property contributions of \$1.2 million. The 2001 impairment loss included losses for investments in retail real estate totaling \$13.0 million, leasehold interests that we continue to hold for long-term investment totaling \$4.3 million and industrial real estate properties held for disposition totaling \$1.3 million. The increase in general and administrative expenses was primarily due to the consolidation of AMB

Investment Management, Inc. (predecessor-in-interest to AMB Capital Partners, LLC) and Headlands Realty Corporation on May 31, 2001. Prior to May 31, 2001, general and administrative expenses did not include expenses incurred by these two unconsolidated preferred stock subsidiaries. General and administrative expenses would have been \$39.4 million had the subsidiaries been consolidated beginning January 1, 2001. The increase in general and administrative expenses was also due to increased stock-based compensation expense due to our decision to expense stock options under

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SFAS No. 123 prospectively, additional staffing and expenses for new initiatives, including our international expansion and income taxes for our taxable REIT subsidiaries.

<Table>
<Caption>

OTHER INCOME AND (EXPENSES)	2002	2001	\$ CHANGE	% CHANGE
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Equity in earnings of unconsolidated joint ventures.....	\$ 5.7	\$ 5.5	\$ 0.2	3.6%
Interest and other income.....	10.4	16.3	(5.9)	(36.2)%
Gains from dispositions of real estate.....	2.5	41.9	(39.4)	(94.0)%
Development profits, net of taxes.....	1.2	17.3	(16.1)	(93.1)%
Loss on investments in other companies.....	--	(20.8)	20.8	--%
Interest, including amortization.....	(146.2)	(124.8)	21.4	17.1%
	-----	-----	-----	-----
Total other income and (expenses).....	\$ (126.4)	\$ (64.6)	\$ 61.8	95.7%
	=====	=====	=====	=====

</Table>

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

<Table>
<Caption>

DISCONTINUED OPERATIONS	2002	2001	\$ CHANGE	% CHANGE
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Income attributable to discontinued operations, net of minority interests.....	\$20.6	\$18.0	\$ 2.6	14.4%
Interest, including amortization.....	16.9	--	16.9	--%
	-----	-----	-----	-----
Total discontinued operations.....	\$37.5	\$18.0	\$19.5	108.3%
	=====	=====	=====	=====

</Table>

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

<Table>
<Caption>

PREFERRED STOCK	2002	2001	\$ CHANGE	% CHANGE
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Preferred stock dividends.....	\$ (8.5)	\$ (8.5)	\$ --	--%
Preferred stock and unit redemption discount/(issuance costs or premium).....	0.4	(7.6)	8.0	105.3%
	-----	-----	-----	-----
Total preferred stock.....	\$ (8.1)	\$ (16.1)	\$ 8.0	49.7%
	=====	=====	=====	=====

</Table>

On December 5, 2001, AMB Property II, L.P. redeemed all 2,200,000 of its outstanding 8.75% Series C Cumulative Redeemable Preferred Limited Partnership Units at a premium of \$4.4 million and we recognized a reduction of income available to common stockholders of \$3.2 million for the original issuance costs. In July 2003, the U.S. Securities and Exchange Commission announced that it had revised its position relating to the application of Emerging Issues Task Force Topic No. D-42, The Effect on the Calculation of Earnings per Share for

the Redemption or Induced Conversion of Preferred Stock, ("Topic D-42"). As a result of this announcement, original issuance costs related to preferred equity are to be reflected as a reduction of income available to common stockholders in determining earnings per share for the period in which the preferred equity is redeemed. The announcement requires retroactive application of the revised position in previously issued financial statements. As a result, our financial statements for the year ending December 31, 2001, have been restated to reflect a reduction in income available to common stockholders of \$3.2 million, representing the original issuance costs of AMB Property II, L.P.'s series C preferred units. Diluted earnings per share for the year ended December 31, 2001, was \$1.43 compared to \$1.47 as previously reported. The U.S. Securities

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and Exchange Commission's revised position on Topic D-42 did not require us to file amendments to previously filed reports and will not impact any other previously reported periods.

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

We currently expect that our principal funding requirements will include:

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

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

CAPITAL RESOURCES

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

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

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

Properties Held for Divestiture. As of December 31, 2003, we had decided

to divest ourselves of one retail land parcel and one industrial building, which are not in our core markets or which do not meet our current strategic objectives. The divestitures of the properties are subject to negotiation of acceptable terms

and other customary conditions. As of December 31, 2003, the net carrying value of the properties held for divestiture was \$11.8 million.

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

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

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

<Table>
<Caption>

CO-INVESTMENT JOINT VENTURE	JOINT VENTURE PARTNER	OUR APPROXIMATE OWNERSHIP PERCENTAGE	ORIGINAL PLANNED CAPITALIZATION (1)
<S>	<C>	<C>	<C>
AMB/Erie, L.P.	Erie Insurance Company and affiliates	50%	\$200,000
AMB Institutional Alliance Fund I, L.P.	AMB Institutional Alliance REIT I, Inc.(2)	21%	\$420,000
AMB Partners II, L.P.	City and County of San Francisco Employees' Retirement System	20%	\$500,000
AMB-SGP, L.P.	Industrial JV Pte Ltd(3)	50%	\$425,000
AMB Institutional Alliance Fund II, L.P.	AMB Institutional Alliance REIT II, Inc.(4)	20%	\$489,000
AMB-AMS, L.P.(5).....	BPMT and TNO(6)	39%	\$200,000

- - - - -

- (1) Planned capitalization includes anticipated debt and both partners' expected equity contributions.
- (2) Included 15 institutional investors as stockholders as of December 31, 2003.
- (3) A subsidiary of the real estate investment subsidiary of the Government of Singapore Investment Corporation.
- (4) Included 13 institutional investors as stockholders as of December 31, 2003.
- (5) AMB-AMS, L.P. is a commitment to form a co-investment partnership with two Dutch pension funds advised by Mn Services NV.
- (6) BPMT is Stichting Bedrijfspensioenfonds voor de Metaal en Technische Bedrijfstacken and TNO is Stichting Pensioenfonds TNO.

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

On June 23, 2003, we issued and sold 2,000,000 shares of 6.5% Series L Cumulative Redeemable Preferred Stock at a price of \$25.00 per share. Dividends are cumulative from the date of issuance and payable quarterly in arrears at a rate per share equal to \$1.625 per annum. The series L preferred stock is redeemable by us on or after June 23, 2008, subject to certain conditions, for cash at a redemption price equal to \$25.00 per share, plus accumulated and

unpaid dividends thereon, if any, to the redemption date. We

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contributed the net proceeds of \$48.0 million to the operating partnership, and in exchange, the operating partnership issued to us 2,000,000 6.5% Series L Cumulative Redeemable Preferred Units. The operating partnership used the proceeds, in addition to proceeds previously contributed to the operating partnership from other equity issuances, to redeem all 3,995,800 of its 8.5% Series A Cumulative Redeemable Preferred Units from us on July 28, 2003. We, in turn, used those proceeds to redeem all 3,995,800 of our 8.5% Series A Cumulative Redeemable Preferred Stock for \$100.2 million, including all accumulated and unpaid dividends thereon, to the redemption date.

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

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

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

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

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

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

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

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

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In June 1998, the operating partnership issued \$400.0 million of unsecured senior debt securities. Interest on the unsecured senior debt securities is

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

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

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

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

nated in Euros and Yen and translated to U.S. dollars at December 31, 2003, of \$83.1 million and \$47.6 million, respectively.

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

repaid the credit facility with capital contributions and secured debt financing proceeds and terminated the credit facility.

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

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

<Table>
<Caption>

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

- (1) The weighted average interest and maturity for the unconsolidated joint venture debt were 6.1% and 5.8 years, respectively.
- (2) Includes Euro and Yen based borrowings translated to U.S. dollars using the foreign exchange rates at December 31, 2003.
- (3) Our share of total debt is the pro rata portion of the total debt based on our percentage of equity interest in each of the consolidated ventures holding the debt. We believe that our share of total debt is a meaningful supplemental measure, which enables both management and investors to analyze our leverage

and to compare our leverage to that of other companies. In addition, it allows for a more meaningful comparison of our debt to that of other companies that do not consolidate their joint ventures. Our share of total debt is not intended to reflect our actual liability should there be a default under any or all of such loans or a liquidation of the joint ventures. The above table reconciles our share of total debt to total consolidated debt, a GAAP financial measure. For the calculation of the joint venture partners' share of consolidated joint venture debt used in the above table, please see Part 1. "Item 2. Properties Held Through Joint Ventures, Limited Liability Companies and Partnerships -- Co-investment Joint Ventures".

<Table>
<Caption>

SECURITY	SHARES/UNITS OUTSTANDING	MARKET PRICE	MARKET VALUE
<S>	<C>	<C>	<C>
Common stock.....	81,792,913	\$32.88	\$2,689,351
Common limited partnership units(1).....	4,763,790	\$32.88	156,633
Total.....	86,556,703		\$2,845,984

</Table>

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

<Table>
<Caption>

PREFERRED STOCK AND UNITS

SECURITY	DIVIDEND RATE	LIQUIDATION PREFERENCE	REDEMPTION DATE
<S>	<C>	<C>	<C>
Series D preferred units.....	7.75%	\$ 79,767	May 2004
Series E preferred units.....	7.75%	11,022	August 2004
Series F preferred units.....	7.95%	10,057	March 2005
Series H preferred units.....	8.13%	42,000	September 2005
Series I preferred units.....	8.00%	25,500	March 2006
Series J preferred units.....	7.95%	40,000	September 2006
Series K preferred units.....	7.95%	40,000	April 2007
Series L preferred stock.....	6.50%	50,000	June 2008
Series M preferred stock.....	6.75%	57,500	November 2008
Weighted average/total.....	7.53%	\$355,846	

</Table>

<Table>
<Caption>

CAPITALIZATION RATIOS

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

</Table>

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

LIQUIDITY

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

Our board of directors declared a regular cash dividend for the quarter ended December 31, 2003, of \$0.415 per share of common stock and the operating partnership announced its intention to pay a regular cash distribution for the quarter ended December 31, 2003, of \$0.415 per common unit. The dividends and distributions were payable on January 5, 2004, to stockholders and unitholders of record on December 22, 2003. The series L and M preferred stock dividends were payable on January 15, 2004, to stockholders of record on January 5, 2004. The series E, F, J and K preferred unit distributions were payable on January

15, 2004 in respect of the period commencing on and including October 15, 2003 and ending on and including January 14, 2004. The series D, H and I preferred unit distributions were payable on December 26, 2003 in respect of the period commencing on and including October 15, 2003 and ending on and including January 14, 2004. The following table sets forth the dividends and distributions paid or payable per share or unit for the years ended December 31, 2003, 2002 and 2001:

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

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

CAPITAL COMMITMENTS

Developments. In addition to recurring capital expenditures, which consist of building improvements and leasing costs incurred to renew or re-tenant space, during 2003, we initiated 13 new industrial development projects with a total estimated investment of \$226.4 million at completion, aggregating an estimated 4.9 million square feet, including 438 acres of land for development in Miami's Airport West submarket for \$29.7 million. The master planned park, called Beacon Lakes, is entitled for 6.8 million square feet of properties for lease or sale. We began development of the first two buildings at Beacon Lakes, which will aggregate approximately 0.4 million square feet and have an estimated investment of \$19.2 million. As of December 31, 2003, we had 16 projects in our development pipeline representing a total estimated investment

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of \$233.0 million upon completion and four development projects available for sale representing a total estimated investment of \$38.8 million upon completion. Of this total, \$112.2 million had been funded as of December 31, 2003, and an estimated \$159.6 million was required to complete current and planned projects. We expect to fund these expenditures with cash from operations, borrowings under our credit facility, debt or equity issuances, net proceeds from property divestitures, and private capital from co-investment partners, which could have an adverse effect on our cash flow.

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

co-investment joint ventures. We financed the first tranche, and expect to finance the remainder of the purchase price, through additional debt financings and proceeds from property dispositions.

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

<S>	<C>
2004.....	\$ 20,149
2005.....	20,272
2006.....	20,922
2007.....	21,120
2008.....	21,340
Thereafter.....	283,965

Total.....	\$387,768
	=====

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

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

Captive Insurance Company. In December 2001, we formed a wholly-owned captive insurance company, Arcata National Insurance Ltd., which provides insurance coverage for all or a portion of losses below the deductible under our third-party policies. We capitalized Arcata National Insurance Ltd. in accordance with the applicable regulatory requirements. Arcata National Insurance Ltd. established annual premiums based on projections derived from the past loss experience of our properties. Annually, we engage an independent third party to perform an actuarial estimate of future projected claims, related deductibles and projected expenses necessary to fund associated risk management programs. Premiums paid to Arcata National Insurance Ltd. may be adjusted based on this estimate. Premiums paid to Arcata National Insurance Ltd. have a retrospective component, so that if expenses, including losses and deductibles, are less than

premiums collected, the excess may be returned to the property owners (and, in turn, as appropriate, to the customers) and conversely, subject to certain limitations, if expenses, including losses, are greater than premiums collected, an additional premium will be charged. As with all recoverable expenses, differences between estimated and actual insurance premiums will be recognized in the subsequent year. Through this structure, we believe that we have more comprehensive insurance coverage at an overall lower cost than would otherwise be available in the market.

Potential Unknown Liabilities. Unknown liabilities may include the following:

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

OVERVIEW OF CONTRACTUAL OBLIGATIONS

The following table summarizes our debt, interest and lease payments due by

period as of December 31, 2003 (dollars in thousands):

<Table>

<Caption>

CONTRACTUAL OBLIGATIONS	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Debt.....	\$ 98,470	\$ 854,763	\$514,704	\$1,095,531	\$2,563,468
Debt interest payments.....	157,424	271,085	205,978	72,533	707,020
Operating lease commitments.....	20,149	41,194	42,460	283,965	387,768
Total.....	\$276,043	\$1,167,042	\$763,142	\$1,452,029	\$3,658,256

</Table>

OFF-BALANCE SHEET ARRANGEMENTS

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

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

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

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

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SUPPLEMENTAL EARNINGS MEASURES

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

While FFO is a relevant and widely used measure of operating performance of real estate investment trusts, it does not represent cash flow from operations or net income as defined by GAAP and should not be considered as an alternative

to those measures in evaluating our liquidity or operating performance. FFO also does not consider the costs associated with capital expenditures related to our real estate assets nor is FFO necessarily indicative of cash available to fund our future cash requirements. Further, our computation of FFO may not be comparable to FFO reported by other real estate investment trusts that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than we do.

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

<Table>
<Caption>

	2003(1)	2002(2) (RESTATED)	2001(2) (RESTATED)	2000(2) (RESTATED)	1999(2) (RESTATED)
Net income.....	\$ 134,019	\$ 124,237	\$ 137,953	\$ 121,782	\$ 176,103
Gains from dispositions of real estate.....	(50,325)	(19,383)	(41,859)	(7,044)	(51,262)
Real estate related depreciation and amortization:					
Total depreciation and amortization.....	133,514	123,380	103,565	84,752	62,896
Discontinued operations' depreciation.....	3,381	9,587	7,849	5,606	4,139
Furniture, fixtures and equipment depreciation.....	(720)	(712)	(731)	(380)	(654)
Ground lease amortization.....	--	(2,301)	(1,232)	(734)	(348)
Adjustments to derive FFO from consolidated joint ventures:					
Joint venture partners' minority interests (NI).....	34,412	28,940	25,973	11,750	5,261
Limited partnership unitholders' minority interests (NI).....	3,778	4,661	5,830	7,090	8,213

</Table>

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<Table>
<Caption>

	2003(1)	2002(2) (RESTATED)	2001(2) (RESTATED)	2000(2) (RESTATED)	1999(2) (RESTATED)
Limited partnership unitholders' minority interests (Development profits).....	344	57	764	--	--
Discontinued operations' minority interests (NI).....	1,968	3,246	2,292	1,508	1,036
FFO attributable to minority interests.....	(65,603)	(52,051)	(40,144)	(15,055)	(8,182)
Adjustments to derive FFO from unconsolidated joint ventures:					
Our share of net income.....	(5,445)	(5,674)	(5,467)	(5,212)	(4,701)
Our share of FFO.....	9,755	9,291	8,014	7,188	6,677
Preferred stock dividends.....	(6,999)	(8,496)	(8,500)	(8,500)	(8,500)
Preferred stock and unit redemption discount/(issuance costs).....	(5,413)	412	(7,600)	--	--
Funds from operations.....	\$ 186,666	\$ 215,194	\$ 186,707	\$ 202,751	\$ 190,678
Basic FFO per common share and unit.....	\$ 2.17	\$ 2.44	\$ 2.09	\$ 2.26	\$ 2.10
Diluted FFO per common share and unit.....	\$ 2.13	\$ 2.40	\$ 2.07	\$ 2.25	\$ 2.10
Weighted average common shares and units:					
Basic.....	85,859,899	88,204,208	89,286,379	89,566,375	90,792,310
Diluted.....	87,616,365	89,689,310	90,325,801	90,024,511	90,867,934

</Table>

(1) In the quarter ended June 30, 2003, and effective January 1, 2003, we discontinued our practice of deducting amortization of investments in leasehold interests from FFO as such an adjustment is not provided for in NAREIT's FFO definition. Basic FFO per share would have been \$2.47, \$2.10,

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

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

EBITDA. We use earnings before interest, tax, depreciation and amortization, or EBITDA, to measure both our operating performance and liquidity. We consider EBITDA to provide investors relevant and useful information because it permits fixed income investors to view income from our operations on an unleveraged basis before the effects of non-cash depreciation and amortization expense. By excluding interest expense, EBITDA allows investors to measure our operating performance independent of our capital structure and indebtedness and, therefore, allows for a more meaningful comparison of our operating performance between quarters as well as annual periods and to compare our operating performance to that of other companies, both in the real estate industry and in other industries. We consider EBITDA to be a useful supplemental measure for reviewing our comparative performance with other companies because, by excluding non-cash depreciation expense, EBITDA can help the investing public compare the performance of a real estate company to that of companies in other industries. As a liquidity measure, we believe that EBITDA helps fixed income and equity investors to analyze our ability to meet our debt service obligations and to make our quarterly preferred share

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and unit distributions. Management uses EBITDA in the same manner as we expect investors to when measuring our operating performance and our liquidity; specifically when assessing our operating performance, and comparing that performance to other companies, both in the real estate industry and in other industries, and when evaluating our ability to meet our debt service obligations and to make our quarterly preferred share and unit distributions. We believe investors should consider EBITDA, in conjunction with net income (the primary measure of our performance) and the other required GAAP measures of our performance and liquidity, to improve their understanding of our operating results and liquidity, and to make more meaningful comparisons of the performance of our assets between periods and as against other companies.

By excluding interest, taxes, depreciation and amortization when assessing our financial performance, an investor is assessing the earnings generated by our operations, but not taking into account the eliminated expenses incurred in connection with such operations. As a result, EBITDA has limitations as an analytical tool and should be used in conjunction with our required GAAP presentations. EBITDA does not reflect our historical cash expenditures or our future cash requirements for working capital, capital expenditures or contractual commitments. EBITDA also does not reflect the cash required to make interest and principal payments on our outstanding debt. While EBITDA is a relevant and widely used measure of operating performance and liquidity, it does not represent net income or cash flow from operations as defined by GAAP and it should not be considered as an alternative to those indicators in evaluating operating performance or liquidity. Further, our computation of EBITDA may not be comparable to EBITDA reported by other companies.

The following table reflects the calculation of EBITDA reconciled to net income, a GAAP financial measure, for the years ended December 31, (dollars in thousands):

<Table>
<Caption>

	2003	2002	2001	2000	1999
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Net income.....	\$134,019	\$124,237	\$137,953	\$121,782	\$176,103
Depreciation and amortization.....	133,514	123,380	103,565	84,752	62,896
Impairment losses.....	5,251	2,846	18,600	5,900	469
Stock-based compensation amortization...	8,075	5,265	2,725	1,022	952
Adjustments to derive EBITDA from unconsolidated joint ventures:					
Our share of net income(1).....	(5,445)	(5,674)	(5,467)	(5,212)	(4,701)
Our share of FFO(2).....	9,755	9,291	8,014	7,188	6,677
Our share of interest expense(3).....	2,775	2,326	2,244	1,167	1,325
Gains from dispositions of real estate.....	(7,429)	(2,480)	(41,859)	(7,044)	(51,262)
Interest, including amortization.....	146,773	146,200	124,833	85,816	84,655
Total minority interests' share of income.....	71,239	58,946	65,356	43,453	32,975

Total discontinued operations.....	(51,432)	(37,478)	(18,019)	(13,470)	(10,952)
Discontinued operations' EBITDA.....	15,752	38,310	32,918	25,038	20,153
	-----	-----	-----	-----	-----
EBITDA.....	\$462,847	\$465,169	\$430,863	\$350,392	\$319,290
	=====	=====	=====	=====	=====

</Table>

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The following table reflects the calculation of EBITDA reconciled to net cash provided by operating activities, a GAAP financial measure, for the years ended December 31, (dollars in thousands):

<Table>
<Caption>

	2003	2002	2001	2000	1999
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Net cash provided by operating activities.....	\$271,536	\$288,801	\$288,562	\$261,175	\$198,939
Straight-line rents.....	10,662	11,013	10,093	10,203	10,847
Adjustments to derive EBITDA from unconsolidated joint ventures:					
Our share of FFO(2).....	9,755	9,291	8,014	7,188	6,677
Our share of interest expense(3).....	2,775	2,326	2,244	1,167	1,325
Equity in loss of AMB Investment Management, Inc.	--	--	(43)	(3,159)	(875)
Development profits, net of taxes.....	14,441	1,171	17,276	--	--
Loss on investments in other companies.....	--	--	(20,758)	(2,500)	--
Interest, including amortization.....	146,773	146,200	124,833	85,816	84,655
Debt premiums, discounts and finance cost amortization, net.....	(2,049)	58	3,562	6,055	3,009
Discontinued operations' interest, including amortization.....	1,867	4,902	4,758	4,454	4,026
Changes in assets and liabilities:					
Accounts receivable and other assets.....	14,603	8,269	(14,303)	37,664	(4,247)
Accounts payable and other liabilities.....	(7,516)	(6,862)	6,625	(57,671)	14,934
	-----	-----	-----	-----	-----
EBITDA.....	\$462,847	\$465,169	\$430,863	\$350,392	\$319,290
	=====	=====	=====	=====	=====

</Table>

- -----

- (1) Our share of net income is the pro rata portion of net income based on our percentage of equity interest in each of the unconsolidated ventures contributing to net income.
- (2) Our share of FFO is the pro rata portion of FFO based on our percentage of equity interest in each of the unconsolidated ventures contributing to FFO.
- (3) Our share of interest expense is the pro rata portion of interest expense based on our percentage of equity interest in each of the unconsolidated ventures holding the debt.

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BUSINESS RISKS

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

GENERAL REAL ESTATE RISKS

OUR PERFORMANCE AND VALUE ARE SUBJECT TO GENERAL ECONOMIC CONDITIONS AND RISKS ASSOCIATED WITH OUR REAL ESTATE ASSETS.

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

- changes in the general economic climate;
- local conditions, such as oversupply of or a reduction in demand for industrial space;

- the attractiveness of our properties to potential customers;
- competition from other properties;
- our ability to provide adequate maintenance and insurance;
- increased operating costs;
- increased cost of compliance with regulations; and
- the potential for liability under applicable laws (including changes in tax laws).

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

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

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

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

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REAL ESTATE INVESTMENTS ARE RELATIVELY ILLIQUID, MAKING IT DIFFICULT FOR US TO RESPOND PROMPTLY TO CHANGING CONDITIONS.

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

WE MAY BE UNABLE TO CONSUMMATE ACQUISITIONS ON ADVANTAGEOUS TERMS OR ACQUISITIONS MAY NOT PERFORM AS WE EXPECT.

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

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

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

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

OUR PERFORMANCE AND VALUE ARE IMPACTED BY THE LOCAL ECONOMIC CONDITIONS OF AND THE RISKS ASSOCIATED WITH DOING BUSINESS IN CALIFORNIA.

As of December 31, 2003, our industrial properties located in California represented 28.4% of the aggregate square footage of our industrial operating properties and 31.5% of our industrial annualized base rent. Our revenue from, and the value of, our properties located in California may be affected by local real estate conditions (such as an oversupply of or reduced demand for industrial properties) and the local economic climate. Business layoffs, downsizing, industry slowdowns, changing demographics, and other

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factors may adversely impact California's economic climate. Because of the number of properties we have located in California, a downturn in California's economy or real estate conditions could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock. In addition, certain of our properties are subject to possible loss from seismic activity.

WE MAY EXPERIENCE LOSSES THAT OUR INSURANCE DOES NOT COVER.

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

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

evaluate our earthquake insurance coverage annually in light of current industry practice through an analysis prepared by outside consultants.

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

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

- if our partners, co-members or joint venturers go bankrupt, then we and any other remaining general partners, members, or joint venturers would generally remain liable for the partnership's, limited liability company's, or joint venture's liabilities;
- our partners, co-members or joint venturers might have economic or other business interests or goals that are inconsistent with our business interests or goals that would affect our ability to operate the property;
- our partners, co-members or joint venturers may have the power to act contrary to our instructions, requests, policies, or objectives, including our current policy with respect to maintaining our qualification as a real estate investment trust; and

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

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

WE MAY BE UNABLE TO COMPLETE DIVESTITURES ON ADVANTAGEOUS TERMS OR CONTRIBUTE PROPERTIES.

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

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

CONTINGENT OR UNKNOWN LIABILITIES COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION.

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

- liabilities for clean-up or remediation of undisclosed environmental conditions;
- claims of customers, vendors or other persons dealing with our predecessors prior to the formation transactions or the former owners of the properties;

- accrued but unpaid liabilities incurred in the ordinary course of business;
- tax liabilities; and
- claims for indemnification by the general partners, officers and directors and others indemnified by our predecessors or the former owners of the properties.

RISKS ASSOCIATED WITH OUR INTERNATIONAL BUSINESS

OUR INTERNATIONAL GROWTH IS SUBJECT TO SPECIAL RISKS AND WE MAY NOT BE ABLE TO EFFECTIVELY MANAGE OUR INTERNATIONAL GROWTH.

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

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resolving disputes that may arise. And even if we are able to obtain a satisfactory decision through arbitration or a court proceeding, we could have difficulty enforcing any award or judgment on a timely basis or at all.

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

ACQUIRED PROPERTIES MAY BE LOCATED IN NEW MARKETS, WHERE WE MAY FACE RISKS ASSOCIATED WITH INVESTING IN AN UNFAMILIAR MARKET.

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

WE ARE SUBJECT TO RISKS FROM POTENTIAL FLUCTUATIONS IN EXCHANGE RATES BETWEEN THE U.S. DOLLAR AND THE CURRENCIES OF THE FOREIGN COUNTRIES IN WHICH WE INVEST.

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

DEBT FINANCING RISKS

WE COULD INCUR MORE DEBT, INCREASING OUR DEBT SERVICE.

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

WE FACE RISKS ASSOCIATED WITH THE USE OF DEBT TO FUND ACQUISITIONS AND DEVELOPMENTS, INCLUDING REFINANCING RISK.

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

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higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase.

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

WE ARE DEPENDENT ON EXTERNAL SOURCES OF CAPITAL.

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

COVENANTS IN OUR DEBT AGREEMENTS COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION.

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

CONFLICTS OF INTEREST RISKS

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

Prior to the consummation our initial public offering in 1997, some of our executive officers and directors acquired interests in real estate-related businesses and investments, which they still own. Our executive officers' continued involvement in other real estate-related activities could divert their attention from our day-to-day operations. Our executive officers have entered into non-competition agreements with us pursuant to which they have agreed not

to engage in any activities, directly or indirectly, in respect of commercial real estate, and not to make any investment in respect of any industrial or retail real estate, other than through ownership of not more than 5% of the outstanding shares of a public company engaged in such activities or through the existing investments referred to in this report. State law may limit our ability to enforce these agreements.

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

In October 1986, our predecessor-in-interest entered into a property and asset management agreement with Inglewood Corporate Center Associates to manage an office building, in which Messrs. Moghadam and Burke and Thomas W. Tusher, also a director, held, directly and indirectly, 26.7%, 26.7% and 20% interests,

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respectively. During 2003, Inglewood transferred to a third party such property and asset management services. Until such time, Inglewood had been paying us property and asset management fees, which totaled approximately \$11,500 for the period from January 1, 2003 through the date on which such management was transferred during the second quarter of 2003. Also, during 2003, Mr. Tusher's direct and indirect interests in Inglewood were redeemed for an amount equal to the estimated liquidation value of such venture's assets. As a result, each of Messrs. Moghadam and Burke now holds, directly and indirectly, a 33.3% interest in Inglewood.

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

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

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

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RISKS ASSOCIATED WITH GOVERNMENT REGULATIONS

COMPLIANCE OR FAILURE TO COMPLY WITH THE AMERICANS WITH DISABILITIES ACT AND OTHER SIMILAR REGULATIONS COULD RESULT IN SUBSTANTIAL COSTS.

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

THE COSTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS COULD EXCEED OUR BUDGETS FOR THESE ITEMS.

Under various federal, state and local laws, ordinances and regulations, a current or previous owner or operator of real estate may be liable for the costs

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

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

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

At the time of acquisition, we subject all of our properties to a Phase I or similar environmental assessments by independent environmental consultants and we may have additional Phase II testing performed upon consultant's recommendation. These environmental assessments have not revealed, and we are not aware of, any environmental liability that we believe would have a material adverse effect on our financial condition or results of operations taken as a whole. Nonetheless, it is possible that the assessments did not reveal all environmental liabilities and that there are material environmental liabilities unknown to us, or that known environmental conditions may give rise to liabilities that are greater than we anticipated.

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

FEDERAL INCOME TAX RISKS

OUR FAILURE TO QUALIFY AS A REAL ESTATE INVESTMENT TRUST WOULD HAVE SERIOUS ADVERSE CONSEQUENCES TO OUR STOCKHOLDERS.

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

quarterly basis. These provisions and the applicable treasury regulations are more complicated in our case because we hold our assets through the operating partnership. Legislation, new regulations, administrative interpretations or court decisions could significantly change the tax laws with respect to qualification as a real estate investment trust or the federal income tax consequences of such qualification. However, we are not aware of any pending tax legislation that would adversely affect our ability to qualify as a real estate investment trust.

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

CERTAIN PROPERTY TRANSFERS MAY GENERATE PROHIBITED TRANSACTION INCOME, RESULTING IN A PENALTY TAX ON GAIN ATTRIBUTABLE TO THE TRANSACTION.

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

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RISKS ASSOCIATED WITH OUR DEPENDENCE ON KEY PERSONNEL

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

RISKS ASSOCIATED WITH OWNERSHIP OF OUR STOCK

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

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

of the ownership limit will be transferred to a trust for the benefit of a designated charitable beneficiary. Any person who acquires shares in violation of the ownership limit will not be entitled to any dividends on the shares or be entitled to vote the shares or receive any proceeds from the subsequent sale of the shares in excess of the price paid for the shares or the amount realized from the sale. A transfer of shares in violation of the above limits may be void under certain circumstances. The ownership limit may have the effect of delaying, deferring, or preventing a change in control and, therefore, could adversely affect our stockholders' ability to realize a premium over the then-prevailing market price for the shares of our common stock in connection with such transaction.

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

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

- directors may be removed only for cause and only upon a two-thirds vote of stockholders;
 - our board can fix the number of directors within set limits (which limits are subject to change by our board), and fill vacant directorships upon the vote of a majority of the remaining directors, even though less than a quorum, or in the case of a vacancy resulting from an increase in the size of the board, a majority of the entire board;
 - stockholders must give advance notice to nominate directors or propose business for consideration at a stockholders' meeting; and
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- the request of the holders of 50% or more of our common stock is necessary for stockholders to call a special meeting.

Those provisions provided for under Maryland law include:

- a two-thirds vote of stockholders is required to amend our charter; and
- stockholders may only act by written consent with the unanimous approval of all stockholders entitled to vote on the matter in question.

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

VARIOUS MARKET CONDITIONS AFFECT THE PRICE OF OUR STOCK.

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

- the extent of investor interest in us;
- the general reputation of real estate investment trusts and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate-based companies);
- general stock and bond market conditions, including changes in interest rates on fixed income securities, that may lead prospective purchasers of our stock to demand a higher annual yield from future dividends; and
- terrorist activity may adversely affect the markets in which our securities trade, possibly increasing market volatility and causing the further erosion of business and consumer confidence and spending.

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

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

As a real estate investment trust the market value of our equity securities, in general, is based primarily upon the market's perception of our growth potential and our current and potential future earnings and cash dividends. Our equity securities' market value is based secondarily upon the market value of our underlying real estate assets. For this reason, shares of

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

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

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

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

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

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

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss from adverse changes in market prices, interest rates and foreign exchange rates. Our future earnings and cash flows are dependent upon prevailing market rates. Accordingly, we manage our market risk by matching projected cash inflows from operating, investing and financing activities with projected cash outflows for debt service, acquisitions, capital expenditures, distributions to stockholders and unitholders, and other cash requirements. The majority of our outstanding debt has fixed interest rates, which minimizes the risk of fluctuating interest rates. Our exposure to market risk includes interest rate fluctuations in connection with our credit facility and other variable rate borrowings and our ability to incur more debt without stockholder approval, thereby increasing our debt service obligations, which

could adversely affect our cash flows. As of December 31, 2003, we had no interest rate caps or swaps. See "Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources -- Capital Resources -- Market Capitalization."

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

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

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(1) Represents 85.3% of all outstanding debt.

(2) Represents 14.7% of all outstanding debt.

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

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

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

RELATED DERIVATIVES	CARRYING AMOUNT	FAIR VALUE
(IN THOUSANDS)		
<S>	<C>	<C>
MXN/USD Forward Contract (USD short):		
Expected Maturity March 30, 2004.....		
Contract Amount (MXN pesos).....	37,201	
Forward Exchange Rate.....	10.86	
Contract Amount (USD Dollars).....	\$ 3,426	
Fair Value at December 31, 2003.....		\$3,273
Put Option:		
Contract Amount.....	\$ 188	
Fair Value at December 31, 2003.....		\$ 57

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

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

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

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the U.S. Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer, president and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, we have investments in certain unconsolidated entities, which are accounted for using the equity method of accounting. As we do not control or manage these entities, our disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those we maintain with respect to our consolidated subsidiaries.

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended, we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer, president and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the quarter covered by this report. Based on the foregoing, our chief executive officer, president and chief financial officer each concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

There have been no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART III

ITEMS 10, 11, 12, 13 AND 14.

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

PART IV

ITEM 15. EXHIBITS, 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.

<Table>
<Caption>

<S>	<C>
Report of Independent Auditors.....	F-1
Consolidated Balance Sheets as of December 31, 2003 and 2002.....	F-2
Consolidated Statements of Operations for the years ended December 31, 2003, 2002 and 2001.....	F-3
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2003, 2002 and 2001.....	F-4
Consolidated Statements of Cash Flows for the years ended December 31, 2003, 2002 and 2001.....	F-5
Notes to Consolidated Financial Statements.....	F-6
Schedule III -- Real Estate and Accumulated Depreciation....	S-1
</Table>	

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:

<Table>	
<Caption>	
EXHIBIT	DESCRIPTION
NUMBER	-----

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

- and preferences of the 7.95% Series K Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of AMB Property Corporation's Current Report on Form 8-K filed on April 23, 2002).
- 3.13 Articles Supplementary Redesignating and Reclassifying 130,000 Shares of 7.95% Series F Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.2 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).
- 3.14 Articles Supplementary Redesignating and Reclassifying all 20,000 Shares of 7.95% Series G Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).
- 3.16 Articles Supplementary establishing and fixing the rights and preferences of the 6 1/2% Series L Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.16 of AMB Property Corporation's Current Report on Form 8-A filed on June 20, 2003).
- 3.17 Articles Supplementary establishing and fixing the rights and preferences of the 6 3/4% Series M Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.17 of AMB Property Corporation's Form 8-K filed on November 26, 2003).
- 3.18 Third Amended and Restated Bylaws of AMB Property Corporation (incorporated by reference to Exhibit 3.17 of AMB Property Corporation's 8-A filed on June 20, 2003).

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EXHIBIT NUMBER -----	DESCRIPTION -----
<C>	<S>
4.1	Form of Certificate for Common Stock of AMB Property Corporation (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)).
4.2	Form of Certificate for 6 1/2% Series L Cumulative Redeemable Preferred Stock of AMB Property Corporation (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Form 8-A filed on June 20, 2003).
4.3	Form of Certificate for 6 3/4% Series M Cumulative Redeemable Preferred Stock of AMB Property Corporation (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Form 8-A filed on November 12, 2003).
4.4	\$30,000,000 7.925% Fixed Rate Note No. 1 dated August 18, 2000, attaching the Parent Guarantee dated August 18, 2000 (incorporated by reference to Exhibit 4.5 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000).
4.5	\$25,000,000 7.925% Fixed Rate Note No. 2 dated September 12, 2000, attaching the Parent Guarantee dated September 12, 2000 (incorporated by reference to Exhibit 4.6 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000).
4.6	\$50,000,000 8.00% Fixed Rate Note No. 3 dated October 26, 2000, attaching the Parent Guarantee dated October 26, 2000 (incorporated by reference to Exhibit 4.7 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000).
4.7	\$25,000,000 8.000% Fixed Rate Note No. 4 dated October 26, 2000, attaching the Parent Guarantee dated October 26, 2000 (incorporated by reference to Exhibit 4.8 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2000).
4.8	\$50,000,000 7.20% Fixed Rate Note No. 5 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001).
4.9	\$50,000,000 7.20% Fixed Rate Note No. 6 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.2 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001).
4.10	\$50,000,000 7.20% Fixed Rate Note No. 7 dated December 19, 2000, attaching the Parent Guarantee dated December 19, 2000 (incorporated herein by reference to Exhibit 4.3 of AMB Property Corporation's Current Report on Form 8-K filed on

- January 8, 2001).
- 4.11 Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
- 4.12 First Supplemental Indenture dated as of June 30, 1998 by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
- 4.13 Second Supplemental Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
- 4.14 Third Supplemental Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.4 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
- 4.15 Fourth Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K/A filed on November 9, 2000).
- 4.16 Fifth Supplemental Indenture dated as of May 7, 2002, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.15 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2002).

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EXHIBIT
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4.17	Specimen of 7.10% Notes due 2008 (included in the First Supplemental Indenture incorporated by reference as Exhibit 4.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
4.18	Specimen of 7.50% Notes due 2018 (included in the Second Supplemental Indenture incorporated by reference as Exhibit 4.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
4.19	Specimen of 6.90% Reset Put Securities due 2015 (included in the Third Supplemental Indenture incorporated by reference as Exhibit 4.4 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
4.20	\$25,000,000 6.90% Fixed Rate Note No. 8 dated January 9, 2001, attaching the Parent Guarantee dated January 9, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 31, 2001).
4.21	\$50,000,000 7.00% Fixed Rate Note No. 9 dated March 7, 2001, attaching the Parent Guarantee dated March 7, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 16, 2001).
4.22	\$25,000,000 6.75% Fixed Rate Note No. 10 dated September 6, 2001, attaching the Parent Guarantee dated September 6, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 18, 2001).
4.23	\$20,000,000 5.90% Fixed Rate Note No. 11 dated January 17, 2002, attaching the Parent Guarantee dated January 17, 2002 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 23, 2002).
4.24	\$75,000,000 5.53% Fixed Rate Note No. B-1 dated November 10, 2003, attaching the Parent Guarantee dated November 10, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003).
4.25	\$50,000,000 Floating Rate Note No. B-1 dated November 21, 2003, attaching the Parent Guarantee dated November 21, 2003

(incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 21, 2003).

4.26 Registration Rights Agreement dated November 14, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 17, 2003).

10.1 Distribution Agreement dated May 7, 2002, by and among AMB Property Corporation, AMB Property, L.P., Morgan Stanley & Co. Incorporated, A.G. Edwards & Sons, Inc., Banc of America Securities LLC, Bear, Stearns & Co. Inc., Commerzbank Capital Markets Corp., First Union Securities, Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc., and PNC Capital Markets, Inc.

10.2 Terms Agreement dated as of December 14, 2000, by and between Morgan Stanley & Co., Incorporated and J.P. Morgan Securities Inc. and AMB Property, L.P. (incorporated herein by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001).

10.3 Terms Agreement dated as of January 4, 2001, by and between A.G. Edwards & Sons, Inc. and AMB Property, L.P. (incorporated herein by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 31, 2001).

10.4 Terms Agreement dated as of March 2, 2001, by and among First Union Securities, Inc., AMB Property, L.P. and AMB Property Corporation (incorporated by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 16, 2001).

10.5 Tenth Amended and Restated Agreement of Limited Partnership of AMB Property, L.P. dated as of November 26, 2003 (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on November 26, 2003).

10.6 Form of Registration Rights Agreement among AMB Property Corporation and the persons named therein (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)).

10.7 Form of Change in Control and Noncompetition Agreement between AMB Property Corporation and Executive Officers (incorporated by reference to Exhibit 10.6 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 1998).

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10.8 Dividend Reinvestment and Direct Purchase Plan, dated July 9, 1999 (incorporated by reference to Exhibit 10.4 of AMB Property Corporation's Quarterly Report on Report Form 10-Q for the quarter ended June 30, 1999).

10.9 Twelfth Amended and Restated Agreement of Limited Partnership of AMB Property II, L.P., dated as of November 14, 2003 (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 17, 2003).

10.10 Amended and Restated Revolving Credit Agreement, dated as of December 11, 2002, by and among AMB Property, L.P., the banks listed therein, JPMorgan Chase Bank, as administrative agent, J.P. Morgan Europe Limited, as administrative agent for alternate currencies, Bank of America, N.A., as syndication agent, J.P. Morgan Securities Inc. and Banc of America Securities LLC, as joint lead arrangers and joint bookrunners, Bank One, NA, Commerzbank Aktiengesellschaft, New York and Grand Cayman Branches and Wachovia Bank, N.A., as documentation agents, PNC Bank, National Association, The Bank of Nova Scotia, acting through its San Francisco Agency, and Wells Fargo Bank, N.A., as managing agents, and KeyBank National Association, as co-agent (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on December 18, 2002).

10.11 Amendment to Amended and Restated Credit Agreement dated as of July 10, 2003, by and among AMB Property, L.P., the banks listed therein, JP Morgan Chase Bank, as administrative agent, Bank of America, N.A., as syndication agent, and Bank One, N.A., Commerzbank, A.G., New York and Grand Cayman Branches, and Wachovia Bank, as documentation agent (incorporated by reference to Exhibit 10.3 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter

- ended June 30, 2003).
- 10.12 Guaranty of Payment, dated as of December 11, 2002, by AMB Property Corporation for the benefit of JPMorgan Chase Bank, as administrative agent, and J.P. Morgan Europe Limited, as administrative agent for alternate currencies, for the banks listed on the signature page to the Revolving Credit Agreement (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on December 18, 2002).
 - 10.13 Qualified Borrower Guaranty, dated as of December 11, 2002, by AMB Property, L.P. for the benefit of JPMorgan Chase Bank and J.P. Morgan Europe Limited, as administrative agents for the banks listed on the signature page to the Revolving Credit Agreement (incorporated by reference to Exhibit 10.3 of AMB Property Corporation's Current Report on Form 8-K filed on December 18, 2002).
 - 10.14 Terms Agreement dated as of August 30, 2001, by and among Lehman Brothers Inc., AMB Property, L.P., and AMB Property Corporation (incorporated by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 18, 2001).
 - 10.15 Terms Agreement dated as of January 14, 2002, by and among Lehman Brothers Inc., AMB Property, L.P., and AMB Property Corporation (incorporated by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 23, 2002).
 - 10.16 Third Amended and Restated 1997 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 10.22 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2001).
 - 10.17 Amendment No. 1 to the Third Amended and Restated 1997 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 10.23 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2001).
 - 10.18 2002 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 4.15 of AMB Property Corporation's Registration Statement on Form S-8 (No. 333-90042)).
 - 10.19 Amended and Restated AMB Nonqualified Deferred Compensation Plan (incorporated by reference to Exhibit 4.17 of AMB Property Corporation's Registration Statement on Form S-8 (No. 333-100214)).

</Table>

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EXHIBIT NUMBER -----	DESCRIPTION -----
<C>	<S>
10.20	Note Purchase Agreement dated as of November 5, 2003, by and between AMB Property, L.P. and Teachers Insurance and Annuity Association of America (incorporated by reference to Exhibit 99.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 6, 2003).
10.21	Agreement of Sale, made as of October 6, 2003, by and between AMB Property, L.P., International Airport Centers L.L.C. and certain affiliated entities (incorporated by reference to Exhibit 99.3 of AMB Property Corporation's Current Report on Form 8-K filed on November 6, 2003).
21.1	Subsidiaries of AMB Property Corporation.
23.1	Consent of PricewaterhouseCoopers LLP.
24.1	Powers of Attorney (included in Part IV of this Form 10-K)
31.1	Rule 13a-14 (a)/15d-14 (a) Certifications dated March 11, 2004.
32.1	18 U.S.C. sec. 1350 Certifications dated March 11, 2004. The certifications in this exhibit are being furnished solely to accompany this report pursuant to 18 U.S.C. sec. 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any of our filings, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

</Table>

(b) REPORTS ON FORM 8-K:

AMB Property Corporation filed a Current Report on Form 8-K on October 7, 2003, in connection with its announcement of new dates for its third quarter 2003 earnings release.

AMB Property Corporation filed a Current Report on Form 8-K on October 29, 2003, in connection with its third quarter 2003 earnings release.

AMB Property Corporation filed a Current Report on Form 8-K on November 6, 2003, in connection with the issuance of \$75.0 million in senior unsecured notes by AMB Property, L.P. under its medium-term note program.

AMB Property Corporation filed a Current Report on Form 8-K on November 12, 2003, in connection with the pricing of its 6 3/4% Series M Cumulative Redeemable Preferred Stock.

AMB Property Corporation filed a Current Report on Form 8-K on November 17, 2003, in connection with AMB Property II, L.P.'s issuance of Class B Common Limited Partnership Units.

AMB Property Corporation filed a Current Report on Form 8-K/A on November 19, 2003, in connection with AMB Property II, L.P.'s issuance of Class B Common Limited Partnership Units.

AMB Property Corporation filed a Current Report on Form 8-K on November 21, 2003, in connection with the issuance of \$50.0 million in senior unsecured notes by AMB Property, L.P. under its medium-term note program.

AMB Property Corporation filed a Current Report on Form 8-K on November 26, 2003, in connection with the issuance of its Series M Preferred Stock.

AMB Property Corporation filed a Current Report on Form 8-K on December 22, 2003, in connection with certain of its 2003 property acquisitions.

AMB Property Corporation filed a Current Report on Form 8-K on January 14, 2004, in connection with its fourth quarter 2003 earnings release.

AMB Property Corporation filed a Current Report on Form 8-K/A on February 25, 2004, to file audited financial statements and unaudited pro forma financial information in connection with certain of its 2003 property acquisitions.

(c) EXHIBITS:

See Item 15(a)(3) above.

(d) FINANCIAL STATEMENT SCHEDULES:

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

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, AMB Property Corporation has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 11, 2004.

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, Michael A. Coke and Tamra D. Browne, 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 AMB Property Corporation and in the capacities and on the dates indicated.

<Table>
<Caption>

NAME	TITLE	DATE
----	----	----
<S>	<C>	<C>

/s/ HAMID R. MOGHADAM ----- Hamid R. Moghadam	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 11, 2004
/s/ W. BLAKE BAIRD ----- W. Blake Baird	President and Director	March 11, 2004
/s/ T. ROBERT BURKE ----- T. Robert Burke	Director	March 11, 2004
/s/ DAVID A. COLE ----- David A. Cole	Director	March 11, 2004
/s/ J. MICHAEL LOSH ----- J. Michael Losh	Director	March 11, 2004
/s/ FREDERICK W. REID ----- Frederick W. Reid	Director	March 11, 2004
/s/ JEFFREY L. SKELTON ----- Jeffrey L. Skelton	Director	March 11, 2004

</Table>

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<Table>
<Caption>

NAME ----	TITLE ----	DATE ----
<S> <C>	<C>	<C>
----- Thomas W. Tusher	Director	
/s/ CARYL B. WELBORN ----- Caryl B. Welborn	Director	March 11, 2004
/s/ MICHAEL A. COKE ----- Michael A. Coke	Chief Financial Officer and Executive Vice President (Duly Authorized Officer and Principal Financial and Accounting Officer)	March 11, 2004

</Table>

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of
AMB Property Corporation:

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

reasonable basis for our opinion.

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

PRICEWATERHOUSECOOPERS LLP

San Francisco, California
February 13, 2004

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AMB PROPERTY CORPORATION
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2003 AND 2002

<Table>
<Caption>

	DECEMBER 31, 2003	DECEMBER 31, 2002
	-----	-----
	(DOLLARS IN THOUSANDS, EXCEPT SHARE AMOUNTS)	
	<C>	<C>
ASSETS		
Investments in real estate:		
Land.....	\$1,403,807	\$1,236,406
Buildings and improvements.....	3,888,272	3,553,886
Construction in progress.....	199,628	132,490
	-----	-----
Total investments in properties.....	5,491,707	4,922,782
Accumulated depreciation and amortization.....	(474,452)	(362,540)
	-----	-----
Net investments in properties.....	5,017,255	4,560,242
Investments in unconsolidated joint ventures.....	52,009	64,428
Properties held for divestiture, net.....	11,751	107,871
	-----	-----
Net investments in real estate.....	5,081,015	4,732,541
Cash and cash equivalents.....	127,678	89,332
Restricted cash.....	28,985	27,882
Mortgages receivable.....	43,145	13,133
Accounts receivable, net of allowance for doubtful accounts of \$6,581 and \$6,720, respectively.....	88,452	74,207
Other assets.....	51,391	52,199
	-----	-----
Total assets.....	\$5,420,666	\$4,989,294
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Debt:		
Secured debt.....	\$1,363,890	\$1,284,675
Unsecured senior debt securities.....	925,000	800,000
Alliance Fund II credit facility.....	--	45,500
Unsecured debt.....	9,628	10,186
Unsecured credit facility.....	275,739	95,000
	-----	-----
Total debt.....	2,574,257	2,235,361
Dividends payable.....	39,076	41,213
Accounts payable and other liabilities.....	148,019	140,503
	-----	-----
Total liabilities.....	2,761,352	2,417,077
Commitments and contingencies (Note 15)		
Minority interests:		
Joint venture partners.....	659,487	488,524
Preferred unitholders.....	241,899	308,369
Limited partnership unitholders.....	91,029	94,374
	-----	-----
Total minority interests.....	992,415	891,267
Stockholders' equity:		
Series A preferred stock, cumulative, redeemable, \$.01 par value, 4,600,000 shares authorized and 3,995,800 issued and outstanding, \$99,895 liquidation preference at December 31, 2002.....	--	95,994
Series L preferred stock, cumulative, redeemable, \$.01 par value, 2,300,000 shares authorized and 2,000,000 issued		

and outstanding, \$50,000 liquidation preference at December 31, 2003.....	48,018	--
Series M preferred stock, cumulative, redeemable, \$.01 par value, 2,300,000 shares authorized and 2,300,000 issued and outstanding, \$57,500 liquidation preference at December 31, 2003.....	55,355	--
Common stock \$.01 par value, 500,000,000 shares authorized, 81,792,913 and 82,029,449 issued and outstanding, respectively.....	818	820
Additional paid-in capital.....	1,561,203	1,580,733
Retained earnings.....	--	3,372
Accumulated other comprehensive income.....	1,505	31
	-----	-----
Total stockholders' equity.....	1,666,899	1,680,950
	-----	-----
Total liabilities and stockholders' equity.....	\$5,420,666	\$4,989,294
	=====	=====

</Table>

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

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AMB PROPERTY CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

<Table>
<Caption>

	2003	2002	(RESTATED) 2001
	(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)		
<S>	<C>	<C>	<C>
REVENUES			
Rental revenues.....	\$ 601,700	\$ 578,489	\$ 523,294
Private capital income.....	13,337	11,193	10,972
	-----	-----	-----
Total revenues.....	615,037	589,682	534,266
	-----	-----	-----
COSTS AND EXPENSES			
Property operating expenses.....	(88,513)	(76,431)	(63,710)
Real estate taxes.....	(71,394)	(67,698)	(62,632)
Depreciation and amortization.....	(133,514)	(123,380)	(103,565)
Impairment losses.....	(5,251)	(2,846)	(18,600)
General and administrative.....	(47,729)	(47,207)	(35,820)
	-----	-----	-----
Total costs and expenses.....	(346,401)	(317,562)	(284,327)
	-----	-----	-----
OTHER INCOME AND EXPENSES			
Equity in earnings of unconsolidated joint ventures, net.....	5,445	5,674	5,467
Interest and other income.....	4,648	10,460	16,340
Gains from dispositions of real estate.....	7,429	2,480	41,859
Development profits, net of taxes.....	14,441	1,171	17,276
Loss on investments in other companies.....	--	--	(20,758)
Interest, including amortization.....	(146,773)	(146,200)	(124,833)
	-----	-----	-----
Total other income and expenses.....	(114,810)	(126,415)	(64,649)
	-----	-----	-----
Income before minority interests and discontinued operations.....	153,826	145,705	185,290
	-----	-----	-----
Minority interests' share of income:			
Joint venture partners' share of operating income.....	(34,412)	(28,940)	(25,973)
Joint venture partners' share of development profits....	(8,442)	(196)	(4,871)
Preferred unitholders.....	(24,607)	(25,149)	(28,682)
Limited partnership unitholders.....	(3,778)	(4,661)	(5,830)
	-----	-----	-----
Total minority interests' share of income.....	(71,239)	(58,946)	(65,356)
	-----	-----	-----
Income from continuing operations.....	82,587	86,759	119,934
	-----	-----	-----
Discontinued operations:			
Income attributable to discontinued operations, net of minority interests.....	8,536	20,575	18,019
Gains from dispositions of real estate, net of minority interests.....	42,896	16,903	--
	-----	-----	-----
Total discontinued operations.....	51,432	37,478	18,019
	-----	-----	-----
Net income.....	134,019	124,237	137,953
Preferred stock dividends.....	(6,999)	(8,496)	(8,500)

Preferred stock and unit redemption discount/(issuance costs or premium).....	(5,413)	412	(7,600)
Net income available to common stockholders.....	\$ 121,607	\$ 116,153	\$ 121,853
BASIC INCOME PER COMMON SHARE			
Income from continuing operations (includes preferred stock dividends and preferred stock and unit redemption discount/(issuance costs or premium)).....	\$ 0.87	\$ 0.94	\$ 1.23
Discontinued operations.....	0.63	0.45	0.22
Net income available to common stockholders.....	\$ 1.50	\$ 1.39	\$ 1.45
DILUTED INCOME PER COMMON SHARE			
Income from continuing operations (includes preferred stock dividends and preferred stock and unit redemption discount/(issuance costs or premium)).....	\$ 0.85	\$ 0.93	\$ 1.22
Discontinued operations.....	0.62	0.44	0.21
Net income available to common stockholders.....	\$ 1.47	\$ 1.37	\$ 1.43
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING			
Basic.....	81,096,062	83,310,885	84,174,644
Diluted.....	82,852,528	84,795,987	85,214,066

</Table>

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

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AMB PROPERTY CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

<Table>
<Caption>

TOTAL	PREFERRED STOCK	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME
		NUMBER OF SHARES	AMOUNT			
(DOLLARS IN THOUSANDS, EXCEPT SHARE AMOUNTS)						
Balance as of December 31, 2000... \$1,767,930	\$ 96,100	84,138,751	\$841	1,638,655	\$ 36,066	\$ (3,732)
Net income.....	8,500	--	--	--	121,853	--
Reversal of unrealized loss on securities.....	--	--	--	--	--	3,732
Currency translation adjustment.....	--	--	--	--	--	--
Total comprehensive income....						--
134,085						
Issuance of restricted stock, net.....	--	237,920	2	5,851	--	--
5,853						
Exercise of stock options.....	--	201,960	2	4,272	--	--
4,274						
Conversion of partnership units.....	--	635,798	7	15,248	--	--
15,255						
Retirement of common stock..... (32,892)	--	(1,392,600)	(14)	(32,878)	--	--
Stock-based deferred compensation..... (5,853)	--	--	--	(5,853)	--	--
Stock-based compensation amortization.....	--	--	--	2,725	--	--
2,725						
Reallocation of partnership interest.....	--	--	--	(256)	--	--
(256)						
Dividends..... (141,979)	(8,500)	--	--	--	(133,479)	--
Balance as of December 31, 2001... 1,749,142	96,100	83,821,829	838	1,627,764	24,440	--
Net income.....	8,496	--	--	--	116,153	--

Currency translation adjustment.....	--	--	--	--	--	31
Total comprehensive income....						--
124,680						
Issuance of restricted stock, net.....	--	170,604	2	4,706	--	--
4,708						
Issuance of stock options, net.....	--	--	--	2,770	--	--
2,770						
Exercise of stock options.....	--	565,976	6	14,824	--	--
14,830						
Conversion of partnership units.....	--	122,640	1	2,308	--	--
2,309						
Retirement of common and preferred stock.....	(106)	(2,651,600)	(27)	(69,372)	--	--
(69,505)						
Stock-based deferred compensation.....	--	--	--	(7,478)	--	--
(7,478)						
Stock-based compensation amortization.....	--	--	--	5,265	--	--
5,265						
Reallocation of partnership interest.....	--	--	--	(54)	--	--
(54)						
Dividends.....	(8,496)	--	--	--	(137,221)	--
(145,717)						

Balance as of December 31, 2002...	95,994	82,029,449	820	1,580,733	3,372	31
1,680,950						
Net income.....	6,999	--	--	--	121,607	--
Unrealized gain on securities...	--	--	--	--	--	812
Currency translation adjustment.....	--	--	--	--	--	662
Total comprehensive income....						--
130,080						
Issuance of preferred stock, net.....	103,373	--	--	--	--	--
103,373						
Issuance of restricted stock, net.....	--	256,611	3	6,960	--	--
6,963						
Issuance of stock options, net.....	--	--	--	4,510	--	--
4,510						
Exercise of stock options.....	--	317,753	3	6,944	--	--
6,947						
Conversion of partnership units.....	--	2,000	--	58	--	--
58						
Retirement of common and preferred stock.....	(95,994)	(812,900)	(8)	(21,231)	--	--
(117,233)						
Stock-based deferred compensation.....	--	--	--	(11,470)	--	--
(11,470)						
Stock-based compensation amortization.....	--	--	--	8,076	--	--
8,076						
Reallocation of partnership interest.....	--	--	--	(1,102)	--	--
(1,102)						
Dividends.....	(6,999)	--	--	(12,275)	(124,979)	--
(144,253)						

BALANCE AS OF DECEMBER 31, 2003...	\$103,373	81,792,913	\$818	\$1,561,203	\$ --	\$ 1,505
\$1,666,899						
=====						

</Table>

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

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	2003	2002	2001
	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income.....	\$ 134,019	\$ 124,237	\$ 137,953
Adjustments to net income:			
Straight-line rents.....	(10,662)	(11,013)	(10,093)
Depreciation and amortization.....	133,514	123,380	103,565
Impairment losses.....	5,251	2,846	18,600
Stock-based compensation amortization.....	8,075	5,265	2,725
Equity in earnings of unconsolidated joint ventures.....	(5,445)	(5,674)	(5,467)
Equity in loss of AMB Investment Management, Inc.....	--	--	43
Gains from dispositions of real estate.....	(7,429)	(2,480)	(41,859)
Development profits, net of taxes.....	(14,441)	(1,171)	(17,276)
Loss on investments in other companies.....	--	--	20,758
Debt premiums, discounts and finance cost amortization, net.....	2,049	(58)	(3,562)
Total minority interests' share of net income.....	71,239	58,946	65,356
Discontinued operations:			
Depreciation and amortization.....	3,381	9,587	7,849
Joint venture partners' share of net income.....	1,471	2,049	1,183
Limited partnership unitholders' share of net income....	497	1,197	1,109
Gains from dispositions of real estate, net of minority interests.....	(42,896)	(16,903)	--
Changes in assets and liabilities:			
Accounts receivable and other assets.....	(14,603)	(8,269)	14,303
Accounts payable and other liabilities.....	7,516	6,862	(6,625)
Net cash provided by operating activities.....	271,536	288,801	288,562
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in restricted cash.....	1,103	(19,221)	13,703
Cash paid for property acquisitions.....	(477,261)	(355,964)	(402,208)
Additions to land, buildings, development costs and other first generation improvements.....	(227,628)	(152,196)	(174,651)
Additions to second generation building improvements and lease costs.....	(56,250)	(54,931)	(47,842)
Net proceeds from divestiture of real estate.....	423,996	257,383	242,505
Additions to interests in unconsolidated joint ventures....	(20,147)	--	--
Distributions received from unconsolidated joint ventures....	38,196	6,458	5,341
Repayment/(issuance) of mortgage receivable.....	(30,012)	74,081	--
Net cash used in investing activities.....	(348,003)	(244,390)	(363,152)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock, proceeds from stock option exercises.....	6,947	14,830	4,274
Repurchase and retirement of common and preferred stock....	(121,239)	(69,505)	(32,892)
Borrowings on secured debt.....	192,750	167,960	362,052
Payments on secured debt.....	(157,310)	(146,118)	(88,866)
Borrowings on unsecured credit facility.....	603,550	230,000	210,000
Payments on unsecured credit facility.....	(431,000)	(147,000)	(414,000)
Borrowings on Alliance Fund II credit facility.....	8,000	67,250	125,000
Payments on Alliance Fund II credit facility.....	(53,500)	(145,250)	(1,500)
Payment of financing fees.....	(3,187)	(6,837)	(7,296)
Net proceeds from issuances of senior debt securities.....	124,566	19,883	99,406
Net proceeds from issuances of preferred stock or units....	103,373	38,932	63,727
Repurchase of preferred units.....	(71,883)	(7,927)	(114,400)
Contributions from co-investment partners.....	171,042	146,572	134,770
Dividends paid to common and preferred stockholders.....	(152,239)	(112,085)	(141,979)
Distributions to minority interests, including preferred units.....	(107,848)	(78,855)	(70,993)
Net cash provided by/(used in) financing activities...	112,022	(28,150)	127,303
Effect of exchange rate changes on cash.....	2,791	--	--
Net increase in cash and cash equivalents.....	35,555	16,261	52,713
Cash and cash equivalents at beginning of period...	89,332	73,071	20,358
Cash and cash equivalents at end of period.....	\$ 127,678	\$ 89,332	\$ 73,071
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest, net of capitalized interest.....	\$ 153,300	\$ 165,154	\$ 147,637
Non-cash transactions:			
Acquisition of properties.....	\$ 533,864	\$ 403,318	\$ 428,254
Assumption of debt.....	(42,246)	(39,687)	(9,724)
Acquisition capital.....	(9,870)	(7,667)	(16,322)
Minority interests' contributions, including units issued.....	(4,487)	--	--
Net cash paid.....	\$ 477,261	\$ 355,964	\$ 402,208

</Table>

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

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. ORGANIZATION AND FORMATION OF THE COMPANY

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

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

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

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

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

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

As of December 31, 2003, through AMB Capital Partners, the Company also managed, but did not have an ownership interest in, industrial, retail and other properties, totaling approximately 0.5 million rentable

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

square feet. In addition, the Company had investments in industrial operating properties, totaling approximately 7.9 million rentable square feet, through

unconsolidated joint ventures. As of December 31, 2003, the Company also had investments in industrial development projects, some of which were held for sale, totaling approximately 5.5 million square feet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

Investments in Real Estate. Investments in real estate and leasehold interests are stated at cost unless circumstances indicate that cost cannot be recovered, in which case, the carrying value of the property is reduced to estimated fair value. Carrying values for financial reporting purposes are reviewed for impairment on a property-by-property basis whenever events or changes in circumstances indicate that the carrying value of a property may not be recoverable. Impairment is recognized when estimated expected future cash flows (undiscounted and without interest charges) are less than the carrying value of the property. The estimation of expected future net cash flows is inherently uncertain and relies on assumptions regarding current and future economics and market conditions and the availability of capital. If impairment analysis assumptions change, then an adjustment to the carrying value of the Company's long-lived assets could occur in the future period in

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

which the assumptions change. To the extent that a property is impaired, the excess of the carrying amount of the property over its estimated fair value is charged to earnings. As a result of recent leasing activity and the current economic environment, the Company re-evaluated the carrying value of its investments and recorded an impairment charge of \$5.3 million, \$2.9 million and \$18.6 million in 2003, 2002 and 2001, respectively, on certain of its investments. The Company believes that there are no additional impairments of the carrying values of its investments in real estate as of December 31, 2003. Also during the year ended December 31, 2003, the Company recorded a reduction of depreciation expense of \$2.1 million to reflect the recovery, through the settlement of a lawsuit, of capital expenditures paid in prior years.

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

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

DEPRECIATION AND AMORTIZATION EXPENSE	ESTIMATED LIVES	2003	2002	2001
Building costs.....	40	\$ 80,959	\$ 80,663	\$ 73,462
Buildings and improvements:				
Roof/HVAC/parking lots.....	10	5,280	5,471	3,836
Plumbing/signage.....	7	1,319	1,170	805
Painting and other.....	Various	10,696	13,370	7,664
Tenant improvements.....	Various	16,026	13,762	12,305
Lease commissions.....	Various	20,306	16,004	11,311
		-----	-----	-----
Total real estate depreciation and amortization.....		134,586	130,440	109,383
Other depreciation and amortization....	Various	2,309	2,527	2,031
Discontinued operations' depreciation.....	Various	(3,381)	(9,587)	(7,849)
		-----	-----	-----
Total depreciation and amortization from continuing operations.....		\$133,514	\$123,380	\$103,565
		=====	=====	=====

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

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

Investments in Consolidated and Unconsolidated Joint Ventures. Minority interests represent the limited partnership interests in the Operating Partnership and interests held by certain third parties in several

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity ("SFAS 150"). This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). SFAS 150 was effective beginning in the third quarter of 2003, however, the FASB deferred the implementation of SFAS 150 as it applied to certain minority interests in finite-lived entities indefinitely. The disclosure requirements for certain

minority interests in finite-lived entities still apply. The Company adopted the requirements of SFAS 150 in the third quarter of 2003, and, considering the aforementioned deferral, there was no impact on the Company's financial position, results of operations or cash flows. However, the minority interests associated with certain of the Company's consolidated joint ventures, those that have finite lives under the terms of the partnership agreements, represent mandatorily redeemable interests as defined in SFAS 150. As of December 31, 2003, the aggregate book value of these minority interests in the accompanying consolidated balance sheet was \$659.5 million and the Company believes that the aggregate settlement value of these interests was approximately \$729.2 million. This amount is based on the estimated liquidation values of the assets and liabilities and the resulting proceeds that the Company would distribute to its joint venture partners upon dissolution, as required under the terms of the respective partnership agreements. Subsequent changes to the estimated fair values of the assets and liabilities of the consolidated joint ventures will affect the Company's estimate of the aggregate settlement value. The partnership agreements do not limit the amount that the minority partners would be entitled to in the event of liquidation of the assets and liabilities and dissolution of the respective partnerships. SFAS 150 was effective beginning in the third quarter of 2003, however, the FASB deferred the implementation of SFAS 150 as it applied to certain minority interests in finite-lived entities. The Company adopted the disclosure requirements of SFAS 150 in the third quarter of 2003, and, considering the aforementioned deferral, there was no impact on the Company's financial position, results of operations or cash flows.

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

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

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

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

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

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

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

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

accompanying consolidated balance sheets.

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

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

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

Debt Premiums. Debt premiums represent the excess of the fair value of debt over the principal value of debt assumed in connection with the Company's initial public offering and subsequent property acquisitions. The debt premiums are being amortized as an offset to interest expense over the term of the related debt instrument using the effective interest method. As of December 31, 2003 and 2002, the net unamortized debt

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

premium was \$10.8 million and \$9.8 million, respectively, and are included as a component of secured debt on the accompanying consolidated balance sheets.

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

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

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

<Table>
<Caption>

	2003	2002	2001
	-----	-----	-----
<S>	<C>	<C>	<C>
Reduction to net income.....	\$1,613	\$2,402	\$3,877
Adjusted earnings per share:			
Basic.....	\$ 1.48	\$ 1.37	\$ 1.40
Diluted.....	\$ 1.45	\$ 1.34	\$ 1.38

</Table>

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

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

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

Preferred Stock and Unit Redemption Issuance Costs. In July 2003, the U.S. Securities and Exchange Commission ("SEC") announced that it had revised its position relating to the application of Emerging Issues Task Force Topic No. D-42, The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock, ("Topic D-42"). As a result of this announcement, original issuance costs related to preferred equity are to be reflected as a reduction of net income available to common stockholders in determining earnings per share for the period in which the preferred equity is redeemed. The announcement requires retroactive application of the revised position in previously issued financial statements. As a result, the Company's financial statements for the year ending December 31, 2001, have been restated to reflect a reduction in net income available to common stockholders of \$3.2 million, representing the original issuance costs of AMB Property II, L.P.'s series C preferred units, which were redeemed in December 2001. Diluted earnings per share for the year ended December 31, 2001, was \$1.43 compared to \$1.47 as previously reported. The SEC's revised position on Topic D-42 did not require the Company to file amendments to previously filed reports and will not impact any other previously reported periods.

3. TRANSACTIONS WITH AFFILIATES

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

general and administrative expenses, they were netted with private capital income. The net impact of consolidating AMB Investment Management and Headlands Realty Corporation was not material. General and administrative expenses for the twelve months ended December 31, 2001, would have been \$39.4 million had the subsidiaries been consolidated beginning January 1, 2001.

4. REAL ESTATE ACQUISITION AND DEVELOPMENT ACTIVITY

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

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

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

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

5. GAINS FROM DISPOSITIONS OF REAL ESTATE, DEVELOPMENT SALES, AND DISCONTINUED OPERATIONS

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

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

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

Development Sales. During 2003, the Company sold seven development-for-sale and other projects, aggregating approximately 0.5 million square feet, for an aggregate price of \$74.8 million, resulting in an after-tax

gain of

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

\$14.4 million. The other projects included the sale of the Company's purchase right on Platinum Distribution Center and the sale of the North Bay Business Center, which the Company purchased in October 2003.

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

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

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

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

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

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

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

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

	DECEMBER 31, 2003	DECEMBER 31, 2002
--	----------------------	----------------------

<S>	<C>	<C>
Accounts receivable, net.....	\$ --	\$398
Other assets.....	\$ --	\$ 1
Secured debt.....	\$ --	\$ --
Accounts payable and other liabilities.....	\$ 3	\$235

6. MORTGAGES RECEIVABLE

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

MORTGAGE RECEIVABLE	MARKET	MATURITY	2003	2002	RATE	COMPANY'S OWNERSHIP PERCENTAGE (1)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1. Pier 1.....	SF Bay Area	May 2026	\$13,042	\$13,133	13.0%	100%
2. Platinum Distribution Center.....	No. New Jersey	February 2004	19,500	--	6.0%	20%
3. Platinum Distribution Center.....	No. New Jersey	November 2006	1,300	--	12.0%	20%
4. North Bay Distribution Center /BAB.....	San Francisco Bay Area	December 2004	7,040	--	5.5%	100%
5. North Bay Distribution Center/Corovan.....	San Francisco Bay Area	December 2004	2,263	--	7.3%	100%
Total Mortgages Receivable.....			\$43,145	\$13,133		

</Table>

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

7. DEBT

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

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

</Table>

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

In June 1998, the Operating Partnership issued \$400.0 million of unsecured senior debt securities. Interest on the unsecured senior debt securities is payable semi-annually. The 2015 notes are putable and callable in September 2005. In August 2000, the Operating Partnership commenced a medium-term note program and subsequently issued \$400.0 million of medium-term notes, which are guaranteed by the Company. In May 2002, the Operating Partnership commenced a new medium-term note program for the issuance of up to \$400.0 million in principal amount of medium-term notes (unsecured senior debt securities). On November 10, 2003, the Operating Partnership issued \$75.0 million aggregate principal amount of senior unsecured notes to Teachers Insurance and Annuity Association of America. The Company guaranteed the principal amount and interest on the notes, which mature on November 1, 2013, and bear interest at 5.53% per annum. Teachers has agreed that until November 10, 2005, the Operating Partnership can require Teachers to return the notes to it for cancellation for an obligation of equal dollar amount under a first mortgage loan to be secured by properties determined by the Operating Partnership, except that in the event the ratings on Operating Partnership's senior unsecured debt are downgraded by two ratings agencies to BBB-, the Operating Partnership will only have ten days after the last of these downgrades to exercise this right. During the period

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

when the Operating Partnership can exercise its cancellation right and until any mortgage loans close, Teachers has agreed not to sell, contract to sell, pledge, transfer or otherwise dispose of, any portion of the notes. On November 21, 2003, the Operating Partnership issued \$50.0 million aggregate principal amount of floating rate senior unsecured notes. The Company guaranteed the principal amount and interest on the notes, which mature on November 21, 2006, and bear interest at a floating rate of 3-month LIBOR telerate plus 40 basis points. As of December 31, 2003, \$275.0 million of capacity remained under the May 2002 medium-term note program. The senior debt securities are subject to various covenants. Management believes that the Company and the Operating Partnership were in compliance with their financial covenants as of December 31, 2003 and 2002.

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

dollars at December 31, 2003, of \$83.1 million and \$47.6 million, respectively. Management believes that the Company and the Operating Partnership were in compliance with their financial covenants at December 31, 2003.

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

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

<Table>
<Caption>

	WHOLLY- OWNED SECURED DEBT	JOINT VENTURE DEBT	UNSECURED SENIOR DEBT SECURITIES	UNSECURED DEBT	CREDIT FACILITIES	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2004.....	\$ 57,735	\$ 40,135	\$ --	\$ 600	\$ --	\$ 98,470
2005.....	44,567	62,951	250,000	647	275,739	633,904
2006.....	82,857	62,304	75,000	698	--	220,859
2007.....	14,661	53,158	75,000	752	--	143,571
2008.....	32,940	162,383	175,000	810	--	371,133
2009.....	4,246	107,187	--	873	--	112,306
2010.....	51,054	128,639	75,000	941	--	255,634
2011.....	524	275,618	75,000	1,014	--	352,156
2012.....	2,451	146,946	--	1,093	--	150,490
2013.....	442	2,045	75,000	920	--	78,407
Thereafter.....	39	20,219	125,000	1,280	--	146,538
	-----	-----	-----	-----	-----	-----
Total.....	\$291,516	\$1,061,585	\$925,000	\$9,628	\$275,739	\$2,563,468
	=====	=====	=====	=====	=====	=====

</Table>

8. LEASING ACTIVITY

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

<S>	<C>
2004.....	\$ 480,830
2005.....	390,969
2006.....	310,269
2007.....	238,375
2008.....	171,272
Thereafter.....	420,000

Total.....	\$2,011,715
	=====

</Table>

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

9. INCOME TAXES

The Company elected to be taxed as a REIT under the Code, commencing with its taxable year ended December 31, 1997. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its taxable income to its stockholders. It is management's current intention to adhere to these requirements and maintain the Company's REIT status. As a REIT, the Company generally will not be subject to corporate level federal income tax on net income it distributes currently to its stockholders. As such, no provision for federal income

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

taxes has been included in the accompanying consolidated financial statements. If the Company fails to qualify as a REIT in any taxable year, it will be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may be ineligible to qualify as a REIT for four subsequent taxable years. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state, local and foreign taxes on its income and property and to federal income and excise taxes on its undistributed taxable income. In addition, the Company is required to pay federal and state income tax on its net taxable income, if any, from the activities conducted by the Company's taxable REIT subsidiaries.

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

<Table>
<Caption>

	2003	2002	2001
	-----	-----	-----
<S>	<C>	<C>	<C>
Net income available to common stockholders.....	\$ 121,607	\$ 116,153	\$ 121,853
Book depreciation and amortization.....	133,514	123,380	103,565
Book depreciation discontinued operations.....	3,381	9,587	7,849
Impairment losses.....	5,251	2,846	18,600
Tax depreciation and amortization.....	(129,608)	(125,888)	(117,400)
Book/tax difference on gain on divestitures of real estate.....	13,783	25,178	(7,563)
Other book/tax differences, net(1).....	(4,956)	(39,621)	15,943
	-----	-----	-----
Taxable income available to common stockholders.....	\$ 142,972	\$ 111,635	\$ 142,847
	=====	=====	=====

</Table>

- - - - -

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

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

<Table>
<Caption>

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

</Table>

10. MINORITY INTERESTS IN CONSOLIDATED JOINT VENTURES AND PREFERRED UNITS

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

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

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

<Table>
<Caption>

CO-INVESTMENT JOINT VENTURE	JOINT VENTURE PARTNER	COMPANY'S OWNERSHIP PERCENTAGE	2003	2002
<S>	<C>	<C>	<C>	<C>
AMB/Erie, L.P.	Erie Insurance Company and affiliates	50%	\$ 156,174	\$ 180,169
AMB Institutional Alliance Fund I, L.P.	AMB Institutional Alliance REIT I, Inc.(1)	21%	417,902	403,760
AMB Partners II, L.P. ...	City and County of San Francisco Employees' Retirement System	20%	428,837	240,179
AMB-SGP, L.P.	Industrial JV Pte Ltd(2)	50%	408,507	379,207
AMB Institutional Alliance Fund II, L.P.	AMB Institutional Alliance REIT II, Inc.(3)	20%	449,709	355,670
AMB-AMS, L.P.(4).....	BPMT and TNO(5)	39%	--	--
Total.....			\$1,861,129	\$1,558,985

</Table>

- (1) Included 15 institutional investors as stockholders as of December 31, 2003.
- (2) A subsidiary of the real estate investment subsidiary of the Government of Singapore Investment Corporation.
- (3) Included 13 institutional investors as stockholders as of December 31, 2003.
- (4) AMB-AMS, L.P. is a commitment to form a co-investment partnership with two Dutch pension funds advised by Mn Services NV.
- (5) BPMT is Stichting Bedrijfspensioenfondsvoor de Metaal en Technische Bedrijfstakken and TNO is Stichting Pensioenfondsvoor TNO.

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

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

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

On April 17, 2002, the Operating Partnership issued and sold 800,000 7.95% Series K Cumulative Redeemable Preferred Limited Partnership Units at a price of \$50.00 per unit in a private placement. Distributions are cumulative from the date of issuance and payable quarterly in arrears. The series K preferred units are redeemable by the Operating Partnership on or after April 17, 2007, subject to certain conditions, for cash at a redemption price equal to \$50.00 per unit, plus accumulated and unpaid distributions thereon, if any,

specified times and subject to certain conditions, on a one-for-one basis, for shares of the Company's series K preferred stock. The Operating Partnership used the net proceeds of \$39.0 million for general corporate purposes, which included the partial repayment of indebtedness and the acquisition and development of additional properties.

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

<Table>
<Caption>

	DECEMBER 31, 2003	DECEMBER 31, 2002
	-----	-----
<S>	<C>	<C>
Joint venture partners.....	\$659,487	\$488,524
Limited Partners in the Operating Partnership.....	86,551	94,374
Series B preferred units (repurchased in November 2003).....	--	63,288
Series J preferred units (liquidation preference of \$40,000).....	38,883	38,883
Series K preferred units (liquidation preference of \$40,000).....	38,932	38,932
Held through AMB Property II, L.P.:		
Class B Limited Partners.....	4,478	--
Series D preferred units (liquidation preference of \$79,767).....	77,684	77,684
Series E preferred units (liquidation preference of \$11,022).....	10,788	10,788
Series F preferred units (liquidation preference of \$10,057).....	9,900	13,082
Series H preferred units (liquidation preference of \$42,000).....	40,912	40,912
Series I preferred units (liquidation preference of \$25,500).....	24,800	24,800
	-----	-----
Total minority interests.....	\$992,415	\$891,267
	=====	=====

</Table>

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

<Table>
<Caption>

	2003	2002	2001
	-----	-----	-----
<S>	<C>	<C>	<C>
Joint Venture Partners.....	\$42,854	\$29,136	\$30,844
Limited Partners in the Operating Partnership.....	3,754	4,661	5,830
Series B preferred units (repurchased in November 2003).....	4,828	5,606	5,608
Series J preferred units (liquidation preference of \$40,000).....	3,180	3,303	873
Series K preferred units (liquidation preference of \$40,000).....	3,180	2,367	--
Held through AMB Property II, L.P.:			
Class B Limited Partners.....	24	--	--
Series C preferred units (repurchased in December 2001).....	--	--	8,540
Series D preferred units (liquidation preference of \$79,767).....	6,182	6,182	6,180
Series E preferred units (liquidation preference of \$11,022).....	854	854	856
Series F preferred units (liquidation preference of \$10,057).....	931	1,342	1,580
Series G preferred units (repurchased in July 2002)...	--	43	80
Series H preferred units (liquidation preference of \$42,000).....	3,412	3,412	3,412
Series I preferred units (liquidation preference of \$25,500).....	2,040	2,040	1,553
	-----	-----	-----
Total minority interests' share of net income.....	\$71,239	\$58,946	\$65,356
	=====	=====	=====

</Table>

11. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

The Company's investment in unconsolidated joint ventures at December 31, 2003 and 2002, totaled \$52.0 million and \$64.4 million, respectively. The

Company's unconsolidated joint ventures' net equity investments at December 31, 2003 and 2002 (dollars in thousands) were:

<Table>
<Caption>

OWNERSHIP UNCONSOLIDATED JOINT VENTURES PERCENTAGE	MARKET	ALLIANCE PARTNER	SQUARE FEET	2003	2002
-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
1. Elk Grove Du Page.....	Chicago	Hamilton Partners	4,046,721	\$31,548	\$58,966
56%					
2. Pico Rivera.....	Los Angeles	Majestic Realty	855,600	1,091	2,444
50%					
3. Monte Vista Spectrum.....	Los Angeles	Majestic Realty	576,852	487	2,983
50%					
4. Industrial Fund I, LLC.....	Various	Citigroup	2,446,334	4,173	--
15%					
5. Sterling Distribution Center.....	Los Angeles	Majestic Realty	1,880,000	12,643	--
50%					
6. Airport Logistics Park of Singapore Phase I.....	Singapore	Boustead Projects	233,773	2,067	35
50%					
TOTAL UNCONSOLIDATED JOINT VENTURES.....			10,039,280	\$52,009	\$64,428
			=====	=====	=====

</Table>

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

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

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

12. STOCKHOLDERS' EQUITY

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

any other amount specified by the board of directors, assuming common stock was issued in the exchange. During 2003, the Operating Partnership redeemed 226,145 of its common limited partnership units for cash and 2,000 of its common limited partnership units for shares of the Company's common stock. In November 2003, AMB Property II, L.P. issued 145,548 of its class B common limited partnership units in connection with a property acquisition. During 2002, the Operating Partnership redeemed 122,640 of its common limited partnership units for shares of the Company's common stock.

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

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

On June 23, 2003, the Company issued and sold 2,000,000 shares of 6.5% Series L Cumulative Redeemable Preferred Stock for \$25.00 per share. Dividends are cumulative from the date of issuance and

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

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

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

PAYING ENTITY	SECURITY	2003	2002	2001
<S>	<C>	<C>	<C>	<C>
AMB Property Corporation.....	Common stock	\$1.66	\$1.64	\$1.58
AMB Property Corporation.....	Series A preferred stock	\$1.15	\$2.13	\$2.13
AMB Property Corporation.....	Series L preferred stock	\$0.85	n/a	n/a
AMB Property Corporation.....	Series M preferred stock	\$0.17	n/a	n/a
Operating Partnership.....	Common limited partnership units	\$1.66	\$1.64	\$1.58
Operating Partnership.....	Series B preferred units	\$3.71	\$4.31	\$4.31
Operating Partnership.....	Series J preferred units	\$3.98	\$3.98	\$1.24
Operating Partnership.....	Series K preferred units	\$3.98	\$2.96	n/a
AMB Property II, L.P.	Class B common limited partnership units	\$0.22	n/a	n/a
AMB Property II, L.P.	Series C preferred units	n/a	n/a	\$3.88
AMB Property II, L.P.	Series D preferred units	\$3.88	\$3.88	\$3.88
AMB Property II, L.P.	Series E preferred units	\$3.88	\$3.88	\$3.88

AMB Property II, L.P.	Series F preferred units	\$3.98	\$3.98	\$3.98
AMB Property II, L.P.	Series G preferred units	n/a	\$2.14	\$3.98
AMB Property II, L.P.	Series H preferred units	\$4.06	\$4.06	\$4.06
AMB Property II, L.P.	Series I preferred units	\$4.00	\$4.00	\$3.04

</Table>

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

Stock Incentive Plan. The Company has Stock Option and Incentive Plans ("Stock Incentive Plans") for the purpose of attracting and retaining eligible officers, directors and employees. The Company has reserved for issuance 18,950,000 shares of common stock under its Stock Incentive Plans. As of December 31, 2003, the Company had 10,286,057 non-qualified options outstanding granted to certain directors, officers and

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

employees. Each option is exchangeable for one share of the Company's common stock. As of December 31, 2003, the options had a weighted average exercise price of \$23.92 and the exercise prices range from \$18.94 to \$30.83. Each option's exercise price is equal to the Company's market price on the date of grant. The options have an original ten-year term and generally vest pro rata in annual installments over a three- to five-year period from the date of grant.

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

As permitted by SFAS No. 148, Accounting for Stock-based Compensation -- Transition and Disclosure -- An Amendment of FASB Statement No. 123, the Company has changed its method of accounting for stock options beginning January 1, 2002. The Company has not retroactively changed its method of accounting for stock options but has provided additional required disclosures. Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards prior to 2002 consistent with the method of SFAS No. 123, the Company's pro forma net income available to common stockholders would have been reduced by \$1.6 million, \$2.4 million and \$3.9 million and pro forma basic and diluted earnings per share would have been reduced to \$1.48 and \$1.45; \$1.37 and \$1.34; and \$1.40 and \$1.38, respectively, for the years ended December 31, 2003, 2002 and 2001.

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

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

<Table>
<Caption>

	SHARES UNDER OPTION	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS EXERCISABLE AT YEAR END
	-----	-----	-----
<S>	<C>	<C>	<C>

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

</Table>

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

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

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

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

14. INCOME PER SHARE

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

<Table>

<Caption>

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

</Table>

15. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

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

<Table>	
<S>	<C>
2004.....	\$ 20,149
2005.....	20,272
2006.....	20,922
2007.....	21,120
2008.....	21,340
Thereafter.....	283,965

Total.....	\$387,768
	=====

</Table>

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

CONTINGENCIES

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

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

General Uninsured Losses. The Company carries property and rental loss, liability, flood, environmental and terrorism insurance. The Company believes that the policy terms and conditions, limits and deductibles are adequate and appropriate under the circumstances, given the relative risk of loss, the cost of such coverage and industry practice. In addition, certain of the Company's properties are located in areas that are subject to earthquake activity;

therefore, the Company has obtained limited earthquake insurance on those properties. There are, however, certain types of extraordinary losses, such as those due to acts of war that may be either uninsurable or not economically insurable. Although we have obtained coverage for certain acts of terrorism, with policy specifications and insured limits that we believe are commercially reasonable, it is not certain that we will be able to collect under such policies. Should an uninsured loss occur, the Company could lose its investment in, and anticipated profits and cash flows from, a property.

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

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

16. QUARTERLY FINANCIAL DATA (UNAUDITED)

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

<Table>
<Caption>

2003	QUARTER (UNAUDITED) (1)				
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31	YEAR
<S>	<C>	<C>	<C>	<C>	<C>
Total revenues.....	\$ 150,994	\$ 149,892	\$ 150,167	\$ 163,984	\$ 615,037
Income before minority interests and discontinued operations.....	38,823	28,704	40,067	46,232	153,826
Total minority interests' share of income.....	(15,221)	(15,466)	(20,421)	(20,131)	(71,239)
Income from continuing operations....	23,602	13,238	19,646	26,101	82,587
Total discontinued operations.....	35,776	4,888	7,307	3,461	51,432
Net income.....	59,378	18,126	26,953	29,562	134,019
Preferred stock dividends.....	(2,123)	(2,195)	(1,470)	(1,211)	(6,999)
Preferred stock and unit redemption discount/(issuance costs).....	--	--	(3,671)	(1,742)	(5,413)
Net income available to common stockholders.....	\$ 57,255	\$ 15,931	\$ 21,812	\$ 26,609	\$ 121,607
BASIC INCOME PER COMMON SHARE (2)					
Income from continuing operations.....	\$ 0.27	\$ 0.14	\$ 0.18	\$ 0.29	\$ 0.87
Discontinued operations.....	0.44	0.06	0.09	0.04	0.63
Net income available to common stockholders.....	\$ 0.71	\$ 0.20	\$ 0.27	\$ 0.33	\$ 1.50
DILUTED INCOME PER COMMON SHARE (2)					
Income from continuing operations.....	\$ 0.26	\$ 0.13	\$ 0.17	\$ 0.28	\$ 0.85
Discontinued operations.....	0.43	0.06	0.09	0.04	0.62
Net income available to common stockholders.....	\$ 0.69	\$ 0.19	\$ 0.26	\$ 0.32	\$ 1.47
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING					
Basic.....	81,097,725	81,015,506	81,096,837	81,165,405	81,096,062
Diluted.....	82,514,156	82,465,984	82,720,130	83,667,798	82,852,528

</Table>

-
- (1) Certain reclassifications have been made to the quarterly data to conform with the annual presentation with no net effect to net income or net income available to common stockholders.
- (2) The sum of quarterly financial data may vary from the annual data due to rounding.

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

<Table>
<Caption>

	QUARTER (UNAUDITED) (1)				
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31	YEAR
2002					
<S>	<C>	<C>	<C>	<C>	<C>
Total revenues.....	\$ 141,258	\$ 141,574	\$ 149,102	\$ 157,748	\$ 589,682
Income before minority interests and discontinued operations.....	38,827	38,527	34,890	33,461	145,705
Total minority interests' share of income.....	(14,804)	(14,713)	(16,037)	(13,392)	(58,946)
Income from continuing operations....	24,023	23,814	18,853	20,069	86,759
Total discontinued operations.....	6,280	5,036	8,221	17,941	37,478
Net income.....	30,303	28,850	27,074	38,010	124,237
Preferred stock dividends.....	(2,125)	(2,125)	(2,123)	(2,123)	(8,496)
Preferred stock and unit redemption premium.....	--	--	412	--	412
Net income available to common stockholders.....	\$ 28,178	\$ 26,725	\$ 25,363	\$ 35,887	\$ 116,153
BASIC INCOME PER COMMON SHARE (2)					
Income from continuing operations.....	\$ 0.26	\$ 0.26	\$ 0.20	\$ 0.22	\$ 0.94
Discontinued operations.....	0.08	0.06	0.10	0.22	0.45
Net income available to common stockholders.....	\$ 0.34	\$ 0.32	\$ 0.30	\$ 0.44	\$ 1.39
DILUTED INCOME PER COMMON SHARE (2)					
Income from continuing operations.....	\$ 0.26	\$ 0.25	\$ 0.20	\$ 0.22	\$ 0.93
Discontinued operations.....	0.07	0.06	0.10	0.21	0.44
Net income available to common stockholders.....	\$ 0.33	\$ 0.31	\$ 0.30	\$ 0.43	\$ 1.37
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING					
Basic.....	83,319,047	83,710,208	83,723,897	82,289,995	83,310,885
Diluted.....	84,781,872	85,529,416	85,527,829	83,648,772	84,795,987

</Table>

-
- (1) Certain reclassifications have been made to the quarterly data to conform with the annual presentation with no net effect to net income or per share amounts.
- (2) The sum of quarterly financial data may vary from the annual data due to rounding.

17. SEGMENT INFORMATION

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

or more anchor customers, such as grocery and drug stores, and various retail businesses. The accounting policies of the

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based upon property net operating income of the combined properties in each segment.

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

<Table>
<Caption>

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

</Table>

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

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

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

<Table>
<Caption>

	2003	2002	2001
<S>	<C>	<C>	<C>

Property NOI.....	\$ 441,793	\$ 434,360	\$ 396,952
Private capital income.....	13,337	11,193	10,972
Depreciation and amortization.....	(133,514)	(123,380)	(103,565)
Impairment losses.....	(5,251)	(2,846)	(18,600)
General and administrative.....	(47,729)	(47,207)	(35,820)
Equity in earnings of unconsolidated joint ventures.....	5,445	5,674	5,467
Interest and other income.....	4,648	10,460	16,340
Gains from dispositions of real estate.....	7,429	2,480	41,859
Development profits, net of taxes.....	14,441	1,171	17,276
Loss on investments in other companies.....	--	--	(20,758)
Interest, including amortization.....	(146,773)	(146,200)	(124,833)
Total minority interests' share of income.....	(71,239)	(58,946)	(65,356)
Total discontinued operations.....	51,432	37,478	18,019
	-----	-----	-----
Net income.....	\$ 134,019	\$ 124,237	\$ 137,953
	=====	=====	=====

</Table>

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

<Table>
<Caption>

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

</Table>

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AMB PROPERTY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

<Table>
<Caption>

	2003	2002
	-----	-----
<S>	<C>	<C>
Total investments in properties.....	\$5,491,707	\$4,922,782
Accumulated depreciation and amortization.....	(474,452)	(362,540)
	-----	-----
Net investments in properties.....	5,017,255	4,560,242
Investments in unconsolidated joint ventures.....	52,009	64,428
Properties held for divestiture, net.....	11,751	107,871
	-----	-----
Net investments in real estate.....	5,081,015	4,732,541
Cash and cash equivalents.....	127,678	89,332
Restricted cash.....	28,985	27,882
Mortgages receivable.....	43,145	13,133
Accounts receivable, net of allowance for doubtful accounts.....	88,452	74,207
Other assets.....	51,391	52,199
	-----	-----
Total assets.....	\$5,420,666	\$4,989,294
	=====	=====

</Table>

REPORT OF INDEPENDENT AUDITORS
ON FINANCIAL STATEMENT SCHEDULES

To the Board of Directors and Stockholders
of AMB Property Corporation:

Our audits of the consolidated financial statements referred to in our report dated February 13, 2004, appearing on page F-1 in this Annual Report on Form 10-K, also included an audit of the financial statement schedules listed in Item 15(a)(2) of this Form 10-K. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PRICEWATERHOUSECOOPERS LLP

San Francisco, California
February 13, 2004

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AMB PROPERTY CORPORATION

SCHEDULE III

CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION

AS OF DECEMBER 31, 2003

(in thousands, except number of buildings/centers)

<TABLE>
<CAPTION>

PROPERTY - - - - -	NO. OF	LOCATION	TYPE	ENCUMBRANCES
	BLDGS./CTRS.			
<S>	<C>	<C>	<C>	<C>
ATLANTA				
Airport Plaza	3	GA	IND	\$ 4,444
Airport South Business Park	7	GA	IND	17,077
Amwiler-Gwinnett Industrial Portfolio	8	GA	IND	5,454
Atlanta South Business Park	9	GA	IND	-
Atlantic Distribution Center	1	GA	IND	3,822
Norcross/Brookhollow Portfolio	4	GA	IND	-
Northbrook Distribution Center	1	GA	IND	-
Shawnee Industrial	1	GA	IND	-
South Ridge at Hartsfield	1	GA	IND	4,063
Southfield Industrial Portfolio	13	GA	IND	34,088
Southfield Logistic Center	2	GA	IND	11,220
Southside Distribution Center	1	GA	IND	1,151
Suwanee Creek Distribution SGP	2	GA	IND	13,569
Suwanee Creek OP	3	GA	IND	-
Sylvan Industrial	1	GA	IND	-
CHICAGO				
Addison Business Center	1	IL	IND	-
Alsip Industrial	1	IL	IND	-
AMB O'Hare Rosemont	14	IL	IND	9,519
AMB Port O'Hare	2	IL	IND	6,082
Arthur Distribution Center	1	IL	IND	6,250
Bedford Warehouse	1	IL	IND	2,777
Belden Avenue	3	IL	IND	10,018
Bensenville Industrial Park	13	IL	IND	36,717
Bridgeview Industrial	1	IL	IND	-
Chancellory Warehouse	1	IL	IND	2,576
Chicago Industrial Portfolio	1	IL	IND	1,548
Chicago Ridge Freight Terminal	1	IL	IND	-
Chicago/O'Hare Industrial Portfolio	5	IL	IND	8,931
Elk Grove Village Industrial	10	IL	IND	16,843
Executive Drive	1	IL	IND	-
Hamilton Parkway	1	IL	IND	-
Hintz Building	1	IL	IND	-
Itasca Industrial Portfolio	6	IL	IND	-
Melrose Park	1	IL	IND	-
NDP - Chicago	3	IL	IND	-
O'Hare Industrial Portfolio	13	IL	IND	-
Poplar Gateway Truck Terminal	1	IL	IND	-
Stone Distributing Center	1	IL	IND	3,034
Thorndale Distribution	1	IL	IND	5,549
Touhy Cargo Terminal	1	IL	IND	-
Windsor Court	1	IL	IND	-
Wood Dale Industrial (Includes Bonnie Lane)	5	IL	IND	8,742

Yohan Industrial	3	IL	IND	4,684
DALLAS/FT. WORTH				
Addison Technology Center	1	TX	IND	-
Dallas Industrial (Formerly Texas Industrial Portfolio)	12	TX	IND	-
DFW Airfreight Portfolio	6	TX	IND	-
Greater Dallas Industrial Portfolio	5	TX	IND	-
Lincoln Industrial Center	1	TX	IND	-
Lonestar Portfolio	7	TX	IND	16,501
Northfield Distribution Center	5	TX	IND	16,522
Richardson Tech Center	2	TX	IND	5,101
Valwood Industrial	2	TX	IND	3,524
West North Carrier Parkway	1	TX	IND	2,852
LOS ANGELES				
Anaheim Industrial	1	CA	IND	-
Artesia Industrial Portfolio	25	CA	IND	48,901
Aviation Logistics Center	8	CA	IND	-
Bell Ranch Distribution	5	CA	IND	-
Cabrillo Distribution Center	1	CA	IND	12,750
Carson Industrial	12	CA	IND	-
Carson Town Center	2	CA	IND	-
Chartwell Distribution Center	1	CA	IND	-
Del Amo Industrial Center	1	CA	IND	-
Eaves Distribution Center	3	CA	IND	15,123
Ford Distribution Cntr	7	CA	IND	-
Fordyce Distribution Center	1	CA	IND	7,485
Harris Business Center - AF I	10	CA	IND	26,818
Harris Business Center - AF II	9	CA	IND	32,992
Hawthorne LAX Cargo Center	1	CA	IND	8,434
International Multifoods	1	CA	IND	-
L.A. County Industrial Portfolio	6	CA	IND	22,809
LA Media Tech Center	2	CA	IND	-

</TABLE>

<TABLE>

<CAPTION>

INITIAL COST TO COMPANY

PROPERTY - - - - -	BUILDING & IMPROVEMENTS	
	LAND	
<S>	<C>	<C>
ATLANTA		
Airport Plaza	\$ 1,811	\$ 5,093
Airport South Business Park	10,035	16,436
Amwiler-Gwinnett Industrial Portfolio	5,888	17,690
Atlanta South Business Park	8,047	24,180
Atlantic Distribution Center	1,519	4,679
Norcross/Brookhollow Portfolio	3,721	11,180
Northbrook Distribution Center	1,039	3,481
Shawnee Industrial	2,481	7,531
South Ridge at Hartsfield	2,096	4,008
Southfield Industrial Portfolio	13,585	35,730
Southfield Logistic Center	3,200	10,012
Southside Distribution Center	766	2,480
Suwanee Creek Distribution SGP	3,098	12,944
Suwanee Creek OP	1,693	10,386
Sylvan Industrial	1,946	5,905
CHICAGO		
Addison Business Center	1,060	3,228
Alsip Industrial	1,200	3,744
AMB O'Hare Rosemont	3,197	8,995
AMB Port O'Hare	4,913	5,761
Arthur Distribution Center	2,726	5,216
Bedford Warehouse	1,354	3,225
Belden Avenue	5,491	13,655
Bensenville Industrial Park	20,799	62,438
Bridgeview Industrial	1,332	3,996
Chancellory Warehouse	1,566	2,006
Chicago Industrial Portfolio	762	2,285
Chicago Ridge Freight Terminal	3,705	3,576
Chicago/O'Hare Industrial Portfolio	4,816	9,603
Elk Grove Village Industrial	7,060	21,739
Executive Drive	1,399	4,236
Hamilton Parkway	1,554	4,703
Hintz Building	420	1,259
Itasca Industrial Portfolio	6,416	19,289
Melrose Park	2,936	9,190
NDP - Chicago	1,496	4,487
O'Hare Industrial Portfolio	6,248	18,778
Poplar Gateway Truck Terminal	4,551	3,152
Stone Distributing Center	2,242	3,266
Thorndale Distribution	4,130	4,216

Touhy Cargo Terminal	2,800	110
Windsor Court	766	2,338
Wood Dale Industrial (Includes Bonnie Lane)	2,869	9,166
Yohan Industrial	5,904	7,323
DALLAS/FT. WORTH		
Addison Technology Center	899	2,696
Dallas Industrial (Formerly Texas Industrial Portfolio)	5,938	17,836
DFW Airfreight Portfolio	950	8,492
Greater Dallas Industrial Portfolio	5,633	18,414
Lincoln Industrial Center	671	2,052
Lonestar Portfolio	6,909	21,154
Northfield Distribution Center	6,446	20,087
Richardson Tech Center	1,524	5,887
Valwood Industrial	1,983	5,989
West North Carrier Parkway	1,375	4,165
LOS ANGELES		
Anaheim Industrial	1,457	4,341
Artesia Industrial Portfolio	22,758	68,254
Aviation Logistics Center	22,141	19,178
Bell Ranch Distribution	6,904	12,915
Cabrillo Distribution Center	7,563	11,177
Carson Industrial	4,231	10,418
Carson Town Center	6,565	3,210
Chartwell Distribution Center	2,711	8,191
Del Amo Industrial Center	2,529	7,651
Eaves Distribution Center	11,893	12,708
Ford Distribution Cntr	24,557	22,046
Fordyce Distribution Center	4,340	8,335
Harris Business Center - AF I	19,273	26,288
Harris Business Center - AF II	20,772	31,050
Hawthorne LAX Cargo Center	2,775	8,377
International Multifoods	1,613	4,879
L.A. County Industrial Portfolio	9,430	29,242
LA Media Tech Center	4,588	12,531

</TABLE>

<TABLE>
<CAPTION>

GROSS AMOUNT CARRIED AT 12/31/03

(1) PROPERTY - - - - -	COSTS CAPITALIZED SUBSEQUENT TO		BUILDING &	TOTAL COSTS
	ACQUISITION	LAND	IMPROVEMENTS	(2)
-	-----	----	-----	--
<S>	<C>	<C>	<C>	<C>
ATLANTA				
Airport Plaza	\$ 29	\$ 1,811	\$ 5,122	\$
6,933				
Airport South Business Park	6,416	10,035	22,852	
32,886				
Amwiler-Gwinnett Industrial Portfolio	3,073	5,888	20,763	
26,650				
Atlanta South Business Park	2,127	8,047	26,307	
34,354				
Atlantic Distribution Center	155	1,519	4,834	
6,353				
Norcross/Brookhollow Portfolio	1,493	3,721	12,673	
16,394				
Northbrook Distribution Center	983	1,039	4,464	
5,503				
Shawnee Industrial	4,980	2,481	12,511	
14,992				
South Ridge at Hartsfield	33	2,096	4,041	
6,137				
Southfield Industrial Portfolio	6,506	13,585	42,235	
55,820				
Southfield Logistic Center	5,667	3,200	15,679	
18,879				
Southside Distribution Center	-	766	2,480	
3,246				
Suwanee Creek Distribution SGP	2,283	3,098	15,228	
18,326				
Suwanee Creek OP	9,733	2,181	19,631	
21,812				
Sylvan Industrial	327	1,946	6,232	
8,178				
CHICAGO				
Addison Business Center	248	1,060	3,475	
4,535				
Alsip Industrial	263	1,200	4,007	

5,207			
AMB O'Hare Rosemont	1,564	3,197	10,560
13,757			
AMB Port O'Hare	981	4,913	6,743
11,656			
Arthur Distribution Center	176	2,726	5,392
8,118			
Bedford Warehouse	7	1,354	3,232
4,586			
Belden Avenue	218	5,491	13,873
19,365			
Bensenville Industrial Park	11,711	20,799	74,149
94,948			
Bridgeview Industrial	96	1,332	4,092
5,424			
Chancellory Warehouse	755	1,566	2,760
4,327			
Chicago Industrial Portfolio	242	762	2,527
3,289			
Chicago Ridge Freight Terminal	19	3,705	3,595
7,300			
Chicago/O'Hare Industrial Portfolio	483	4,816	10,087
14,903			
Elk Grove Village Industrial	3,510	7,060	25,249
32,308			
Executive Drive	846	1,399	5,082
6,481			
Hamilton Parkway	226	1,554	4,929
6,483			
Hintz Building	308	420	1,567
1,987			
Itasca Industrial Portfolio	3,193	6,416	22,482
28,898			
Melrose Park	2,076	2,936	11,266
14,202			
NDP - Chicago	776	1,496	5,264
6,759			
O'Hare Industrial Portfolio	3,728	6,248	22,506
28,754			
Poplar Gateway Truck Terminal	1	4,551	3,152
7,703			
Stone Distributing Center	-	2,242	3,266
5,508			
Thorndale Distribution	227	4,130	4,443
8,572			
Touhy Cargo Terminal	3,840	2,800	3,950
6,750			
Windsor Court	102	766	2,440
3,206			
Wood Dale Industrial (Includes Bonnie Lane)	559	2,869	9,724
12,594			
Yohan Industrial	520	5,904	7,843
13,747			
DALLAS/FT. WORTH			
Addison Technology Center	590	899	3,286
4,185			
Dallas Industrial (Formerly Texas Industrial Portfolio)	4,491	5,938	22,327
28,266			
DFW Airfreight Portfolio	848	950	9,339
10,290			
Greater Dallas Industrial Portfolio	1,490	5,633	19,904
25,536			
Lincoln Industrial Center	277	671	2,328
2,999			
Lonestar Portfolio	1,062	6,909	22,216
29,126			
Northfield Distribution Center	189	6,446	20,276
26,722			
Richardson Tech Center	1,452	1,524	7,339
8,863			
Valwood Industrial	1,896	1,983	7,885
9,868			
West North Carrier Parkway	1,267	1,375	5,432
6,807			
LOS ANGELES			
Anaheim Industrial	664	1,457	5,005
6,462			
Artesia Industrial Portfolio	8,641	22,758	76,896
99,654			
Aviation Logistics Center	-	22,141	19,178
41,319			
Bell Ranch Distribution	273	6,904	13,188
20,092			
Cabrillo Distribution Center	22	7,563	11,199
18,762			

Carson Industrial 18,738	4,088	4,231	14,507
Carson Town Center 20,025	10,250	6,565	13,459
Chartwell Distribution Center 11,055	153	2,711	8,344
Del Amo Industrial Center 10,211	31	2,529	7,682
Eaves Distribution Center 26,732	2,131	11,893	14,838
Ford Distribution Cntr 49,198	2,596	24,557	24,642
Fordyce Distribution Center 12,908	233	4,340	8,568
Harris Business Center - AF I 47,198	1,637	19,273	27,925
Harris Business Center - AF II 53,010	1,189	20,772	32,239
Hawthorne LAX Cargo Center 11,416	264	2,775	8,641
International Multifoods 7,503	1,011	1,613	5,890
L.A. County Industrial Portfolio 41,325	2,653	9,430	31,895
LA Media Tech Center 21,539	4,419	4,588	16,950

</TABLE>

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<CAPTION>

PROPERTY - - - - -	ACCUMULATED DEPRECIATION ----- <C>	YEAR OF CONSTRUCTION/ ACQUISITION ----- <C>	DEPRECIABLE LIFE (YEARS) ----- <C>
ATLANTA			
Airport Plaza	\$ 11	2003	5-40
Airport South Business Park	1,564	2001	5-40
Amwiler-Gwinnett Industrial Portfolio	4,386	1997	5-40
Atlanta South Business Park	4,907	1997	5-40
Atlantic Distribution Center	421	2000	5-40
Norcross/Brookhollow Portfolio	2,435	1997	5-40
Northbrook Distribution Center	900	2000	5-40
Shawnee Industrial	2,351	1999	5-40
South Ridge at Hartsfield	299	2001	5-40
Southfield Industrial Portfolio	3,277	1997	5-40
Southfield Logistic Center	1,537	2002	5-40
Southside Distribution Center	124	2001	5-40
Suwanee Creek Distribution SGP	1,021	1998	5-40
Suwanee Creek OP	2,065	1998	5-40
Sylvan Industrial	716	1999	5-40
CHICAGO			
Addison Business Center	301	2000	5-40
Alsip Industrial	625	1998	5-40
AMB O'Hare Rosemont	1,015	1999	5-40
AMB Port O'Hare	40	2001	5-40
Arthur Distribution Center	406	2001	5-40
Bedford Warehouse	176	2001	5-40
Belden Avenue	1,595	1997	5-40
Bensenville Industrial Park	14,448	1997	5-40
Bridgeview Industrial	627	1997	5-40
Chancellory Warehouse	134	2002	5-40
Chicago Industrial Portfolio	417	1997	5-40
Chicago Ridge Freight Terminal	212	2001	5-40
Chicago/O'Hare Industrial Portfolio	720	2001	5-40
Elk Grove Village Industrial	2,038	1997	5-40
Executive Drive	1,054	1997	5-40
Hamilton Parkway	815	1997	5-40
Hintz Building	265	1998	5-40
Itasca Industrial Portfolio	4,551	1997	5-40
Melrose Park	2,220	1997	5-40
NDP - Chicago	1,016	1998	5-40
O'Hare Industrial Portfolio	4,087	1997	5-40
Poplar Gateway Truck Terminal	79	2002	5-40
Stone Distributing Center	27	2003	5-40
Thorndale Distribution	202	2002	5-40
Touhy Cargo Terminal	16	2002	5-40
Windsor Court	398	1997	5-40
Wood Dale Industrial (Includes Bonnie Lane)	758	1999	5-40
Yohan Industrial	116	2003	5-40
DALLAS/FT. WORTH			

5,321,189 Wilmington Avenue Warehouse 11,604,881 MIAMI	2	CA	IND	-	3,848,750
Beacon Centre - AF I 22,238,131	4	FL	IND	17,070	7,229,000
Beacon Centre - OP 96,681,490	18	FL	IND	66,690	31,703,625
Beacon Industrial Park 31,437,469	8	FL	IND	-	10,105,319
Blue Lagoon Business Park 14,874,894	2	FL	IND	-	4,944,965
Dolphin Distribution Center 3,602,404	1	FL	IND	-	1,581,353
Gratigny Distribution Center 2,380,417	1	FL	IND	-	1,551,162
Marlin Distribution Center 2,168,832	1	FL	IND	-	1,076,328
Miami Airport Business Center 19,633,781	6	FL	IND	-	6,400,000
Panther Distribution Center 3,251,847	1	FL	IND	-	1,839,585
Sunrise Industrial 18,797,703	4	FL	IND	11,643	6,265,901
NO. NEW JERSEY/NEW YORK AMB Meadowlands Park 14,457,627	8	NJ	IND	-	5,448,761
Dellamor 11,577,103	8	NJ	IND	14,408	12,061,002
Dock's Corner 22,516,095	1	NJ	IND	35,748	5,125,000
Fairmeadows Portfolio 27,901,136	17	NJ	IND	25,129	18,614,941
Highway 17 6,515,872	2	NJ	IND	-	8,184,696
Interstate Crossdock 19,294,805	1	NJ	IND	-	12,712,080
Jamesburg 35,101,125	3	NJ	IND	22,127	11,700,375
Linden Industrial 2,752,580	1	NJ	IND	-	900,000
Mahwah Corporate Center 27,572,755	5	NJ	IND	-	9,003,460
Meadow Lane 495 2,594,372	1	NJ	IND	-	837,500
Meadowlands AF II 13,092,539	4	NJ	IND	12,212	6,755,000
Meadowlands Cross Dock 3,484,837	1	NJ	IND	-	1,109,703
Moonachie Industrial 5,227,704	2	NJ	IND	5,451	2,730,525
Murray Hill Parkway 2,567,541	2	NJ	IND	-	1,670,000
Newark Airport I& II 5,399,692	2	NJ	IND	3,617	1,755,000
Orchard Hill 1,410,624	1	NJ	IND	-	1,211,505
Porete Avenue Warehouse 12,202,152	1	NJ	IND	-	4,067,384
Skyland Crossdock 7,249,930	1	NJ	IND	-	-
Teterboro Meadowlands 15 9,618,332	1	NJ	IND	9,750	4,960,876
Two South Middlesex 6,781,359	1	NJ	IND	-	2,247,120
JFK Air Cargo - AF I 29,730,221	14	NY	IND	18,807	10,210,000
JFK Air Cargo - OP 45,693,896	14	NY	IND	-	15,833,500
JFK Airport Park 7,250,550 ON TARMAC	1	NY	IND	-	2,349,500
AMB BWI Cargo Center 6,366,872	1	MD	IND	2,749	-
AMB DAY Cargo Center 7,162,674	5	OH	IND	6,625	-
AMB DFW Cargo Center 1 19,683,283	1	TX	IND	15,949	-
AMB DFW Cargo Center 2 4,286,411	1	TX	IND	-	-
AMB DFW Cargo Center East 20,631,855	3	TX	IND	6,042	-
AMB IAD Cargo Center 39,050,469	1	VA	IND	12,675	-
AMB IAH Cargo Center	1	TX	IND	7,292	-

338,785						
AMB JAX Cargo Center	1	FL	IND	3,050	-	
3,029,499						
AMB JFK Cargo Center 75&77	2	NJ	IND	-	-	
30,964,930						
AMB LAS Cargo Center	5	NV	IND	-	-	
24,071,896						
AMB LAX Cargo Center	3	CA	IND	7,337	-	
13,444,679						
AMB MCI Cargo Center 1	1	MO	IND	5,035	-	
5,793,199						
AMB MCI Cargo Center 2	1	MO	IND	9,150	-	
8,134,000						
AMB PDX Carto Center	2	OR	IND	-	-	
25,997						
AMB PHL Air Cargo Center	1	PA	IND	-	-	
9,715,908						
AMB RNO Cargo Center	2	NV	IND	-	-	
6,013,613						
AMB SEA Air Cargo Center 314	1	WA	IND	2,902	-	
2,938,871						
AMB SEA Cargo Center North	2	WA	IND	4,616	-	
15,593,688						
AMB SEA Cargo Center South	1	WA	IND	-	-	
3,055,554						
SAN FRANCISCO BAY AREA						
Acer Distribution Center	1	CA	IND	-	3,146,277	
9,478,832						
Albrae Business Center	1	CA	IND	7,730	6,298,500	
6,227,312						
Alvarado Business Center	5	CA	IND	23,828	6,341,865	
26,670,731						

<TABLE>
<CAPTION>

PROPERTY	INITIAL COST TO COMPANY		COSTS CAPITALIZED SUBSEQUENT (IMPROVEMENTS)		
	LAND	BUILDING & IMPROVEMENTS	LAND	BUILDING	LAND
LAX Logistics Center	29,622	24,513	-	14,822	-
Los Nietos Business Center	2,488	7,751	-	334,862	-
NDP - Los Angeles	5,948	17,844	-	2,491,026	-
Normandie Industrial	2,398	7,491	-	1,640,663	-
Northpointe Commerce	1,773	5,358	-	436,602	-
Park One at LAX, LLC	75,000	431	-	65,868	-
Pioneer Alburdis	2,482	7,166	-	780,843	-
Slauson Distribution Center	7,806	23,552	-	2,886,020	-
Stadium Business Park	3,768	11,345	-	1,317,052	-
Sunset Distribution Center	6,718	2,765	-	1,635,484	-
Systematics	911	2,773	-	620,167	-
Torrance Commerce Center	2,045	6,136	-	916,530	-
Van Nuys Airport Industrial	9,393	8,641	-	14,972,958	-
Walnut Drive	964	2,918	-	743,553	-
Watson Industrial Center	1,713	5,321	-	1,324,578	-
Wilmington Avenue Warehouse	3,849	11,605	-	2,662,975	-
MIAMI					
Beacon Centre - AF I	7,229	22,238	-	1,063,272	-
Beacon Centre - OP	31,704	96,681	-	15,298,075	-
Beacon Industrial Park	10,105	31,437	-	5,656,201	-
Blue Lagoon Business Park	4,945	14,875	-	1,202,101	-
Dolphin Distribution Center	1,581	3,602	-	-	-
Gratigny Distribution Center	1,551	2,380	-	382,827	-
Marlin Distribution Center	1,076	2,169	-	310,979	-
Miami Airport Business Center	6,400	19,634	-	3,156,384	-
Panther Distribution Center	1,840	3,252	-	-	-
Sunrise Industrial	6,266	18,798	-	3,219,700	-
NO. NEW JERSEY/NEW YORK					
AMB Meadowlands Park	5,449	14,458	-	3,905,591	-
Dellamor	12,061	11,577	-	(197,238)	-
Dock's Corner	5,125	22,516	8,547,484	19,869,618	8,547
Fairmeadows Portfolio	18,615	27,540	-	955,660	-
Highway 17	8,185	6,516	-	(25,837)	-
Interstate Crossdock	12,712	19,295	-	49,803	-
Jamesburg	11,700	35,101	-	1,789,313	-
Linden Industrial	900	2,753	-	472,917	-
Mahwah Corporate Center	9,003	27,573	-	573,976	-

Meadow Lane 495	838	2,594	-	281,909	-
Meadowlands AF II	6,755	13,093	-	1,899,703	-
Meadowlands Cross Dock	1,110	3,485	-	989,442	-
Moonachie Industrial	2,731	5,228	-	280,428	-
Murray Hill Parkway	1,670	2,568	-	5,173,102	-
Newark Airport I& II	1,755	5,400	-	483,360	-
Orchard Hill	1,212	1,411	-	-	-
Porete Avenue Warehouse	4,067	12,202	-	4,502,056	-
Skyland Crossdock	-	7,250	-	252,931	-
Teterboro Meadowlands 15	4,961	9,618	-	1,273,467	-
Two South Middlesex	2,247	6,781	-	1,043,302	-
JFK Air Cargo - AF I	10,210	29,730	-	3,664,018	-
JFK Air Cargo - OP	15,834	45,694	-	4,112,057	-
JFK Airport Park	2,350	7,251	-	630,540	-
ON TARMAC					
AMB BWI Cargo Center	-	6,367	-	87,418	-
AMB DAY Cargo Center	-	7,163	-	428,487	-
AMB DFW Cargo Center 1	-	19,683	-	3,869,299	-
AMB DFW Cargo Center 2	-	4,286	-	13,950,312	-
AMB DFW Cargo Center East	-	20,632	-	281,476	-
AMB IAD Cargo Center	-	39,050	-	(209,555)	-
AMB IAH Cargo Center	-	339	-	8,951,420	-
AMB JAX Cargo Center	-	3,029	-	-	-
AMB JFK Cargo Center 75&77	-	30,965	-	2,604,100	-
AMB LAS Cargo Center	-	24,072	-	603,966	-
AMB LAX Cargo Center	-	13,445	-	129,660	-
AMB MCI Cargo Center 1	-	5,793	-	164,251	-
AMB MCI Cargo Center 2	-	8,134	-	-	-
AMB PDX Carto Center	-	26	-	9,887,351	-
AMB PHL Air Cargo Center	-	9,716	-	289,576	-
AMB RNO Cargo Center	-	6,014	-	192,170	-
AMB SEA Air Cargo Center 314	-	2,939	-	-	-
AMB SEA Cargo Center North	-	15,594	-	82,483	-
AMB SEA Cargo Center South	-	3,056	-	206,275	-
SAN FRANCISCO BAY AREA					
Acer Distribution Center	3,146	9,479	-	2,478,092	-
Albrae Business Center	6,299	6,227	-	650,145	-
Alvarado Business Center	6,342	26,671	-	9,113,432	-

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<TABLE>
<CAPTION>

AT 12/31/03	TOTAL		GROSS AMOUNT CARRIED	
-----			-----	
TOTAL COSTS (1)	COSTS CAPITALIZED		BUILDING &	
PROPERTY	SUBSEQUENT TO		LAND	IMPROVEMENTS
(2)	ACQUISITION	COSTS		
- - - - -	-----	-----	----	-----
<S>	<C>	<C>	<C>	<C>
<C>				
LAX Logistics Center	1,415	55,549,409	29,622	25,928
55,549				
Los Nietos Business Center	335	10,573,546	2,488	8,086
10,574				
NDP - Los Angeles	2,491	26,282,515	5,948	20,335
26,283				
Normandie Industrial	1,641	11,528,754	2,398	9,131
11,529				
Northpointe Commerce	437	7,567,834	1,773	5,795
7,568				
Park One at LAX, LLC	66	75,496,515	75,000	497
75,497				
Pioneer Alburdis	781	10,428,626	2,482	7,947
10,429				
Slauson Distribution Center	2,886	34,243,968	7,806	26,438
34,244				
Stadium Business Park	1,317	16,430,479	3,768	12,662
16,430				
Sunset Distribution Center	1,635	11,117,708	6,718	4,400
11,118				
Systematics	620	4,304,174	911	3,393
4,304				
Torrance Commerce Center	917	9,098,529	2,045	7,053
9,099				
Van Nuys Airport Industrial	14,973	33,006,665	9,393	23,614
33,007				
Walnut Drive	744	4,625,222	964	3,662
4,625				

Watson Industrial Center 8,358	1,325	8,358,267	1,713	6,646
Wilmington Avenue Warehouse 18,117	2,663	18,116,606	3,849	14,268
MIAMI				
Beacon Centre - AF I 30,530	1,063	30,530,403	7,229	23,301
Beacon Centre - OP 143,683	15,298	143,683,190	31,704	111,980
Beacon Industrial Park 47,199	5,656	47,198,989	10,105	37,094
Blue Lagoon Business Park 21,022	1,202	21,021,960	4,945	16,077
Dolphin Distribution Center 5,184	-	5,183,757	1,581	3,602
Gratigny Distribution Center 4,314	383	4,314,406	1,551	2,763
Marlin Distribution Center 3,556	311	3,556,139	1,076	2,480
Miami Airport Business Center 29,190	3,156	29,190,165	6,400	22,790
Panther Distribution Center 5,091	-	5,091,432	1,840	3,252
Sunrise Industrial 28,283	3,220	28,283,304	6,266	22,017
NO. NEW JERSEY/NEW YORK				
AMB Meadowlands Park 23,812	3,906	23,811,979	5,449	18,363
Dellamor 23,441	(197)	23,440,867	12,061	11,380
Dock's Corner 56,058	28,417	56,058,197	13,672	42,386
Fairmeadows Portfolio 47,472	1,317	47,471,737	18,615	28,857
Highway 17 14,675	(26)	14,674,731	8,185	6,490
Interstate Crossdock 32,057	50	32,056,688	12,712	19,345
Jamesburg 48,591	1,789	48,590,813	11,700	36,890
Linden Industrial 4,125	473	4,125,497	900	3,225
Mahwah Corporate Center 37,150	574	37,150,191	9,003	28,147
Meadow Lane 495 3,714	282	3,713,781	838	2,876
Meadowlands AF II 21,747	1,900	21,747,242	6,755	14,992
Meadowlands Cross Dock 5,584	989	5,583,982	1,110	4,474
Moonachie Industrial 8,239	280	8,238,657	2,731	5,508
Murray Hill Parkway 9,411	5,173	9,410,643	1,670	7,741
Newark Airport I & II 7,638	483	7,638,052	1,755	5,883
Orchard Hill 2,622	-	2,622,129	1,212	1,411
Porete Avenue Warehouse 20,772	4,502	20,771,592	4,067	16,704
Skyland Crossdock 7,503	253	7,502,861	-	7,503
Teterboro Meadowlands 15 15,853	1,273	15,852,675	4,961	10,892
Two South Middlesex 10,072	1,043	10,071,781	2,247	7,825
JFK Air Cargo - AF I 43,604	3,664	43,604,239	10,210	33,394
JFK Air Cargo - OP 65,639	4,112	65,639,453	15,834	49,806
JFK Airport Park 10,231	631	10,230,590	2,350	7,881
ON TARMAC				
AMB BWI Cargo Center 6,454	87	6,454,290	-	6,454
AMB DAY Cargo Center 7,591	428	7,591,161	-	7,591
AMB DFW Cargo Center 1 23,553	3,869	23,552,582	-	23,553
AMB DFW Cargo Center 2 18,237	13,950	18,236,723	-	18,237
AMB DFW Cargo Center East 20,913	281	20,913,331	-	20,913
AMB IAD Cargo Center 38,841	(210)	38,840,914	-	38,841

AMB IAH Cargo Center 9,290	8,951	9,290,205	-	9,290
AMB JAX Cargo Center 3,029	-	3,029,499	-	3,029
AMB JFK Cargo Center 75&77 33,569	2,604	33,569,030	-	33,569
AMB LAS Cargo Center 24,676	604	24,675,862	-	24,676
AMB LAX Cargo Center 13,574	130	13,574,339	-	13,574
AMB MCI Cargo Center 1 5,957	164	5,957,450	-	5,957
AMB MCI Cargo Center 2 8,134	-	8,134,000	-	8,134
AMB PDX Carto Center 9,913	9,887	9,913,348	-	9,913
AMB PHL Air Cargo Center 10,005	290	10,005,484	-	10,005
AMB RNO Cargo Center 6,206	192	6,205,783	-	6,206
AMB SEA Air Cargo Center 314 2,939	-	2,938,871	-	2,939
AMB SEA Cargo Center North 15,676	82	15,676,171	-	15,676
AMB SEA Cargo Center South 3,262	206	3,261,829	-	3,262
SAN FRANCISCO BAY AREA				
Acer Distribution Center 15,103	2,478	15,103,201	3,146	11,957
Albrae Business Center 13,176	650	13,175,957	6,299	6,877
Alvarado Business Center 42,126	9,113	42,126,028	6,342	35,784

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PROPERTY - -----	ACCUMULATED	YEAR OF	DEPRECIABLE LIFE
	DEPRECIATION -----	CONSTRUCTION/ ACQUISITION -----	(YEARS) -----
<S>	<C>	<C>	<C>
LAX Logistics Center	163	2003	5-40
Los Nietos Business Center	622	1999	5-40
NDP - Los Angeles	3,210	1998	5-40
Normandie Industrial	996	2000	5-40
Northpointe Commerce	1,052	1997	5-40
Park One at LAX, LLC	11	2002	5-40
Pioneer Alburdis	673	1999	5-40
Slauson Distribution Center	2,213	2000	5-40
Stadium Business Park	2,266	1997	5-40
Sunset Distribution Center	56	2002	5-40
Systematics	628	1997	5-40
Torrance Commerce Center	1,302	1998	5-40
Van Nuys Airport Industrial	2,480	2000	5-40
Walnut Drive	594	1997	5-40
Watson Industrial Center	419	2001	5-40
Wilmington Avenue Warehouse MIAMI	2,386	1999	5-40
Beacon Centre - AF I	2,069	2000	5-40
Beacon Centre - OP	11,979	2000	5-40
Beacon Industrial Park	6,335	1997	5-40
Blue Lagoon Business Park	2,817	1997	5-40
Dolphin Distribution Center	23	2003	5-40
Gratigny Distribution Center	106	2003	5-40
Marlin Distribution Center	53	2003	5-40
Miami Airport Business Center	3,039	1999	5-40
Panther Distribution Center	20	2003	5-40
Sunrise Industrial	2,885	1998	5-40
NO. NEW JERSEY/NEW YORK			
AMB Meadowlands Park	1,832	2000	5-40
Dellamor	515	2002	5-40
Dock's Corner	3,531	1997	5-40
Fairmeadows Portfolio	90	2003	5-40
Highway 17	197	2002	5-40
Interstate Crossdock	700	2002	5-40
Jamesburg	6,022	1998	5-40
Linden Industrial	438	1999	5-40
Mahwah Corporate Center	4,275	1998	5-40
Meadow Lane 495	385	1999	5-40

8,126,092						
East Grand Airfreight	2	CA	IND	4,222	5,092,587	
4,190,000						
Edgewater Industrial Center	1	CA	IND	-	4,037,500	
15,112,860						
Fairway Drive Industrial	4	CA	IND	12,195	4,213,760	
13,949,212						
Hayward Industrial - Hathaway	2	CA	IND	-	4,472,500	
13,545,851						
Hayward Industrial - Wiegman	1	CA	IND	7,234	2,772,500	
8,392,970						
Junction Industrial Park	4	CA	IND	-	7,875,000	
23,975,406						
Laurelwood Drive	2	CA	IND	-	2,750,000	
8,538,128						
Lawrence SSF	1	CA	IND	-	2,870,000	
5,520,697						
Marina Business ParK	2	CA	IND	4,312	3,280,497	
4,315,715						
Martin/Scott Industrial Portfolio	2	CA	IND	-	9,051,900	
5,309,064						
Milmont Page Business Center	3	CA	IND	11,386	3,421,800	
10,600,168						
Moffett Business Center (MBC Industrial)	4	CA	IND	-	5,892,120	
17,716,359						
Moffett Distribution	7	CA	IND	19,121	26,915,750	
11,277,319						
Moffett Park R&D Portfolio	14	CA	IND	-	14,804,853	
44,462,151						
Pacific Business Center	2	CA	IND	8,642	5,417,120	
16,291,360						
Pardee Drive	1	CA	IND	1,533	618,637	
1,880,125						
Silicon Valley R&D Portfolio*	5	CA	IND	-	6,699,883	
20,186,155						
South Bay Industrial	8	CA	IND	17,709	14,992,112	
45,016,335						
Utah Airfreight	1	CA	IND	17,433	18,753,032	
8,381,257						
Weigman Road	1	CA	IND	-	1,562,783	
4,688,348						
Williams & Bouroughs	4	CA	IND	7,908	2,382,385	
6,981,476						
Willow Park Industrial Portfolio	21	CA	IND	-	25,590,368	
76,771,105						
Yosemite Drive	1	CA	IND	-	2,350,307	
7,050,920						
Zanker/Charcot Industrial	5	CA	IND	-	5,282,414	
15,887,242						
SEATTLE						
Black River	1	WA	IND	3,420	1,844,500	
3,559,469						
Earlington Business Park	1	WA	IND	4,238	2,766,420	
3,233,690						
East Valley Warehouse	1	WA	IND	-	6,812,500	
20,511,048						
Gateway Corporate Center	9	WA	IND	27,000	10,642,848	
32,907,940						
Gateway North	6	WA	IND	14,000	5,270,204	
16,295,596						
Harvest Business Park	3	WA	IND	-	2,371,025	
7,153,074						
Kent Centre Corporate Park	4	WA	IND	-	3,041,774	
9,165,322						
Kingsport Industrial Park	7	WA	IND	-	8,100,769	
23,812,240						
NDP - Seattle	4	WA	IND	11,854	3,993,219	
11,773,486						
Northwest Distribution Center	3	WA	IND	-	3,532,618	
10,750,992						
Puget Sound Airfreight	1	WA	IND	-	1,329,040	
1,829,778						
Renton Northwest Corp. Park	6	WA	IND	24,245	25,958,996	
14,791,812						
SEA Logistics Center 1	3	WA	IND	-	9,217,736	
18,968,499						
SEA Logistics Center 2	3	WA	IND	14,490	11,534,534	
24,601,289						
Seattle Airport Industrial	1	WA	IND	-	618,750	
1,923,176						
Trans-Pacific Industrial Park	11	WA	IND	48,600	31,674,841	
42,209,681						
OTHER INDUSTRIAL MARKETS						
Activity Distribution Center	4	CA	IND	-	3,736,151	
11,248,452						

Scripps Sorrento 3,330,393	1	CA	IND	-	1,110,131
Chancellor Square 6,106,335	3	FL	IND	15,029	2,009,123
Presidents Drive 17,654,542	6	FL	IND	-	5,770,357
Sand Lake Service Center 10,584,711	6	FL	IND	-	3,482,611
Elmwood Business Park 12,487,500	5	IA	IND	-	4,162,500
Boston Industrial Portfolio 52,013,374	18	MA	IND	10,031	16,706,924
Cabot Business Park 46,432,597	13	MA	IND	-	15,282,977
Cabot Business Park (KYDJ) 14,353,413	2	MA	IND	-	1,474,461
Cabot Business Park SGP 16,969,412	3	MA	IND	16,423	5,499,111
Bennington Corporate Center 8,181,283	2	MD	IND	5,854	2,671,358
B.W.I 5,149,324	2	MD	IND	3,454	2,257,809
Columbia Business Center 11,735,953	9	MD	IND	3,752	3,855,854
Corridor Industrial 3,019,002	1	MD	IND	2,376	995,656
Crysen Industrial 4,275,000	1	MD	IND	2,223	1,425,000
Gateway 58 9,940,375	3	MD	IND	-	3,255,934
Gateway Commerce Center 12,335,750	5	MD	IND	-	4,083,424
Greenwood Industrial 14,187,600	3	MD	IND	-	4,729,200
Meadowridge Industrial 11,147,400	3	MD	IND	-	3,715,800
Oakland Ridge Industrial Center 19,207,349	12	MD	IND	4,236	3,296,724
Patuxent Alliance 8280 1,705,831	1	MD	IND	-	887,250
Patuxent Range Road 5,127,194	2	MD	IND	-	1,695,731

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PROPERTY - - - - -	INITIAL COST TO COMPANY		COSTS CAPITALIZED SUBSEQUENT (IMPROVEMENTS)		
	LAND	BUILDING & IMPROVEMENTS	LAND	BUILDING	LAND
-	---	-----	---	-----	---
<S>	<C>	<C>	<C>	<C>	<C>
Brennan Distribution	3,683	3,022	-	2,193,374	-
Central Bay	3,896	7,400	-	1,164,624	-
Component Drive Industrial Portfolio	12,688	6,974	-	760,577	-
Concord Industrial Portfolio	3,872	11,647	-	2,487,235	-
Dado Distribution	7,221	3,739	-	953,339	-
Diablo Industrial Park	3,379	10,489	-	1,143,921	-
Doolittle Distribution Center	2,644	8,014	-	678,394	-
Dowe Industrial Center	2,665	8,034	-	2,003,051	-
Dublin Industrial Portfolio	2,980	9,042	-	1,010,784	-
East Bay Doolittle	7,128	11,023	-	2,034,559	-
East Bay Whipple	5,333	8,126	-	1,634,874	-
East Grand Airfreight	5,093	4,190	-	-	-
Edgewater Industrial Center	4,038	15,113	-	4,482,180	-
Fairway Drive Industrial	4,214	13,949	-	2,465,768	-
Hayward Industrial - Hathaway	4,473	13,546	-	528,736	-
Hayward Industrial - Wiegman	2,773	8,393	-	405,897	-
Junction Industrial Park	7,875	23,975	-	1,651,688	-
Laurelwood Drive	2,750	8,538	-	568,534	-
Lawrence SSF	2,870	5,521	-	1,123,658	-
Marina Business Park	3,280	4,316	-	46,980	-
Martin/Scott Industrial Portfolio	9,052	5,309	-	335,915	-
Milmont Page Business Center	3,422	10,600	-	3,073,434	-
Moffett Business Center (MBC Industrial)	5,892	17,716	-	3,281,411	-
Moffett Distribution	26,916	11,277	-	1,353,452	-
Moffett Park R&D Portfolio	14,805	44,462	-	9,448,014	-
Pacific Business Center	5,417	16,291	-	1,747,377	-
Pardee Drive	619	1,880	-	274,337	-

Silicon Valley R&D Portfolio*	6,700	20,186	-	4,778,780	-
South Bay Industrial	14,992	45,016	-	5,564,313	-
Utah Airfreight	18,753	8,381	-	315,884	-
Weigman Road	1,563	4,688	-	1,550,492	-
Williams & Bouroughs	2,382	6,981	-	3,309,005	-
Willow Park Industrial Portfolio	25,590	76,771	-	12,595,835	-
Yosemite Drive	2,350	7,051	-	752,720	-
Zanker/Charcot Industrial	5,282	15,887	-	2,412,856	-
SEATTLE					
Black River	1,845	3,559	-	284,821	-
Earlington Business Park	2,766	3,234	-	326,403	-
East Valley Warehouse	6,813	20,511	-	5,695,694	-
Gateway Corporate Center	10,643	32,908	-	4,323,112	-
Gateway North	5,270	16,296	-	1,496,599	-
Harvest Business Park	2,371	7,153	-	1,196,908	-
Kent Centre Corporate Park	3,042	9,165	-	1,198,579	-
Kingsport Industrial Park	8,101	23,812	-	4,104,452	-
NDP - Seattle	3,993	11,773	-	1,109,735	-
Northwest Distribution Center	3,533	10,751	-	996,328	-
Puget Sound Airfreight	1,329	1,830	-	254,652	-
Renton Northwest Corp. Park	25,959	14,792	-	768,022	-
SEA Logistics Center 1	9,218	18,968	-	21,401	-
SEA Logistics Center 2	11,535	24,601	-	-	-
Seattle Airport Industrial	619	1,923	-	179,729	-
Trans-Pacific Industrial Park	31,675	42,210	-	530,947	-
OTHER INDUSTRIAL MARKETS					
Activity Distribution Center	3,736	11,248	-	1,799,374	-
Scripps Sorrento	1,110	3,330	-	101,202	-
Chancellor Square	2,009	6,106	-	2,783,420	-
Presidents Drive	5,770	17,655	-	1,989,548	-
Sand Lake Service Center	3,483	10,585	-	2,804,895	-
Elmwood Business Park	4,163	12,488	-	1,933,665	-
Boston Industrial Portfolio	16,707	52,013	-	15,297,982	-
Cabot Business Park	15,283	46,433	1,045,533	3,589,818	1,046
Cabot Business Park (KYDJ)	1,474	14,353	348,862	8,054,922	349
Cabot Business Park SGP	5,499	16,969	756,724	1,424,675	757
Bennington Corporate Center	2,671	8,181	-	962,484	-
B.W.I	2,258	5,149	-	173,797	-
Columbia Business Center	3,856	11,736	-	2,116,943	-
Corridor Industrial	996	3,019	-	270,120	-
Crysen Industrial	1,425	4,275	-	993,365	-
Gateway 58	3,256	9,940	-	112,007	-
Gateway Commerce Center	4,083	12,336	-	1,244,703	-
Greenwood Industrial	4,729	14,188	-	2,250,149	-
Meadowridge Industrial	3,716	11,147	-	360,038	-
Oakland Ridge Industrial Center	3,297	19,207	-	7,074,601	-
Patuxent Alliance 8280	887	1,706	-	34,127	-
Patuxent Range Road	1,696	5,127	-	564,044	-

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AT 12/31/03	TOTAL		GROSS AMOUNT CARRIED	
-----			-----	-----
TOTAL COSTS (1)	COSTS CAPITALIZED		BUILDING &	
PROPERTY	SUBSEQUENT TO		IMPROVEMENTS	
(2)	ACQUISITION	COSTS	LAND	
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
<C>				
Brennan Distribution 8,898	2,193	8,898,133	3,683	5,215
Central Bay 12,460	1,165	12,460,449	3,896	8,565
Component Drive Industrial Portfolio 20,423	761	20,422,981	12,688	7,735
Concord Industrial Portfolio 18,006	2,487	18,005,764	3,872	14,134
Dado Distribution 11,914	953	11,913,581	7,221	4,693
Diablo Industrial Park 15,013	1,144	15,012,504	3,379	11,633
Doolittle Distribution Center 11,336	678	11,336,003	2,644	8,692
Dowe Industrial Center	2,003	12,701,564	2,665	10,037

12,702				
Dublin Industrial Portfolio	1,011	13,032,628	2,980	10,053
13,033				
East Bay Doolittle	2,035	20,186,002	7,128	13,058
20,186				
East Bay Whipple	1,635	15,094,266	5,333	9,761
15,094				
East Grand Airfreight	-	9,282,587	5,093	4,190
9,283				
Edgewater Industrial Center	4,482	23,632,540	4,038	19,595
23,633				
Fairway Drive Industrial	2,466	20,628,740	4,214	16,415
20,629				
Hayward Industrial - Hathaway	529	18,547,087	4,473	14,075
18,547				
Hayward Industrial - Wiegman	406	11,571,367	2,773	8,799
11,571				
Junction Industrial Park	1,652	33,502,094	7,875	25,627
33,502				
Laurelwood Drive	569	11,856,662	2,750	9,107
11,857				
Lawrence SSF	1,124	9,514,355	2,870	6,644
9,514				
Marina Business Park	47	7,643,192	3,280	4,363
7,643				
Martin/Scott Industrial Portfolio	336	14,696,879	9,052	5,645
14,697				
Millmont Page Business Center	3,073	17,095,402	3,422	13,674
17,095				
Moffett Business Center (MBC Industrial)	3,281	26,889,890	5,892	20,998
26,890				
Moffett Distribution	1,353	39,546,521	26,916	12,631
39,547				
Moffett Park R&D Portfolio	9,448	68,715,018	14,805	53,910
68,715				
Pacific Business Center	1,747	23,455,857	5,417	18,039
23,456				
Pardee Drive	274	2,773,099	619	2,154
2,773				
Silicon Valley R&D Portfolio*	4,779	31,664,818	6,700	24,965
31,665				
South Bay Industrial	5,564	65,572,760	14,992	50,581
65,573				
Utah Airfreight	316	27,450,173	18,753	8,697
27,450				
Weigman Road	1,550	7,801,623	1,563	6,239
7,802				
Williams & Bouroughs	3,309	12,672,866	2,382	10,290
12,673				
Willow Park Industrial Portfolio	12,596	114,957,308	25,590	89,367
114,957				
Yosemite Drive	753	10,153,947	2,350	7,804
10,154				
Zanker/Charcot Industrial	2,413	23,582,512	5,282	18,300
23,583				
SEATTLE				
Black River	285	5,688,790	1,845	3,844
5,689				
Earlington Business Park	326	6,326,513	2,766	3,560
6,327				
East Valley Warehouse	5,696	33,019,242	6,813	26,207
33,019				
Gateway Corporate Center	4,323	47,873,900	10,643	37,231
47,874				
Gateway North	1,497	23,062,399	5,270	17,792
23,062				
Harvest Business Park	1,197	10,721,007	2,371	8,350
10,721				
Kent Centre Corporate Park	1,199	13,405,675	3,042	10,364
13,406				
Kingsport Industrial Park	4,104	36,017,461	8,101	27,917
36,017				
NDP - Seattle	1,110	16,876,440	3,993	12,883
16,876				
Northwest Distribution Center	996	15,279,938	3,533	11,747
15,280				
Puget Sound Airfreight	255	3,413,470	1,329	2,084
3,413				
Renton Northwest Corp. Park	768	41,518,830	25,959	15,560
41,519				
SEA Logistics Center 1	21	28,207,636	9,218	18,990
28,208				
SEA Logistics Center 2	-	36,135,823	11,535	24,601
36,136				
Seattle Airport Industrial	180	2,721,655	619	2,103

2,722				
Trans-Pacific Industrial Park	531	74,415,469	31,675	42,741
74,415				
OTHER INDUSTRIAL MARKETS				
Activity Distribution Center	1,799	16,783,977	3,736	13,048
16,784				
Scripps Sorrento	101	4,541,726	1,110	3,432
4,542				
Chancellor Square	2,783	10,898,878	2,009	8,890
10,899				
Presidents Drive	1,990	25,414,447	5,770	19,644
25,414				
Sand Lake Service Center	2,805	16,872,217	3,483	13,390
16,872				
Elmwood Business Park	1,934	18,583,665	4,163	14,421
18,584				
Boston Industrial Portfolio	15,298	84,018,280	16,707	67,311
84,018				
Cabot Business Park	4,635	66,350,925	16,329	50,022
66,351				
Cabot Business Park (KYDJ)	8,404	24,231,658	1,823	22,408
24,232				
Cabot Business Park SGP	2,181	24,649,922	6,256	18,394
24,650				
Bennington Corporate Center	962	11,815,125	2,671	9,144
11,815				
B.W.I	174	7,580,930	2,258	5,323
7,581				
Columbia Business Center	2,117	17,708,750	3,856	13,853
17,709				
Corridor Industrial	270	4,284,778	996	3,289
4,285				
Crysen Industrial	993	6,693,365	1,425	5,268
6,693				
Gateway 58	112	13,308,316	3,256	10,052
13,308				
Gateway Commerce Center	1,245	17,663,877	4,083	13,580
17,664				
Greenwood Industrial	2,250	21,166,949	4,729	16,438
21,167				
Meadowridge Industrial	360	15,223,238	3,716	11,507
15,223				
Oakland Ridge Industrial Center	7,075	29,578,674	3,297	26,282
29,579				
Patuxent Alliance 8280	34	2,627,208	887	1,740
2,627				
Patuxent Range Road	564	7,386,969	1,696	5,691
7,387				

</TABLE>

<TABLE>
<CAPTION>

PROPERTY - - - - -	ACCUMULATED	YEAR OF	DEPRECIABLE LIFE
	DEPRECIATION	CONSTRUCTION/ ACQUISITION	(YEARS)
	-----	-----	-----
<S>	<C>	<C>	<C>
Brennan Distribution	436	2001	5-40
Central Bay	800	2001	5-40
Component Drive Industrial Portfolio	653	2001	5-40
Concord Industrial Portfolio	2,415	1999	5-40
Dado Distribution	256	2001	5-40
Diablo Industrial Park	1,507	1999	5-40
Doolittle Distribution Center	920	2000	5-40
Dowe Industrial Center	1,825	1997	5-40
Dublin Industrial Portfolio	877	2000	5-40
East Bay Doolittle	1,039	2001	5-40
East Bay Whipple	663	2001	5-40
East Grand Airfreight	217	2003	5-40
Edgewater Industrial Center	1,962	2000	5-40
Fairway Drive Industrial	1,126	1997	5-40
Hayward Industrial - Hathaway	1,093	2000	5-40
Hayward Industrial - Wiegman	691	2000	5-40
Junction Industrial Park	3,667	1999	5-40
Laurelwood Drive	1,409	1997	5-40
Lawrence SSF	668	2001	5-40
Marina Business ParK	147	2002	5-40
Martin/Scott Industrial Portfolio	389	2001	5-40
Milmont Page Business Center	748	1997	5-40

Moffett Business Center (MBC Industrial)	3,778	1997	5-40
Moffett Distribution	844	2001	5-40
Moffett Park R&D Portfolio	13,329	1997	5-40
Pacific Business Center	3,136	1997	5-40
Pardee Drive	153	1999	5-40
Silicon Valley R&D Portfolio*	5,923	1997	5-40
South Bay Industrial	9,617	1997	5-40
Utah Airfreight	116	2003	5-40
Weigman Road	982	1997	5-40
Williams & Bouroughs	1,234	1999	5-40
Willow Park Industrial Portfolio	14,703	1998	5-40
Yosemite Drive	1,245	1997	5-40
Zanker/Charcot Industrial	3,343	1997	5-40
SEATTLE			
Black River	377	2001	5-40
Earlington Business Park	172	2002	5-40
East Valley Warehouse	4,382	1999	5-40
Gateway Corporate Center	4,854	1999	5-40
Gateway North	2,106	1999	5-40
Harvest Business Park	1,665	1997	5-40
Kent Centre Corporate Park	2,097	1997	5-40
Kingsport Industrial Park	4,963	1997	5-40
NDP - Seattle	511	1998	5-40
Northwest Distribution Center	2,340	1997	5-40
Puget Sound Airfreight	122	2002	5-40
Renton Northwest Corp. Park	636	2002	5-40
SEA Logistics Center 1	120	2003	5-40
SEA Logistics Center 2	49	2003	5-40
Seattle Airport Industrial	235	2000	5-40
Trans-Pacific Industrial Park	546	2003	5-40
OTHER INDUSTRIAL MARKETS			
Activity Distribution Center	2,485	1997	5-40
Scripps Sorrento	513	1998	5-40
Chancellor Square	2,353	1998	5-40
Presidents Drive	3,747	1997	5-40
Sand Lake Service Center	2,810	1998	5-40
Elmwood Business Park	2,425	1998	5-40
Boston Industrial Portfolio	11,999	1998	5-40
Cabot Business Park	9,340	1998	5-40
Cabot Business Park (KYDJ)	3,543	1998	5-40
Cabot Business Park SGP	626	2002	5-40
Bennington Corporate Center	1,123	2000	5-40
B.W.I	260	2002	5-40
Columbia Business Center	2,366	1999	5-40
Corridor Industrial	439	1999	5-40
Crysen Industrial	1,018	1998	5-40
Gateway 58	918	2000	5-40
Gateway Commerce Center	2,167	1999	5-40
Greenwood Industrial	2,759	1998	5-40
Meadowridge Industrial	1,751	1998	5-40
Oakland Ridge Industrial Center	4,736	1999	5-40
Patuxent Alliance 8280	124	2001	5-40
Patuxent Range Road	1,114	1997	5-40

</TABLE>

AMB PROPERTY CORPORATION

SCHEDULE III

CONSOLIDATED REAL ESTATE AND ACCUMULATED DEPRECIATION

AS OF DECEMBER 31, 2003

(in thousands, except number of buildings/centers)

<TABLE>
<CAPTION>

PROPERTY BUILDING	NO. OF BLDGS./CTRS.	LOCATION	TYPE	ENCUMBRANCES	INITIAL

COST TO COMPANY					

<S>	<C>	<C>	<C>	<C>	<C>
<C>					
Preston Court	1	MD	IND	-	2,312,500
7,191,729					
The Rotunda	2	MD	IND	12,468	4,400,436
17,736,139					
Santa Barbara Court	1	MD	IND	-	1,617,180

5,029,328						
Technology I	2	MD	IND	-		1,656,543
5,049,270						
Technology II	9	MD	IND	-		10,206,440
3,761,215						
Braemar Business Center	2	MN	IND	-		1,566,262
4,612,500						
Burnsville Business Center	1	MN	IND	-		932,111
2,796,334						
Corporate Square Industrial	6	MN	IND	-		4,024,417
12,113,250						
Edendale Business Center	1	MN	IND	-		775,000
2,411,787						
Minneapolis Distribution Portfolio	4	MN	IND	-		6,078,576
18,691,979						
Mendota Heights	1	MN	IND	-		1,366,702
4,565,171						
Minnetonka Industrial	10	MN	IND	10,834		6,690,104
20,380,250						
Minneapolis Industrial Portfolio IV	4	MN	IND	7,214		4,937,910
14,853,729						
Penn James Office Warehouse	2	MN	IND	-		1,990,880
6,012,641						
Round Lake Business Center	1	MN	IND	-		875,000
2,625,000						
Twin Cities	2	MN	IND	-		4,872,644
14,637,737						
Chemway Industrial Portfolio	5	NC	IND	-		2,875,000
8,625,000						
CLT Logistics Center	11	NC	IND	-		6,376,821
24,949,735						
South Point Business Park	5	NC	IND	8,329		3,130,017
10,452,133						
Janitrol	1	OH	IND	-		1,796,556
5,389,667						
Cascade Business Center	4	OR	IND	-		2,825,481
7,860,193						
Wilsonville	1	OR	IND	-		3,406,951
13,493,049						
Corporate Park/Hickory Hill	7	TN	IND	15,723		6,788,750
20,366,250						
Willow Lake Industrial Park	10	TN	IND	19,488		12,414,740
35,990,213						
Metric Center	5	TX	IND	-		10,967,959
32,943,878						
TechRidge Phase II	1	TX	IND	11,277		7,260,831
13,484,400						
TechRidge Phase IA	3	TX	IND	14,825		7,131,915
21,395,746						
Beltway Distribution	1	VA	IND	-		4,800,000
15,158,982						
Dulles Airport - Alliance	5	VA	IND	20,869		3,655,700
6,929,967						
Peninsula Business Center III	1	VA	IND	-		991,838
2,975,515						
Mexico Guadalajara	5	Mexico	IND			9,554,545
22,386,081						
Mexico Mesquite Distribution Center	2	Mexico	IND	16,994		4,191,520
246,703						
Frankfurt Logistic Center	1	Germany	IND			-
19,874,616						
Bourget Industrial	1	France	IND			10,058,033
23,843,075						
Paris Nord Dist I	1	France	IND			2,863,694
4,722,728						
Paris Nord Dist II	1	France	IND			1,697,018
5,127,105						
Japan Saitama Distribution Center	2	Japan	IND			8,142,791
28,502,884						
OTHER RETAIL MARKETS						
Around Lenox	1	GA	RET	9,092		3,462,000
13,848,000						
Beacon Centre - Headlands	1	FL	RET	-		2,523,000
7,668,613						
Charles and Chase	1	MD	RET	-		750,664
2,286,840						
Mazzeo	1	MA	RET	3,178		1,477,251
4,431,854						
Palm Aire	1	FL	RET	-		2,278,531
9,719,567						
-	---					
Total	952			\$ 1,353,101		\$1,391,037,511
\$3,288,396,223	===			=====		=====

=====
</TABLE>

<TABLE>
<CAPTION>

PROPERTY - ----- ---	INITIAL COST TO COMPANY -----		COSTS CAPITALIZED SUBSEQUENT (IMPROVEMENTS) -----		
	LAND ---	BUILDING & IMPROVEMENTS -----	LAND ---	BUILDING -----	LAND -
<S>	<C>	<C>	<C>	<C>	<C>
Preston Court	2,313	7,192	-	323,096	-
The Rotunda	4,400	17,736	-	3,487,386	-
Santa Barbara Court	1,617	5,029	-	880,789	-
Technology I	1,657	5,049	-	373,774	-
Technology II	10,206	3,761	-	30,154,977	-
Braemar Business Center	1,566	4,613	-	1,074,309	-
Burnsville Business Center	932	2,796	-	1,129,648	-
Corporate Square Industrial	4,024	12,113	-	2,482,516	-
Edenvale Business Center	775	2,412	-	959,502	-
Minneapolis Distribution Portfolio	6,079	18,692	-	4,338,292	-
Mendota Heights	1,367	4,565	-	2,453,412	-
Minnetonka Industrial	6,690	20,380	-	3,911,894	-
Minneapolis Industrial Portfolio IV	4,938	14,854	-	2,220,625	-
Penn James Office Warehouse	1,991	6,013	-	1,175,042	-
Round Lake Business Center	875	2,625	-	585,851	-
Twin Cities	4,873	14,638	-	6,560,754	-
Chemway Industrial Portfolio	2,875	8,625	-	1,051,471	-
CLT Logistics Center	6,377	24,950	-	41,794	-
South Point Business Park	3,130	10,452	-	1,711,620	-
Janitrol	1,797	5,390	-	365,135	-
Cascade Business Center	2,825	7,860	-	2,320,781	-
Wilsonville	3,407	13,493	-	61,784	-
Corporate Park/Hickory Hill	6,789	20,366	-	2,182,134	-
Willow Lake Industrial Park	12,415	35,990	-	14,258,248	-
Metric Center	10,968	32,944	-	1,733,774	-
TechRidge Phase II	7,261	13,484	-	229,293	-
TechRidge Phase IA	7,132	21,396	-	484,749	-
Beltway Distribution	4,800	15,159	-	5,532,668	-
Dulles Airport - Alliance	3,656	6,930	-	16,001,101	-
Peninsula Business Center III	992	2,976	-	358,931	-
Mexico Guadalajara	9,555	22,386	-	733,777	-
Mexico Mesquite Distribution Center	4,192	247	-	11,853,342	-
Frankfurt Logistic Center	-	19,875	-	638,829	-
Bourget Industrial	10,058	23,843	308,654	1,232,024	309
Paris Nord Dist I	2,864	4,723	708,125	1,382,592	708
Paris Nord Dist II	1,697	5,127	393,752	2,602,134	394
Japan Saitama Distribution Center	8,143	28,503	-	-	-
OTHER RETAIL MARKETS					
Around Lenox	3,462	13,848	-	4,873,716	-
Beacon Centre - Headlands	2,523	7,669	-	864,633	-
Charles and Chase	751	2,287	-	175,751	-

Mazzeo	1,477	4,432	-	231,158	
-					
Palm Aire	2,279	9,720	173,571	7,601,778	174
--					
Total	\$1,391,038	\$ 3,286,635	12,769,831	599,875,478	12,770

</TABLE>

<TABLE>
<CAPTION>

GROSS AMOUNT CARRIED AT 12/31/03

(1) PROPERTY	COSTS CAPITALIZED SUBSEQUENT TO		BUILDING &	TOTAL COSTS
	ACQUISITION	LAND	IMPROVEMENTS	(2)
<S>	<C>	<C>	<C>	<C>
Preston Court	323	2,313	7,515	9,827
The Rotunda	3,487	4,400	21,224	25,624
Santa Barbara Court	881	1,617	5,910	7,527
Technology I	374	1,657	5,423	7,080
Technology II	30,155	10,206	33,916	44,123
Braemar Business Center	1,074	1,566	5,687	7,253
Burnsville Business Center	1,130	932	3,926	4,858
Corporate Square Industrial	2,483	4,024	14,596	18,620
Edenvale Business Center	960	775	3,371	4,146
Minneapolis Distribution Portfolio	4,338	6,079	23,030	29,109
Mendota Heights	2,453	1,367	7,019	8,385
Minnetonka Industrial	3,912	6,690	24,292	30,982
Minneapolis Industrial Portfolio IV	2,221	4,938	17,074	22,012
Penn James Office Warehouse	1,175	1,991	7,188	9,179
Round Lake Business Center	586	875	3,211	4,086
Twin Cities	6,561	4,873	21,198	26,071
Chemway Industrial Portfolio	1,051	2,875	9,676	12,551
CLT Logistics Center	42	6,377	24,992	31,368
South Point Business Park	1,712	3,130	12,164	15,294
Janitrol	365	1,797	5,755	7,551
Cascade Business Center	2,321	2,825	10,181	13,006
Wilsonville	62	3,407	13,555	16,962
Corporate Park/Hickory Hill	2,182	6,789	22,548	29,337
Willow Lake Industrial Park	14,258	12,415	50,248	62,663
Metric Center	1,734	10,968	34,678	45,646
TechRidge Phase II	229	7,261	13,714	20,975
TechRidge Phase IA	485	7,132	21,880	29,012
Beltway Distribution	5,533	4,800	20,692	25,492
Dulles Airport - Alliance	16,001	3,656	22,931	26,587
Peninsula Business Center III	359	992	3,334	4,326
Mexico Guadalajara	734	9,555	23,120	32,674
Mexico Mesquite Distribution Center	11,853	4,192	12,100	16,292
Frankfurt Logistic Center	639	-	20,513	20,513
Bourget Industrial	1,541	10,367	25,075	35,442
Paris Nord Dist I	2,091	3,572	6,105	9,677
Paris Nord Dist II	2,996	2,091	7,729	9,820
Japan Saitama Distribution Center	-	8,143	28,503	36,646
OTHER RETAIL MARKETS				
Around Lenox	4,874	3,462	18,722	22,184
Beacon Centre - Headlands	865	2,523	8,533	11,056
Charles and Chase	176	751	2,463	3,213
Mazzeo	231	1,477	4,663	6,140
Palm Aire	7,775	2,452	17,321	19,773
-				
Total	614,406	\$1,403,807	\$ 3,888,272	\$ 5,292,079

</TABLE>

<TABLE>
<CAPTION>

YEAR OF
ACCUMULATED CONSTRUCTION/ DEPRECIABLE LIFE

PROPERTY -----	DEPRECIATION -----	ACQUISITION -----	(YEARS) -----
<S>	<C>	<C>	<C>
Preston Court	1,331	1997	5-40
The Rotunda	3,571	1999	5-40
Santa Barbara Court	1,283	1997	5-40
Technology I	727	1999	5-40
Technology II	4,640	1999	5-40
Braemar Business Center	1,095	1998	5-40
Burnsville Business Center	925	1998	5-40
Corporate Square Industrial	2,985	1997	5-40
Edenvale Business Center	771	1998	5-40
Minneapolis Distribution Portfolio	4,134	1997	5-40
Mendota Heights	2,728	1998	5-40
Minnetonka Industrial	4,298	1998	5-40
Minneapolis Industrial Portfolio IV	3,416	1997	5-40
Penn James Office Warehouse	1,434	1997	5-40
Round Lake Business Center	641	1998	5-40
Twin Cities	4,221	1997	5-40
Chemway Industrial Portfolio	1,721	1998	5-40
CLT Logistics Center	156	2003	5-40
South Point Business Park	1,902	1998	5-40
Janitrol	916	1997	5-40
Cascade Business Center	1,859	1998	5-40
Wilsonville	2,008	1998	5-40
Corporate Park/Hickory Hill	3,534	1998	5-40
Willow Lake Industrial Park	12,418	1998	5-40
Metric Center	5,634	1997	5-40
TechRidge Phase II	944	2001	5-40
TechRidge Phase IA	1,768	2000	5-40
Beltway Distribution	3,631	1999	5-40
Dulles Airport - Alliance	663	2000	5-40
Peninsula Business Center III	479	1998	5-40
Mexico Guadalajara	580	2002	5-40
Mexico Mesquite Distribution Center	64	2003	5-40
Frankfurt Logistic Center	20	2003	5-40
Bourget Industrial	100	2003	5-40
Paris Nord Dist I	80	2002	5-40
Paris Nord Dist II	52	2002	5-40
Japan Saitama Distribution Center	59	2003	5-40
OTHER RETAIL MARKETS			
Around Lenox	2,851	1998	5-40
Beacon Centre - Headlands	694	2000	5-40
Charles and Chase	289	1998	5-40
Mazzeo	673	1998	5-40
Palm Aire	2,125	1996	5-40

Total	\$ 474,452		
	=====		

</TABLE>

- -----

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

<S>	<C>
Total per Schedule III(3).....	\$5,292,079
Construction in process(4).....	199,628

Total investments in properties.....	\$5,491,707
	=====

</Table>

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

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

<S>	<C>
Investments in Properties:	
Balance at beginning of year.....	\$4,922,782
Acquisition of properties.....	523,994
Improvements, including development properties.....	264,272
Transfer basis adjustment.....	23,388
Asset impairment.....	(5,251)
Divestiture of properties.....	(339,605)
Adjustment for properties held for divestiture.....	102,127

Balance at end of year.....	\$5,491,707
	=====

Accumulated Depreciation:

Balance at beginning of year.....	\$ 362,540
Depreciation expense, including discontinued operations...	133,842
Properties divested.....	(27,937)
Adjustment for properties held for divestiture.....	6,007

Balance at end of year.....	\$ 474,452
	=====

</Table>

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

S-2

EXHIBIT INDEX

<Table>

<Caption>

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

- Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).
- 3.14 Articles Supplementary Redesignating and Reclassifying all 20,000 Shares of 7.95% Series G Cumulative Redeemable Preferred Stock as Preferred Stock (incorporated by reference to Exhibit 3.3 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).
- 3.16 Articles Supplementary establishing and fixing the rights and preferences of the 6 1/2% Series L Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.16 of AMB Property Corporation's Current Report on Form 8-A filed on June 20, 2003).
- 3.17 Articles Supplementary establishing and fixing the rights and preferences of the 6 3/4% Series M Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.17 of AMB Property Corporation's Form 8-K filed on November 26, 2003).
- 3.18 Third Amended and Restated Bylaws of AMB Property Corporation (incorporated by reference to Exhibit 3.17 of AMB Property Corporation's 8-A filed on June 20, 2003).

</Table>

<Table>

<Caption>

EXHIBIT

NUMBER

DESCRIPTION

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

- trustee (incorporated by reference to Exhibit 4.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
- 4.13 Second Supplemental Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
- 4.14 Third Supplemental Indenture dated as of June 30, 1998, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.4 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
- 4.15 Fourth Supplemental Indenture, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K/A filed on November 9, 2000).
- 4.16 Fifth Supplemental Indenture dated as of May 7, 2002, by and among AMB Property, L.P., AMB Property Corporation and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to Exhibit 4.15 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2002).

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EXHIBIT

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DESCRIPTION

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4.17	Specimen of 7.10% Notes due 2008 (included in the First Supplemental Indenture incorporated by reference as Exhibit 4.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
4.18	Specimen of 7.50% Notes due 2018 (included in the Second Supplemental Indenture incorporated by reference as Exhibit 4.3 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
4.19	Specimen of 6.90% Reset Put Securities due 2015 (included in the Third Supplemental Indenture incorporated by reference as Exhibit 4.4 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-49163)).
4.20	\$25,000,000 6.90% Fixed Rate Note No. 8 dated January 9, 2001, attaching the Parent Guarantee dated January 9, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 31, 2001).
4.21	\$50,000,000 7.00% Fixed Rate Note No. 9 dated March 7, 2001, attaching the Parent Guarantee dated March 7, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 16, 2001).
4.22	\$25,000,000 6.75% Fixed Rate Note No. 10 dated September 6, 2001, attaching the Parent Guarantee dated September 6, 2001 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 18, 2001).
4.23	\$20,000,000 5.90% Fixed Rate Note No. 11 dated January 17, 2002, attaching the Parent Guarantee dated January 17, 2002 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 23, 2002).
4.24	\$75,000,000 5.53% Fixed Rate Note No. B-1 dated November 10, 2003, attaching the Parent Guarantee dated November 10, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003).
4.25	\$50,000,000 Floating Rate Note No. B-1 dated November 21, 2003, attaching the Parent Guarantee dated November 21, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 21, 2003).
4.26	Registration Rights Agreement dated November 14, 2003 (incorporated by reference to Exhibit 4.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 17, 2003).
10.1	Distribution Agreement dated May 7, 2002, by and among AMB Property Corporation, AMB Property, L.P., Morgan Stanley & Co. Incorporated, A.G. Edwards & Sons, Inc., Banc of America Securities LLC, Bear, Stearns & Co. Inc., Commerzbank Capital Markets Corp., First Union Securities, Inc., J.P.

- Morgan Securities Inc., Lehman Brothers Inc., and PNC Capital Markets, Inc.
- 10.2 Terms Agreement dated as of December 14, 2000, by and between Morgan Stanley & Co., Incorporated and J.P. Morgan Securities Inc. and AMB Property, L.P. (incorporated herein by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 8, 2001).
- 10.3 Terms Agreement dated as of January 4, 2001, by and between A.G. Edwards & Sons, Inc. and AMB Property, L.P. (incorporated herein by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 31, 2001).
- 10.4 Terms Agreement dated as of March 2, 2001, by and among First Union Securities, Inc., AMB Property, L.P. and AMB Property Corporation (incorporated by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on March 16, 2001).
- 10.5 Tenth Amended and Restated Agreement of Limited Partnership of AMB Property, L.P. dated as of November 26, 2003 (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on November 26, 2003).
- 10.6 Form of Registration Rights Agreement among AMB Property Corporation and the persons named therein (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Registration Statement on Form S-11 (No. 333-35915)).
- 10.7 Form of Change in Control and Noncompetition Agreement between AMB Property Corporation and Executive Officers (incorporated by reference to Exhibit 10.6 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 1998).

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- 10.8 Dividend Reinvestment and Direct Purchase Plan, dated July 9, 1999 (incorporated by reference to Exhibit 10.4 of AMB Property Corporation's Quarterly Report on Report Form 10-Q for the quarter ended June 30, 1999).
- 10.9 Twelfth Amended and Restated Agreement of Limited Partnership of AMB Property II, L.P., dated as of November 14, 2003 (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 17, 2003).
- 10.10 Amended and Restated Revolving Credit Agreement, dated as of December 11, 2002, by and among AMB Property, L.P., the banks listed therein, JPMorgan Chase Bank, as administrative agent, J.P. Morgan Europe Limited, as administrative agent for alternate currencies, Bank of America, N.A., as syndication agent, J.P. Morgan Securities Inc. and Banc of America Securities LLC, as joint lead arrangers and joint bookrunners, Bank One, NA, Commerzbank Aktiengesellschaft, New York and Grand Cayman Branches and Wachovia Bank, N.A., as documentation agents, PNC Bank, National Association, The Bank of Nova Scotia, acting through its San Francisco Agency, and Wells Fargo Bank, N.A., as managing agents, and KeyBank National Association, as co-agent (incorporated by reference to Exhibit 10.1 of AMB Property Corporation's Current Report on Form 8-K filed on December 18, 2002).
- 10.11 Amendment to Amended and Restated Credit Agreement dated as of July 10, 2003, by and among AMB Property, L.P., the banks listed therein, JP Morgan Chase Bank, as administrative agent, Bank of America, N.A., as syndication agent, and Bank One, N.A., Commerzbank, A.G., New York and Grand Cayman Branches, and Wachovia Bank, as documentation agent (incorporated by reference to Exhibit 10.3 of AMB Property Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003).
- 10.12 Guaranty of Payment, dated as of December 11, 2002, by AMB Property Corporation for the benefit of JPMorgan Chase Bank, as administrative agent, and J.P. Morgan Europe Limited, as administrative agent for alternate currencies, for the banks listed on the signature page to the Revolving Credit Agreement (incorporated by reference to Exhibit 10.2 of AMB Property Corporation's Current Report on Form 8-K filed on December 18, 2002).
- 10.13 Qualified Borrower Guaranty, dated as of December 11, 2002, by AMB Property, L.P. for the benefit of JPMorgan Chase Bank and J.P. Morgan Europe Limited, as administrative agents for the banks listed on the signature page to the Revolving Credit Agreement (incorporated by reference to Exhibit 10.3

of AMB Property Corporation's Current Report on Form 8-K filed on December 18, 2002).

- 10.14 Terms Agreement dated as of August 30, 2001, by and among Lehman Brothers Inc., AMB Property, L.P., and AMB Property Corporation (incorporated by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on September 18, 2001).
- 10.15 Terms Agreement dated as of January 14, 2002, by and among Lehman Brothers Inc., AMB Property, L.P., and AMB Property Corporation (incorporated by reference to Exhibit 1.1 of AMB Property Corporation's Current Report on Form 8-K filed on January 23, 2002).
- 10.16 Third Amended and Restated 1997 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 10.22 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2001).
- 10.17 Amendment No. 1 to the Third Amended and Restated 1997 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 10.23 of AMB Property Corporation's Annual Report on Form 10-K for the year ended December 31, 2001).
- 10.18 2002 Stock Option and Incentive Plan of AMB Property Corporation and AMB Property, L.P. (incorporated by reference to Exhibit 4.15 of AMB Property Corporation's Registration Statement on Form S-8 (No. 333-90042)).
- 10.19 Amended and Restated AMB Nonqualified Deferred Compensation Plan (incorporated by reference to Exhibit 4.17 of AMB Property Corporation's Registration Statement on Form S-8 (No. 333-100214)).
- 10.20 Note Purchase Agreement dated as of November 5, 2003, by and between AMB Property, L.P. and Teachers Insurance and Annuity Association of America (incorporated by reference to Exhibit 99.1 of AMB Property Corporation's Current Report on Form 8-K filed on November 6, 2003).
- 10.21 Agreement of Sale, made as of October 6, 2003, by and between AMB Property, L.P., International Airport Centers L.L.C. and certain affiliated entities (incorporated by reference to Exhibit 99.3 of AMB Property Corporation's Current Report on Form 8-K filed on November 6, 2003).

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| 21.1 | Subsidiaries of AMB Property Corporation. |
| 23.1 | Consent of PricewaterhouseCoopers LLP. |
| 24.1 | Powers of Attorney (included in Part IV of this Form 10-K) |
| 31.1 | Rule 13a-14 (a)/15d-14 (a) Certifications dated March 11, 2004. |
| 32.1 | 18 U.S.C. sec. 1350 Certifications dated March 11, 2004. The certifications in this exhibit are being furnished solely to accompany this report pursuant to 18 U.S.C. sec. 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any of our filings, whether made before or after the date hereof, regardless of any general incorporation language in such filing. |

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AMB PROPERTY, L.P.

\$400,000,000 SERIES B MEDIUM-TERM NOTES

DUE 9 MONTHS OR MORE FROM DATE OF ISSUE

DISTRIBUTION AGREEMENT

MAY 7, 2002

MAY 7, 2002

Morgan Stanley & Co. Incorporated
 A.G. Edwards & Sons, Inc.
 Banc of America Securities LLC
 Bear, Stearns & Co. Inc.
 Commerzbank Capital Markets Corp.
 First Union Securities, Inc.
 J.P. Morgan Securities Inc.
 Lehman Brothers Inc. and
 PNC Capital Markets, Inc.
 c/o Morgan Stanley & Co. Incorporated
 1585 Broadway
 New York, New York 10036

Dear Ladies and Gentleman:

AMB Property, L.P., a Delaware limited partnership (the "OPERATING PARTNERSHIP"), confirms its agreement with each of you with respect to the issue and sale from time to time by the Operating Partnership of up to \$400,000,000 (or the equivalent thereof in one or more foreign currencies or composite currencies) aggregate initial public offering price of Series B medium-term notes due from 9 months or more from date of issue (the "NOTES"), which amount may be increased from time to time in accordance with the Indenture (as defined below). The Notes will be issued pursuant to the provisions of an Indenture and the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture thereto, each dated as of June 30, 1998, the Fourth Supplemental Indenture, dated as of August 15, 2000 and the Fifth Supplemental Indenture dated as of May 7, 2002 (collectively, the "INDENTURE"), and each by and among the Operating Partnership, AMB Property Corporation, a Maryland corporation, the sole general partner of the Operating Partnership and guarantor of the Notes (the "GUARANTOR"), and State Street Bank and Trust Company of California, N.A., as Trustee (the "TRUSTEE"), and will have the maturities, interest rates, redemption provisions, if any, and other terms as set forth in supplements to the Basic Prospectus referred to below.

As used herein, the "COMPANY" shall include the Operating Partnership, the Guarantor and each of the subsidiaries of the Operating Partnership or the Guarantor which is a significant subsidiary as defined in Rule 405 of Regulation C of the Securities Act of 1933, as amended (the "SECURITIES ACT"), as set forth on Schedule I hereto (each, a "SUBSIDIARY," and, collectively, the "SUBSIDIARIES").

The Operating Partnership hereby appoints Morgan Stanley & Co. Incorporated ("MORGAN STANLEY"), A.G. Edwards & Sons, Inc., Banc of America Securities LLC, Bear, Stearns & Co. Inc., Commerzbank Capital Markets Corp., First Union Securities, Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc. and PNC Capital Markets, Inc., and each other agent set forth on Schedule II hereto (individually, an "AGENT" and collectively, the "AGENTS") as

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its agents, subject to Section 8 and the other terms and conditions herein set forth, for the purpose of soliciting and receiving offers to purchase Notes from the Operating Partnership by others and, on the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, each Agent agrees to use reasonable best efforts to solicit and receive offers to purchase Notes upon terms acceptable to the Operating Partnership at such times and in such amounts as the Operating Partnership shall from time to time specify. In addition, any Agent may also purchase Notes as principal pursuant to the terms of a terms agreement relating to such sale (a "TERMS AGREEMENT") in accordance with the provisions of Section 2(b) hereof. The Operating Partnership reserves the right to sell Notes through one or more additional agents or directly to or through certain investment banking firms as underwriters for resale to the public. The Operating Partnership has additionally reserved the right to sell Notes to investors on its own behalf in those jurisdictions where it is authorized to do so. No commission will be payable to the Agents on any Notes sold as described in the immediately preceding two sentences.

The Operating Partnership and the Guarantor have filed with the

Securities and Exchange Commission (the "COMMISSION") a registration statement on Form S-3 (File No. 333-86842), including a prospectus, relating to the Notes and the guarantees of the Notes (the "GUARANTEES"). Such registration statement, including the exhibits thereto, as amended at the Commencement Date (as hereinafter defined), but excluding the statement of eligibility of the trustee on Form T-1, is hereinafter referred to as the "REGISTRATION STATEMENT." The Operating Partnership proposes to file with the Commission from time to time, pursuant to Rule 424 under the Securities Act, supplements to the prospectus included in the Registration Statement that will describe certain terms of the Notes. The prospectus in the form in which it appears in the Registration Statement is hereinafter referred to as the "BASIC PROSPECTUS." The term "PROSPECTUS" means the Basic Prospectus together with the prospectus supplements and/or the pricing supplements referred to therein and issued from time to time (each a "PROSPECTUS SUPPLEMENT") specifically relating to Notes, as filed with, or transmitted for filing to, the Commission pursuant to Rule 424. As used herein, the terms "BASIC PROSPECTUS" and "PROSPECTUS" shall include in each case the documents, if any, incorporated by reference therein. The terms "SUPPLEMENT," "AMENDMENT" and "AMEND" as used herein shall include all documents deemed to be incorporated by reference in the Prospectus that are filed subsequent to the date of the Basic Prospectus by the Operating Partnership or the Guarantor with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT").

1. REPRESENTATIONS AND WARRANTIES. The Operating Partnership and the Guarantor, jointly and severally, represent and warrant to and agree with each Agent as of the Commencement Date, as of each date on which an Agent solicits offers to purchase Notes, as of each date on which the Operating Partnership accepts an offer to purchase Notes (including any purchase by an Agent pursuant to a Terms Agreement), as of each date the Operating Partnership issues and delivers Notes and as of each date the Registration Statement or the Basic Prospectus is amended or supplemented, as follows (it being understood that such representations, warranties and agreements shall be deemed to relate to the Registration Statement, the Basic Prospectus and the Prospectus, each as amended or supplemented to each such date):

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(a) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or, to the knowledge of the Operating Partnership and the Guarantor, threatened by the Commission.

(b) Except for statements in such documents which do not constitute part of the Registration Statement or Prospectus pursuant to Rule 412 of Regulation C under the Securities Act, (i) each document, if any, filed or to be filed pursuant to the Exchange Act and incorporated by reference in the Prospectus complied or will comply when so filed in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder, (ii) each part of the Registration Statement, when such part became effective, did not contain and each such part, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) the Registration Statement and the Prospectus complied when originally filed, comply and, as amended or supplemented, if applicable, will comply in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder and (iv) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that (A) the representations and warranties set forth in this paragraph 1(b) do not apply to (1) statements or omissions in the Registration Statement or the Prospectus based upon information relating to any Agent furnished to the Operating Partnership in writing by such Agent expressly for use therein, which are the names of the Agents in the first paragraph, the second, third, fourth and fifth sentences of the third paragraph, the first sentence of fifth paragraph, beginning with the language "but have been advised . . .", the sixth paragraph and the eighth paragraph (it being understood that First Union Securities, Inc. shall be solely responsible for the contents of this eighth paragraph) under the heading "Plan of Distribution", or (2) that part of the Registration Statement that constitutes the Statement of Eligibility (Form T-1) under the Trust Indenture Act of 1939, as amended (the "TRUST INDENTURE ACT"), of the Trustee and (B) the representations and warranties set forth in clauses 1(b)(iii) and 1(b)(iv) above, when made as of the Commencement Date or as of any date on which an Agent solicits offers to purchase Notes or on which the Operating Partnership accepts an offer to purchase Notes, shall be deemed not to cover information concerning an offering of particular Notes to the extent such information will be set forth in a supplement to the Basic Prospectus or the Prospectus Supplement.

(c) The Guarantor has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Maryland, and has all power and authority necessary to own, lease and operate its properties and to conduct the businesses in which it is engaged or proposes to engage as described in the Prospectus and to enter into and perform its obligations under

this Distribution Agreement, the Guarantees, the Indenture and any applicable Written Terms Agreement (as hereinafter defined). The Guarantor is duly qualified or registered as a foreign corporation and is in good standing in California and is in good standing in each other jurisdiction in which

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such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or be registered or to be in good standing in such other jurisdiction would not result in a material adverse effect on the consolidated financial position, results of operations or business of the Operating Partnership, the Guarantor and their subsidiaries, taken as a whole (a "MATERIAL ADVERSE EFFECT").

(d) The Operating Partnership is a limited partnership duly formed and existing under and by virtue of the laws of the State of Delaware and is in good standing under the Delaware Revised Uniform Limited Partnership Act with partnership power and authority to own, lease and operate its properties, to conduct the business in which it is engaged or proposes to engage as described in the Prospectus and to enter into and perform its obligations under this Distribution Agreement, the Notes, the Indenture, the Calculation Agency Agreement between the Operating Partnership and the Trustee (the "CALCULATION AGENCY AGREEMENT") and any applicable Written Terms Agreement. The Operating Partnership is duly qualified or registered as a foreign partnership and is in good standing in California and is in good standing in each other jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or be registered or to be in good standing in such other jurisdiction would not have Material Adverse Effect. The Guarantor is the sole general partner of the Operating Partnership and owns the percentage interest in the Operating Partnership as set forth or incorporated by reference in the Prospectus.

(e) Each Subsidiary has been, as the case may be, duly incorporated or organized, is validly existing as a partnership, corporation or limited liability company in good standing under the laws of its respective jurisdiction of organization, has the corporate, partnership or other power and authority to own its property and to conduct its business as described in the Prospectus. Each Subsidiary is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect; all of the issued shares of capital stock or other ownership interests of each Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and, except as set forth or incorporated by reference in the Prospectus, are owned directly or indirectly by the Operating Partnership or the Guarantor, free and clear of all liens, encumbrances, equities or claims.

(f) Each of the joint venture partnerships or limited liability companies listed on Schedule III hereto (the "JOINT VENTURES") has been duly formed and is validly existing as a limited partnership or limited liability company in good standing under the laws of its state of organization, with power and authority to own, lease and operate its properties and to conduct the business in which it is engaged. Each Joint Venture is duly qualified or registered as a foreign limited partnership or limited liability company to transact business in each jurisdiction in which such qualification or registration is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or be registered would not have a Material

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Adverse Effect. The Operating Partnership, the Guarantor or a subsidiary of the Operating Partnership or the Guarantor owns the percentage of the partnership or other equity interest in each of the Joint Ventures as set forth on Schedule III hereto (the "JOINT VENTURE INTERESTS"), and each of the Joint Venture Interests is validly issued and fully paid and free and clear of any security interest, mortgage, pledge, lien encumbrance, claim or equity. The Operating Partnership and the Guarantor have no other interests in joint ventures, partnerships or limited liability companies in which unrelated third parties have interests, other than as set forth on Schedule III hereto or the Subsidiaries.

(g) This Distribution Agreement, the Calculation Agency Agreement and any applicable Written Terms Agreement have been duly authorized, executed and delivered by the Operating Partnership and the Guarantor and constitute the valid and binding agreement of each of them, enforceable against them in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity.

(h) The Indenture has been duly qualified under the Trust Indenture Act

and has been duly authorized, executed and delivered by the Operating Partnership and the Guarantor and is a valid and binding agreement of each of them, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity.

(i) The Notes have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the purchasers thereof, will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Operating Partnership, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity.

(j) The Guarantees have been duly authorized and, when executed and the Notes are authenticated in accordance with the provisions of the Indenture, will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Guarantor, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity.

(k) The Notes, the Guarantees and the Indenture will conform in all material respects to the respective statements relating thereto contained in the Prospectus and will be in substantially the respective forms filed as exhibits to the Registration Statement.

(l) All of the issued and outstanding partnership units of the Operating Partnership (the "UNITS") have been duly and validly authorized and issued and conform to the description thereof contained or incorporated by reference in the Prospectus. The Units owned by the Guarantor are owned directly by the Guarantor, free and clear of all liens, encumbrances, equities or claims.

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(m) The execution and delivery by the Operating Partnership and the Guarantor of, and the performance by each of the Operating Partnership and the Guarantor of its respective obligations under, this Distribution Agreement, the Notes, the Guarantees, the Indenture, the Calculation Agency Agreement and any applicable Written Terms Agreement and the consummation of the transactions contemplated hereby and thereby, will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, joint venture agreement, partnership agreement, limited liability company agreement or any other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject, except for such conflicts, breaches or violations which would not, singly or in the aggregate, have a Material Adverse Effect, (ii) result in any violation of the provisions of the charter, by-laws, certificate of limited partnership, partnership agreement or other organizational documents of the Operating Partnership, the Guarantor or any Subsidiary, as the case may be, or (iii) result in any violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company, except where such noncompliance or violation of any such statute, order, rule or regulation would not, singly or in the aggregate, have a Material Adverse Effect. No consent, approval, authorization or order of, or filing or registration with, any such court or governmental agency or body is required for the execution and delivery by the Operating Partnership and the Guarantor of, and the performance by each of the Operating Partnership and the Guarantor of its respective obligations under, this Distribution Agreement, the Notes, the Guarantees, the Indenture, the Calculation Agency Agreement and any applicable Written Terms Agreement and the consummation of the transactions contemplated hereby and thereby, except for (A) the registration of the Notes under the Securities Act or the rules and regulations thereunder and such consents, approvals, authorizations, registrations or qualifications as may be required under the Securities Act, Exchange Act of 1934, the Trust Indenture Act, or the rules and regulations thereunder, and applicable state and foreign securities laws in connection with issuance, offer and sale of the Notes or (B) consents, approvals, authorizations, orders, filings or registrations that will be completed on or prior to the Commencement Date or in connection with the issuance of Notes.

(n) There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened, to which the Company is a party or to which any of the properties of the Company is subject that are required to be described in the Registration Statement or the Prospectus and are not so described or incorporated by reference, or any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described, incorporated by reference or filed as required.

(o) None of the Operating Partnership, the Guarantor or any Subsidiary is, and after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, none will

be, an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

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(p) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Operating Partnership, the Guarantor and their subsidiaries, taken as a whole, from that set forth or incorporated by reference in the Prospectus. Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, except as described in or contemplated by the Prospectus or a document incorporated therein by reference, (i) the Company has not incurred any liability or obligation, direct or contingent, nor entered into any transaction not in the ordinary course of business that is material with respect to the Operating Partnership, the Guarantor and their subsidiaries, taken as a whole; and (ii) there has not been any change in the capital stock or increase in the short-term debt or long-term debt that is, in either case, material with respect to the Operating Partnership, the Guarantor and their subsidiaries, taken as a whole (excluding Notes issued under the medium-term note program established by this Distribution Agreement and excluding debt resulting from a draw down on the Operating Partnership's credit facility).

(q) Except as otherwise disclosed or incorporated by reference in the Prospectus:

(i) as of March 31, 2002 the Company (directly or indirectly) owned 921 buildings and centers (the "PROPERTIES"), comprised of 914 industrial buildings and 7 retail centers;

(ii) the Company (directly or indirectly) has good and marketable fee simple title to the land underlying the Properties and good and marketable title to the improvements thereon, other than those improvements located on land which the Company (directly or indirectly) acts as the ground lessor (the "TENANT OWNED IMPROVEMENTS"), and all other assets that are required for the effective operation of such Properties in the manner in which they currently are operated, subject, however, to existing mortgages on such Properties, to utility easements serving such Properties and other immaterial easements, reciprocal easement agreements and licenses, to liens of ad valorem taxes and other assessments not delinquent, to zoning and similar governmental land use matters affecting such Properties that are consistent with the current uses of such Properties, to matters of title not adversely affecting marketability of title to such Properties, other immaterial statutory liens not due and payable, title matters that may be material in character, amount or extent but which do not materially detract from the value, or interfere with the use of, the Properties or otherwise materially impair the business operations being conducted or proposed to be conducted thereon, service marks and trade names used in connection with such Properties, ownership by others of certain items of equipment and other items of personal property that are not material to the conduct of business operations at such Properties and ownership of improvements pursuant to certain valid, existing and enforceable ground leases;

(iii) except as would not have a Material Adverse Effect, with respect to the Properties held through Joint Ventures (the "JOINT VENTURE PROPERTIES"),

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the Joint Ventures that currently own such Properties have good and marketable fee simple title to the land underlying such Properties, and good and marketable title to the improvements thereon, other than the Tenant Owned Improvements, and all other assets that are required for the effective operation of such Properties in the manner in which they currently are operated, subject to the exceptions set forth in clause (ii) above;

(iv) all liens, charges, encumbrances, claims, or restrictions on or affecting any of the Properties or the assets of the Company which are required to be disclosed in the Prospectus are disclosed or incorporated by reference therein;

(v) neither the Company nor, to the knowledge of the Operating Partnership or the Guarantor, any tenant of any of the Properties is in default under any of the leases pursuant to which the Company, as lessor, leases its Property (and the Company does not know of any event which, but for the passage of time or the giving of notice, or both, would constitute a default under any of such leases) other than such defaults that would not result in a Material Adverse Effect;

(vi) any real property and buildings held under lease by the Company are held by it under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and

proposed to be made of such property and buildings by the Company, except as described in or contemplated by the Prospectus;

(vii) no person has an option or right of first refusal to purchase all or part of any Property or any interest therein which is material to the Operating Partnership, the Guarantor and their subsidiaries, taken as a whole;

(viii) each of the Properties complies with all applicable codes, laws and regulations (including, without limitation, building and zoning codes, laws and regulations and laws relating to access to the Properties), except if and to the extent disclosed or incorporated by reference in the Prospectus and except for such failures to comply that would not individually or in the aggregate result in a Material Adverse Effect;

(ix) neither the Operating Partnership nor the Guarantor has knowledge of any pending or threatened condemnation proceedings, zoning change, or other similar proceeding or action that will in any manner affect the size of, use of, improvements on, construction on or access to any of the Properties, except such proceedings or actions that would not have a Material Adverse Effect; and

(x) except as would not result in a Material Adverse Effect,

(i) the ground leases under which the Company (directly or indirectly) or a Joint Venture holds or uses real property relating to the Properties are in full force and effect, and

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(ii) the Company and, to the knowledge of the Company, the Joint Ventures or other named lessees under such leases (A) are not in default in respect of any of the terms or provisions of such leases and (B) have not received notice of the assertion of any claim by anyone adverse to such person's or entity's rights as lessees under such leases, or affecting or questioning such person's or entity's right to the continued possession or use of the Property under such leases or of a default under such leases.

(r) Except as disclosed or incorporated by reference in the Prospectus:

(i) each Property, including, without limitation, the Environment (as defined below) associated with such Property, is free of any Hazardous Substance (as defined below) in violation of any Environmental Law (as defined below) applicable to such Property, except for Hazardous Substances that would not result in a Material Adverse Effect;

(ii) the Company has not caused or suffered to occur any Release (as defined below) of any Hazardous Substance into the Environment on, in, under or from any Property, and no condition exists on, in, under or, to the knowledge of the Company, adjacent to any Property that could result in the incurrence of liabilities or any violations of any Environmental Law applicable to such Property, give rise to the imposition of any Lien (as defined below) under any Environmental Law, or cause or constitute a health, safety or environmental hazard to any property, person or entity, except in each case that would not, singly or in the aggregate, have a Material Adverse Effect;

(iii) neither the Company nor, to the knowledge of the Company, any tenant of any of the Properties has received any written notice of a claim under or pursuant to any Environmental Law applicable to a Property or under common law pertaining to Hazardous Substances on or originating from any Property, except for any such claims which would not, singly or in the aggregate, have a Material Adverse Effect;

(iv) neither the Company nor, to the knowledge of the Company, any tenant of any of the Properties has received any written notice from any Governmental Authority (as defined below) claiming any violation of any Environmental Law applicable to a Property that is uncured or unremediated as of the date hereof, except for any such violations which would not, singly or in the aggregate, have a Material Adverse Effect;

(v) no Property is included or, to the knowledge of the Company, proposed for inclusion on the National Priorities List issued pursuant to CERCLA (as defined below) by the United States Environmental Protection Agency (the "EPA"), nor has the Company received any written notice from the EPA or any other Governmental Authority proposing the inclusion of any Property on such list;

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(vi) the Company and, to the knowledge of the Company, each tenant at any of the Properties (A) has received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct

their respective businesses and (B) is in compliance with all terms and conditions of any such permit, license or approval, except in each case where such noncompliance, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a Material Adverse Effect; and

(vii) there are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have a Material Adverse Effect.

As used herein: "HAZARDOUS SUBSTANCE" shall include, without limitation, any hazardous substance, hazardous waste, toxic or dangerous substance, pollutant, solid waste or similarly designated materials, including, without limitation, oil, petroleum or any petroleum-derived substance or waste, asbestos or asbestos-containing materials, PCBs, pesticides, explosives, radioactive materials, dioxins, urea formaldehyde insulation or any constituent of any such substance, pollutant or waste, including any such substance, pollutant or waste identified or regulated under any Environmental Law (including, without limitation, materials listed in the United States Department of Transportation Optional Hazardous Material Table, 49 C.F.R. Section 172.101, as heretofore amended, or in the EPA's List of Hazardous Substances and Reportable Quantities, 40 C.F.R. Part 302, as heretofore amended); "ENVIRONMENT" shall mean any surface water, drinking water, ground water, land surface, subsurface strata, river sediment, buildings, structures, and ambient, workplace and indoor air; "ENVIRONMENTAL LAW" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.) ("CERCLA"), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. Section 6901, et seq.), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.), the Clean Water Act, as amended (33 U.S.C. Section 1251, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, et seq.), the Occupational Safety and Health Act of 1970, as amended (29 U.S.C. Section 651, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801, et seq.), and all other applicable Federal, state and local laws, ordinances, regulations, rules, orders, decisions and permits relating to the protection of the environment or of human health from environmental effects; "GOVERNMENTAL AUTHORITY" shall mean any Federal, state or local governmental office, agency or authority having the duty or authority to promulgate, implement or enforce any Environmental Law; "LIEN" shall mean, with respect to any Property, any mortgage, deed of trust, pledge, security interest, lien, encumbrance, penalty, fine, charge, assessment, judgment or other liability in, on or affecting such Property; and "RELEASE" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, emanating or disposing of any Hazardous Substance into the Environment, including, without limitation, the

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abandonment or discard of barrels, containers, tanks (including, without limitation, underground storage tanks) or other receptacles containing or previously containing any Hazardous Substance or any release, emission, discharge or similar term, as those terms are defined or used in any Environmental Law.

(s) The independent auditors of the Company, who have certified certain financial statements in the Registration Statement, whose report appears in the Prospectus, are independent public accountants as required by the Securities Act and the rules and regulations of the Commission thereunder during the periods covered by the financial statements on which they reported contained in the Prospectus.

(t) The Company is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; the Company has not been refused any insurance coverage sought or applied for; and the Company does not have any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect, except as described in or contemplated by the Prospectus or in a document incorporated by reference in the Prospectus.

(u) The Company possesses all certificates, authorizations and permits issued by the appropriate Federal, state or foreign regulatory authorities necessary to conduct its businesses, and the Company has not received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect, except as described in or contemplated by the Prospectus or in a document incorporated by reference in the Prospectus.

(v) The Company has filed all Federal, state, and local income tax returns which have been required to be filed and has paid all taxes required to be paid and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except, in all cases, for any such tax, assessment, fine or penalty that is being contested in good faith (and except in any case in which the failure to so file or pay would not have a Material Adverse Effect).

(w) The financial statements (including the notes thereto) included in the Registration Statement and the Prospectus present fairly the financial position of the respective entity or entities presented therein at the respective dates indicated and the results of their operations for the respective periods specified, and except as otherwise stated or incorporated by reference in the Registration Statement, said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis. The supporting schedules included in the Registration Statement present fairly the information required to be stated or incorporated by reference therein. The financial information and data included in the Registration Statement and the Prospectus present fairly the information included therein and have been prepared on a basis consistent with that of the books and records of the

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respective entities presented therein. Pro forma financial information included or incorporated by reference in the Prospectus has been prepared in accordance with the applicable requirements of Rules 11-01 and 11-02 of Regulation S-X under the Securities Act, and the necessary pro forma adjustments have been properly applied to the historical amounts in the compilation of such information, and, in management's opinion, the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(x) The Company is currently in compliance with all presently applicable provisions of the Americans with Disabilities Act, except for such noncompliance which would not, singly or in the aggregate, have a Material Adverse Effect, and no failure of the Company to comply with all presently applicable provisions of the Americans with Disabilities Act would have a Material Adverse Effect.

(y) The Guarantor has elected to be taxed as a "real estate investment trust" under the Internal Revenue Code of 1986, as amended (the "CODE"), commencing with its taxable year ended December 31, 1997; the Guarantor has qualified and expects that it will continue to qualify as a "real estate investment trust" under the Code beginning with its taxable year ended December 31, 1997, and will continue to qualify as a "real estate investment trust" under the Code after consummation of the transactions contemplated by the Prospectus; and the Guarantor's present and contemplated operations, assets and income will enable it to meet the requirements for qualification as a "real estate investment trust" under the Code.

(z) Each of the Second Amended and Restated Credit Agreement dated November 26, 1997 among the Operating Partnership and the banks listed therein, the Amendment thereto dated as of May 29, 1998, the Second Amendment thereto made as of September 30, 1998, and the Third Amendment thereto made as of March 22, 1999 (collectively, the "PRIOR CREDIT AGREEMENT"), have been superceded and terminated by all of the parties thereto and no longer have any force or effect and the Company does not have any obligations under or with respect to such agreements.

2. SOLICITATIONS AS AGENT; PURCHASES AS PRINCIPAL.

(a) Solicitations as Agent. In connection with an Agent's actions as agent hereunder, such Agent agrees to use reasonable best efforts to solicit offers to purchase Notes upon the terms and conditions set forth in the Prospectus as then amended or supplemented.

The Operating Partnership reserves the right, in its sole discretion, to instruct the Agents to suspend at any time, for any period of time or permanently, the solicitation of offers to purchase Notes. As soon as practicable, but in any event not later than one business day after written notice from the Operating Partnership, the Agents will forthwith suspend solicitations of offers to purchase Notes from the Operating Partnership until such time as the Operating Partnership has advised the Agents that such solicitation may be resumed. While such solicitation is suspended, the Company shall

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not be required to deliver any certificates, opinions or letters in accordance with Sections 5(a), 5(b) and 5(c); provided, however, that if the Registration Statement or Prospectus is amended or supplemented during the period of

suspension (other than by an amendment or supplement providing solely for a change in the interest rates, redemption provisions, amortization schedules or maturities offered on the Notes or for a change the Agents deem to be immaterial), no Agent shall be required to resume soliciting offers to purchase Notes until the Company has delivered such certificates, opinions and letters as such Agent may request.

The Operating Partnership agrees to pay to each Agent, as consideration for the sale of each Note resulting from a solicitation made or an offer to purchase received by such Agent, a commission in the form of a discount from the purchase price of such Note equal to the percentage set forth below of the purchase price of such Note:

<TABLE>
<CAPTION>

TERM	COMMISSION RATE
- ----	-----
<S>	<C>
From 9 months to less than 1 year	.125%
From 1 year to less than 18 months	.150%
From 18 months to less than 2 years	.200%
From 2 years to less than 3 years	.250%
From 3 years to less than 4 years	.350%
From 4 years to less than 5 years	.450%
From 5 years to less than 6 years	.500%
From 6 years to less than 7 years	.550%
From 7 years to less than 10 years	.600%
From 10 years to less than 15 years	.625%
From 15 years to less than 20 years	.700%
From 20 years to less than 30 years	.750%
From 30 years and beyond	To be Negotiated

</TABLE>

Each Agent shall communicate to the Operating Partnership, orally or in writing, each offer to purchase Notes received by such Agent as agent that in its judgment should be considered by the Operating Partnership. The Operating Partnership shall have the sole right to accept offers to purchase Notes and may reject any offer in whole or in part. Each Agent shall have the right to reject any offer to purchase Notes that it, in its reasonable discretion, considers to be unacceptable, and any such rejection shall not be deemed a breach of its agreements contained herein. Each Agent shall make reasonable best efforts to assist the Operating Partnership in obtaining performance by each purchaser whose offer to purchase Notes has been solicited by such Agent and accepted by the Operating Partnership. The procedural details relating to the issue and delivery of Notes sold by the Agents as agents and the payment therefor shall be as set forth in the

Administrative Procedures (as hereinafter defined). All Notes sold through an Agent as agent will be sold at 100% of their principal amount, unless otherwise agreed to by the Operating Partnership and such Agent or provided in the applicable Note or pricing supplement.

(b) Purchases as Principal. Each sale of Notes to an Agent as principal shall be made in accordance with the terms of this Distribution Agreement. In connection with each such sale, the Operating Partnership will enter into a Terms Agreement that will provide for the sale of such Notes to and the purchase thereof by such Agent. Each Terms Agreement will take the form of either (i) a written agreement between such Agent and the Operating Partnership, which, unless otherwise agreed by the Operating Partnership and such Agent, may be substantially in the form of Exhibit A hereto (a "WRITTEN TERMS AGREEMENT"), or (ii) an oral agreement between such Agent and the Operating Partnership confirmed in writing by such Agent to the Operating Partnership.

An Agent's commitment to purchase Notes pursuant to a Terms Agreement shall be deemed to have been made on the basis of the representations and warranties of the Operating Partnership and the Guarantor herein contained and shall be subject to the terms and conditions herein set forth. Each Terms Agreement shall specify the principal amount of Notes to be purchased by such Agent pursuant thereto, the maturity date of such Notes, the price to be paid to the Operating Partnership for such Notes, the interest rate and interest rate formula, if any, applicable to such Notes and any other terms of such Notes. Each purchase of Notes, unless otherwise agreed, shall be at a discount from the principal amount of each such Note equivalent to the applicable commission set forth in Section 2(a) above. Each such Terms Agreement may also specify any requirements for officers' certificates, opinions of counsel and letters from the independent public accountants of the Company pursuant to Section 4 hereof. A Terms Agreement may also specify certain provisions relating to the reoffering of such Notes by such Agent.

Each Terms Agreement shall specify the time and place of delivery of and payment for such Notes. Unless otherwise specified in a Terms Agreement, the procedural details relating to the issue and delivery of Notes purchased by an Agent as principal and the payment therefor shall be as set forth in the

Administrative Procedures. Each date of delivery of and payment for Notes to be purchased by an Agent as principal pursuant to a Terms Agreement is referred to herein as a "SETTLEMENT DATE."

Unless otherwise specified in a Terms Agreement, if an Agent is purchasing Notes as principal it may resell such Notes to other dealers. Any such sales may be at a discount, which shall not exceed the amount set forth in the Prospectus Supplement relating to such Notes.

(c) Administrative Procedures. The Agents and the Operating Partnership and the Guarantor agree to perform their respective duties and obligations specifically provided to be performed in the Medium-Term Notes Administrative Procedures (attached hereto as Exhibit B) (the "ADMINISTRATIVE PROCEDURES"), as amended from time to time. The Administrative Procedures may be amended only by written agreement of the Operating Partnership, the Guarantor and the Agents.

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(d) Delivery. The documents required to be delivered by Section 4 of this Distribution Agreement as a condition precedent to each Agent's obligation to begin soliciting offers to purchase Notes as an agent of the Operating Partnership shall be delivered at the office of Latham & Watkins, counsel for the Operating Partnership and the Guarantor, not later than 9:00 A.M., San Francisco time, on the date hereof, or at such other time and/or place as the Agents and the Operating Partnership and the Guarantor may agree upon in writing, but in no event later than the day prior to the earlier of (i) the date on which the Agents begin soliciting offers to purchase Notes and (ii) the first date on which the Operating Partnership accepts any offer by an Agent to purchase Notes pursuant to a Terms Agreement. The date of delivery of such documents is referred to herein as the "COMMENCEMENT DATE."

(e) Obligations Several. The Operating Partnership and the Guarantor acknowledge that the obligations of the Agents under this Distribution Agreement are several and not joint.

3. AGREEMENTS. The Operating Partnership and the Guarantor agree with each Agent that:

(a) Prior to the termination of the offering of the Notes pursuant to this Distribution Agreement or any Terms Agreement, the Operating Partnership and the Guarantor will not file any Prospectus Supplement relating to the Notes or any amendment to the Registration Statement unless the Operating Partnership and the Guarantor have previously furnished to the Agents copies thereof for their review and will not file any such proposed supplement or amendment to which the Agents reasonably object; provided, however, that (i) the foregoing requirement shall not apply to the filing of documents which are incorporated by reference in the Prospectus and (ii) any Prospectus Supplement that merely sets forth the terms or a description of particular Notes shall only be reviewed and approved by the Agent or Agents offering such Notes. Subject to the foregoing sentence, the Operating Partnership and the Guarantor will promptly cause each Prospectus Supplement to be filed with or transmitted for filing to the Commission in accordance with Rule 424(b) under the Securities Act. The Operating Partnership and the Guarantor will promptly advise the Agents (A) of the filing of any amendment or supplement to the Basic Prospectus (except that notice of the filing of an amendment or supplement to the Basic Prospectus that merely sets forth the terms or a description of particular Notes shall only be given to the Agent or Agents offering such Notes and the Operating Partnership and the Guarantor shall not be required to so advise the Agents of the filing of documents which are incorporated by reference therein), (B) of the filing and effectiveness of any amendment to the Registration Statement, except for the filing of documents which are incorporated by reference therein, (C) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Basic Prospectus or for any additional information, (D) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose and (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Notes for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The

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Operating Partnership and the Guarantor will use best efforts to prevent the issuance of any such stop order or notice of suspension of qualification and, if issued, to obtain as soon as possible the withdrawal thereof. If the Basic Prospectus is amended or supplemented as a result of the filing under the Exchange Act of any document incorporated by reference in the Prospectus, no Agent shall be obligated to solicit offers to purchase Notes so long as it is not reasonably satisfied with such document.

(b) If, at any time when a prospectus relating to the Notes is

required to be delivered under the Securities Act, any event occurs or condition exists as a result of which the Prospectus, as then amended or supplemented, would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in the light of the circumstances when the Prospectus, as then amended or supplemented, is delivered to a purchaser, not misleading, or if, in the opinion of the Agents or in the opinion of the Operating Partnership and the Guarantor, it is necessary at any time to amend or supplement the Prospectus, as then amended or supplemented, to comply with applicable law, the Operating Partnership and the Guarantor will immediately notify the Agents by telephone (with confirmation in writing) to suspend solicitation of offers to purchase Notes and, if so notified by the Operating Partnership and the Guarantor, the Agents shall forthwith suspend such solicitation and cease using the Prospectus, as then amended or supplemented. If the Operating Partnership and the Guarantor shall decide to amend or supplement the Registration Statement or Prospectus, as then amended or supplemented, it shall so advise the Agents promptly by telephone (with confirmation in writing) and, at its expense, shall prepare and cause to be filed promptly with the Commission an amendment or supplement to the Registration Statement or Prospectus, as then amended or supplemented, satisfactory in all respects to the Agents, that will correct such statement or omission or effect such compliance and will supply such amended or supplemented Prospectus to the Agents in such quantities as they may reasonably request. If the documents, certificates, opinions and letters furnished to the Agents pursuant to Sections 3(f), 5(a), 5(b) and 5(c) hereof in connection with the preparation and filing of such amendment or supplement are satisfactory in all respects to the Agents, upon the filing with the Commission of such amendment or supplement to the Prospectus or upon the effectiveness of an amendment to the Registration Statement, the Agents will resume the solicitation of offers to purchase Notes hereunder. Notwithstanding any other provision of this paragraph, until the distribution of any Notes an Agent may own as principal has been completed, if any event described above in this paragraph occurs, the Operating Partnership and the Guarantor will, at their own expense, forthwith prepare and cause to be filed promptly with the Commission an amendment or supplement to the Registration Statement or Prospectus, as then amended or supplemented, satisfactory in all respects to such Agent and the Operating Partnership and the Guarantor, will supply such amended or supplemented Prospectus to such Agent in such quantities as it may reasonably request and shall furnish to such Agent pursuant to Sections 3(f), 5(a), 5(b) and 5(c) hereof such documents, certificates, opinions and letters specified therein in connection with the preparation and filing of such amendment or supplement.

(c) Each of the Operating Partnership and the Guarantor will make generally available to its respective security holders and to the Agents as soon as practicable

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earning statements that satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder covering twelve month periods beginning, in each case, not later than the first day of the Operating Partnership's and the Guarantor's respective fiscal quarter next following the "effective date" (as defined in Rule 158 under the Securities Act) of the Registration Statement with respect to each sale of Notes. If such fiscal quarter is the last fiscal quarter of the Operating Partnership's and the Guarantor's respective fiscal year, such earning statement shall be made available not later than 90 days after the close of the period covered thereby and in all other cases shall be made available not later than 45 days after the close of the period covered thereby.

(d) The Operating Partnership and the Guarantor will furnish to each Agent, without charge, a signed copy of the Registration Statement, including exhibits and all amendments thereto, and as many copies of the Prospectus, any documents incorporated by reference therein and any supplements and amendments thereto as such Agent may reasonably request.

(e) The Operating Partnership and the Guarantor will endeavor to qualify the Notes and the Guarantees for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Agents shall reasonably request and to maintain such qualifications for as long as the Agents shall reasonably request.

(f) The Operating Partnership and the Guarantor shall furnish to the Agents such relevant documents and certificates of officers of the Company relating to the business, operations and affairs of the Company, the Registration Statement, the Basic Prospectus, any amendments or supplements thereto, the Indenture, the Notes, this Distribution Agreement, the Administrative Procedures, any Terms Agreement and the performance by the Company of its obligations hereunder or thereunder as the Agents may from time to time reasonably request.

(g) The Operating Partnership and the Guarantor, as applicable, shall notify the Agents promptly in writing of any downgrading, or of its receipt of any notice of any intended or potential downgrading or of any review for possible change that does not indicate the direction of the possible change, in the rating accorded any of the Operating Partnership's or the Guarantor's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act.

(h) The Operating Partnership and the Guarantor will, whether or not any sale of Notes is consummated, pay all expenses incident to the performance of its obligations under this Distribution Agreement and any Terms Agreement, including: (i) the preparation and filing of the Registration Statement and the Prospectus and all amendments and supplements thereto, (ii) the preparation, issuance and delivery of the Notes and the Guarantees, (iii) the fees and disbursements of the Company's counsel and accountants and of the Trustee and its counsel, (iv) the qualification of the Notes and Guarantees under securities or Blue Sky laws in accordance with the provisions of Section 3(e) hereof, including filing fees and the fees and disbursements of counsel for the Agents in connection therewith and in connection with the preparation of any Blue

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Sky or Legal Investment Memoranda, (v) the printing and delivery to the Agents in quantities as hereinabove stated of copies of the Registration Statement and all amendments thereto and of the Prospectus and any amendments or supplements thereto, (vi) the printing and delivery to the Agents of copies of any Blue Sky or Legal Investment Memoranda, (vii) any fees charged by rating agencies for the rating of the Notes, (viii) any expenses incurred by the Company in connection with a "road show" presentation to potential investors, (ix) the reasonable fees and disbursements of counsel for the Agents incurred in connection with the offering and sale of the Notes, including any opinions to be rendered by such counsel hereunder, and (x) any out-of-pocket expenses incurred by the Agents; provided that any advertising expenses incurred by the Agents shall have been approved by the Operating Partnership and the Guarantor.

(i) During the period beginning the date of any Terms Agreement and continuing to and including the Settlement Date with respect to such Terms Agreement, neither the Operating Partnership nor the Guarantor will, without such Agent's prior written consent, offer, sell, contract to sell or otherwise dispose of any debt securities of the Operating Partnership or the Guarantor or warrants to purchase debt securities of the Operating Partnership or the Guarantor substantially similar to such Notes (other than (i) the Notes that are to be sold pursuant to such Terms Agreement, (ii) Notes previously agreed to be sold by the Operating Partnership or the Guarantor and (iii) commercial paper issued in the ordinary course of business), except as may otherwise be provided in such Terms Agreement.

4. CONDITIONS OF THE OBLIGATIONS OF THE AGENTS. Each Agent's obligation to solicit offers to purchase Notes as agent of the Operating Partnership, each Agent's obligation to purchase Notes pursuant to any Terms Agreement and the obligation of any other purchaser to purchase Notes will be subject to the accuracy of the representations and warranties on the part of the Operating Partnership and the Guarantor herein, to the accuracy of the statements of the Company's officers made in each certificate furnished pursuant to the provisions hereof and to the performance and observance by the Company of all covenants and agreements herein contained on its part to be performed and observed (in the case of an Agent's obligation to solicit offers to purchase Notes, at the time of such solicitation, and, in the case of an Agent's or any other purchaser's obligation to purchase Notes, at the time the Operating Partnership accepts the offer to purchase such Notes and at the time of issuance and delivery) and (in each case) to the following additional conditions precedent when and as specified:

(a) Prior to such solicitation or purchase, as the case may be:

(i) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Operating Partnership, the Guarantor and their subsidiaries, taken as a whole, from that set forth in the Prospectus, as amended or supplemented (including by incorporation by reference) at the time of such solicitation or at the time such offer to purchase was made, that, in the judgment of the relevant Agent, is material and adverse and that makes it, in the judgment of such Agent, impracticable to market the Notes on the terms and in the manner contemplated by the Prospectus, as so amended or supplemented;

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(ii) there shall not have occurred any (A) suspension or material limitation of trading generally on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the National

Association of Securities Dealers, Inc., the Chicago Board Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade or a material disruption in securities settlement or clearance services, (B) suspension of trading of any securities of the Operating Partnership or the Guarantor on any exchange or in any over-the-counter market, (C) declaration of a general moratorium on commercial banking activities in New York by either Federal or New York State authorities or (D) any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis, including, without limitation, an act of terrorism, that, in the judgment of the relevant Agent, is material and adverse and, in the case of any of the events described in clauses 4(a)(ii)(A) through 4(a)(ii)(D), such event, singly or together with any other such event, makes it, in the judgment of such Agent, impracticable or inadvisable to market the Notes on the terms and in the manner contemplated by the Prospectus, as amended or supplemented (including by incorporation by reference) at the time of such solicitation or at the time such offer to purchase was made; and

(iii) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded the Operating Partnership, the Guarantor or any of their respective securities or the rating outlook for any of them by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act;

(A) except, in each case described in Section 4(a)(i), 4(a)(ii) or 4(a)(iii) above, as disclosed to the relevant Agent in writing by the Operating Partnership and the Guarantor prior to such solicitation or, in the case of a purchase of Notes, as disclosed to the relevant Agent before the offer to purchase such Notes was made; or

(B) unless in each case described in Section 4(a)(ii) above, the relevant event shall have occurred and been known to the relevant Agent before such solicitation or, in the case of a purchase of Notes, before the offer to purchase such Notes was made.

(b) On the Commencement Date and, if called for by any Terms Agreement, on the corresponding Settlement Date, the relevant Agents shall have received:

(i) An opinion, dated as of such date, of Latham & Watkins, outside counsel for the Operating Partnership and the Guarantor, to the effect that:

(A) the Operating Partnership has been duly formed and is a limited partnership in good standing under the Delaware Revised Uniform Limited Partnership Act, with partnership power and authority to own,

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lease and operate its properties, to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement, the Notes, the Indenture, the Calculation Agency Agreement and any applicable Written Terms Agreement in the form attached as Exhibit A to this Agreement. Based solely on certificates of public officials, counsel confirms that the Operating Partnership is qualified to do business in the following States: _____;

(B) based solely on certificates of public officials, counsel confirms that the Guarantor is qualified to do business in the following states: _____;

(C) each Subsidiary has been duly formed and is a limited partnership, corporation or limited liability company in good standing under the applicable laws of its jurisdiction, with partnership, corporate or other power and authority to own, lease and operate its properties and conduct its business as described in a certificate provided to us by such Subsidiary, and, based solely on certificates of public officials, is qualified to do business in the following states: _____;

(D) the issuance and sale of the Notes by the Operating Partnership and the issuance of the Guarantees by the Guarantor pursuant to this Agreement, the Indenture and any applicable Written Terms Agreement in the form attached as Exhibit A to this Agreement and the execution and delivery by the Operating Partnership and the Guarantor of, and the performance on or prior to the date of such opinion by the Operating Partnership and the Guarantor of their respective obligations under, this Agreement, the Notes, the Guarantees, the Indenture, the Calculation Agency Agreement and any

applicable Written Terms Agreement in the form attached as Exhibit A to this Agreement and the consummation of the transactions contemplated thereby, will not result in (i) the violation by the Operating Partnership of its certificate of limited partnership, the Sixth Amended and Restated Agreement of Limited Partnership of the Operating Partnership dated as of April 17, 2002 or the Revised Uniform Limited Partnership Act of the State of Delaware or (ii) the violation by the Operating Partnership or the Guarantor of any federal, New York or California statute, rule or regulation known to such counsel to be applicable to the Operating Partnership or the Guarantor (other than federal or state securities laws, which are specifically addressed elsewhere herein) or (iii) in the breach or default under any of the Material Agreements; it being understood, however, that counsel need express no opinion with respect to the Credit Agreement dated as of September 27, 1999 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, the Revolving Credit Agreement dated as of May 24, 2000 among the Operating Partnership and the banks listed therein (the "Revolving Credit

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Agreement"), the Guaranty of Payment made as of May 24, 2000 between the Guarantor and JP Morgan Chase Bank (formerly Morgan Guaranty Trust Company of New York), as administrative agent for the banks listed on the signature page of the Revolving Credit Agreement or the Revolving Credit Agreement dated as of August 23, 2001, among AMB Institutional Alliance Fund II, L.P., AMB Institutional Alliance REIT II, Inc., the banks and financial institutions listed therein, Bank of America, N.A., as Administrative Agent, Dresdner Bank, AG, as Syndication Agent, and Bank One, N.A., as Documentation Agent. To the best of counsel's knowledge, no consent, approval, authorization or order of, or filing with, any federal, New York or California court or governmental agency or body or under the Revised Uniform Limited Partnership Act of the State of Delaware is required for the consummation of the issuance and sale of the Notes by the Operating Partnership or the issuance of the Guarantees by the Guarantor pursuant to this Agreement, the Indenture and any applicable Written Terms Agreement in the form attached as Exhibit A to this Agreement and the execution and delivery by the Operating Partnership and the Guarantor of, and the performance on or prior to the date hereof by the Operating Partnership and the Guarantor of their respective obligations under, the Distribution Agreement, the Notes, the Guarantees, the Indenture, the Calculation Agency Agreement and any applicable Written Terms Agreement in the form attached as Exhibit A to this Agreement and the consummation of the transactions contemplated hereby and thereby, except such as have been obtained under the Act and such as may be required under the Act or under state securities laws in connection with the issuance and sale of the Notes.

No opinion is expressed in this paragraph as to the application of Section 548 of the Federal Bankruptcy Code and comparable provisions of state law, antifraud laws, or antitrust or trade regulation laws or ERISA.

(E) assuming due authorization by the Guarantor on its own behalf and in its capacity as the general partner of the Operating Partnership, this Agreement has been duly authorized, executed and delivered by the Operating Partnership;

(F) assuming due authorization by the Guarantor on its own behalf and in its capacity as the general partner of the Operating Partnership, when the terms of an applicable Written Terms Agreement are determined by the Guarantor's Board of Directors, the Medium-Term Note Committee of the Guarantor's Board of Directors or an authorized officer of the Guarantor, and when such Written Terms Agreement has been executed by a duly authorized officer of the Guarantor, in its capacity as general partner Operating Partnership, and delivered to the other party thereto by a duly authorized officer of the Guarantor on its own behalf and in its capacity as general partner of the Operating Partnership, any such

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Written Terms Agreement will have been duly authorized, executed and delivered by the Operating Partnership;

(G) the Indenture has been duly qualified under the Trust Indenture Act and (assuming due authorization by the Guarantor on its own behalf and in its capacity as general partner of the Operating Partnership) has been duly authorized, executed and

delivered by the Operating Partnership and (assuming due authorization, execution and delivery by the Trustee) is the legally valid and binding agreement of the Operating Partnership and the Guarantor, enforceable against the Operating Partnership and the Guarantor in accordance with its terms;

(H) assuming due authorization by the Guarantor on its own behalf and in its capacity as the general partner of the Operating Partnership, when the remaining terms of the Notes are determined by the Guarantor's Board of Directors, the Medium-Term Note Committee of the Guarantor's Board of Directors or an authorized officer of the Guarantor, and when executed and authenticated in accordance with the terms of the Indenture and delivered to and paid for by the purchasers thereof in accordance with the terms of this Agreement and any applicable Written Terms Agreement in the form attached as Exhibit A to the Distribution Agreement, the Notes will have been duly authorized, executed and delivered by, and will be legally valid and binding obligations of the Operating Partnership, enforceable against the Operating Partnership in accordance with their terms and entitled to the benefits of the Indenture;

(I) assuming due authorization by the Guarantor, when the remaining terms of the Notes are determined by the Guarantor's Board of Directors, the Medium Term Note Committee of the Guarantor's Board of Directors or an authorized officer of the Guarantor, and when executed in accordance with the terms of the Indenture and upon due execution, authentication and delivery of the Notes and payment therefor, the Guarantees will be legally valid and binding obligations of the Guarantor, enforceable against the Guarantor in accordance with their terms and entitled to the benefits of the Indenture;

(J) the statements in the Prospectus under the captions "Description of Notes" and "Plan of Distribution," insofar as they purport to describe or summarize certain provisions of the agreements, statutes or regulations referred to therein, are accurate descriptions or summaries in all material respects;

(K) the statements in the Prospectus under the caption "Certain Federal Income Tax Considerations," insofar as they purport to describe or summarize certain provisions of the agreements, statutes or regulations referred to therein, are accurate descriptions or summaries in all material respects;

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(L) neither the Operating Partnership, the Guarantor nor any Subsidiary is, and after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, neither the Operating Partnership, the Guarantor nor any Subsidiary will be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended; and

(M) the Registration Statement, as of the date it was declared effective, and the Prospectus, as of its date and the date of the opinion, complied as to form in all material respects with the requirements for registration statements on Form S-3 under the Act, the Trust Indenture Act and the rules and regulations of the Commission thereunder; it being understood, however, that counsel need express no opinion with respect to the financial statements, schedules, or other financial data included in, incorporated by reference in, or omitted from, the Registration Statement, the Prospectus or the Incorporated Documents, with respect to the Form T-1 or with respect to the compliance as to form with the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, of the Incorporated Documents. In passing upon the compliance as to form of the Registration Statement and the Prospectus, counsel may have assume that the statements made and incorporated by reference therein are correct and complete.

In addition, such counsel shall state it has participated in conferences with officers and other representatives of the Operating Partnership and the Guarantor, representatives of the independent public accountants for the Operating Partnership and the Guarantor, and the Agents representatives, at which the contents of the Registration Statement and the Prospectus and related matters were discussed and, although counsel is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements contained or incorporated by reference in the Registration Statement and the Prospectus (except as specifically stated in paragraphs (J) and (K) above) or the Incorporated Documents and have not made any independent check or verification thereof, during the course of such participation, no facts came to such counsel's attention that caused it to believe that the Registration Statement, including the Incorporated Documents, at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the

statements therein not misleading, or that the Prospectus (including the Incorporated Documents), as of its date and the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; it being understood that such counsel need express no belief with respect to the financial statements, schedules, or other financial data included or incorporated by reference in, or omitted from, the Registration Statement or the Prospectus or with respect to the Form T-1.

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(ii) An opinion, dated as of such date, of Tamra D. Browne, General Counsel to the Guarantor, to the effect that:

(A) the Guarantor is the sole general partner of the Operating Partnership;

(B) assuming the due authorization by the Guarantor in its capacity as the sole general partner of the Operating Partnership, the Units held by the Guarantor are as set forth in the Prospectus and have been duly authorized and validly issued. The Units owned by the Guarantor are owned of record directly by the Guarantor and, to the best of such counsel's knowledge, are free and clear of all liens and encumbrances;

(C) the issuance and sale of the Notes by the Operating Partnership and the issuance of the Guarantees by the Guarantor pursuant to this Agreement, the Indenture and any applicable Written Terms Agreement in the form attached as Exhibit A to this Agreement and the execution and delivery by the Operating Partnership and the Guarantor of, and the performance by the Company on or prior to the date hereof of its obligations under, this Agreement, the Notes, the Guarantees, the Indenture, the Calculation Agency Agreement and any applicable Written Terms Agreement in the form attached as Exhibit A hereto and the consummation of the transactions contemplated thereby, will not result in a breach or default under (i) the Revolving Credit Agreement, (ii) the Revolving Credit Agreement dated as of August 23, 2001, among AMB Institutional Alliance Fund II, L.P., AMB Institutional Alliance REIT II, Inc., the banks and financial institutions listed therein, Bank of America, N.A., as Administrative Agent, Dresdner Bank, AG, as Syndication Agent, and Bank One, N.A., as Documentation Agent (the "Alliance Fund II Credit Agreement") or (iii) the Guaranty of Payment made as of May 24, 2000 between the Guarantor and JPMorgan Chase Bank (formerly Morgan Guaranty Trust Company of New York), as administrative agent for the banks listed on the signature page of the Revolving Credit Agreement (the "Guaranty of Payment").;

(D) each of the Incorporated Documents complied as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder; it being understood, however, that counsel expresses no opinion with respect to the financial statements, schedules and other financial data included in the Incorporated Documents; and

(E) to the best of counsel's knowledge, there are no legal or governmental proceedings required to be described in the Registration Statement or the Prospectus that are not so described and there are no contracts or other documents of a character required to be described in the Registration Statement or Prospectus, to be filed as exhibits to the Registration Statement or to be filed under the Exchange Act, if upon such filing they would be incorporated by reference therein that are not described or filed as required.

(iii) An opinion, dated as of such date, of Ballard Spahr Andrews & Ingersoll, LLP, special Maryland counsel for the Guarantor, to the effect that:

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(A) the Guarantor has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Maryland, has the corporate power and authority to own its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement, the Guarantees, the Indenture and any applicable Written Terms Agreement delivered in accordance with the terms of this Agreement and the Indenture;

(B) the issuance of the Notes in accordance with the terms of this Agreement and the Indenture has been duly authorized by the Guarantor in its capacity as general partner of the Operating Partnership pursuant to all necessary corporate action required under the Charter and Bylaws of the Guarantor and the Maryland General Corporation Law (the "MGCL"); and when the remaining terms of the issuance and sale of the Notes are determined in accordance with the terms of this Agreement and the Indenture, by the Board of Directors or the Medium Term Note Committee of the Board of Directors of the Guarantor, or by an authorized officer of the Guarantor, on behalf of the Guarantor as general partner of the

Operating Partnership, and such Notes, each with an executed Guarantee endorsed thereon, are executed and delivered by a duly authorized officer of the Guarantor, and are authenticated, issued and delivered against payment therefor in accordance with the terms of the Indenture and this Agreement, the Notes will have been duly executed, and, to the best of such counsel's knowledge, delivered by the Guarantor in its capacity as general partner of the Operating Partnership;

(C) the execution and delivery by the Guarantor, in its individual capacity and in its capacity as general partner of the Operating Partnership, of this Agreement have been duly authorized by all necessary corporate action required under the Charter and Bylaws of the Guarantor and the MGCL; and this Agreement has been duly executed and, to the best of such counsel's knowledge, delivered by the Guarantor in its individual capacity and its capacity as general partner of the Operating Partnership;

(D) the execution and delivery in accordance with the terms of this Agreement and the Indenture by the Guarantor, in its individual capacity and in its capacity as general partner of the Operating Partnership, of any applicable Written Terms Agreement have been duly authorized by all necessary corporate action required under the Charter and Bylaws of the Guarantor and the MGCL; and when the remaining terms of the issuance and sale of the Notes are determined in accordance with the terms of this Agreement and the Indenture by the Board of Directors or the Medium Term Note Committee of the Board of Directors of the Guarantor, or by an authorized officer of the Guarantor, on behalf of the Guarantor as general partner of the Operating Partnership, and such Notes, each with an executed Guarantee endorsed thereon, are

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authenticated, issued and delivered against payment therefor in accordance with the terms of the Indenture and this Agreement, any applicable Written Terms Agreement executed and delivered on or before a Settlement Date will have been duly executed and, to the best of counsel's knowledge, delivered by the Guarantor in its individual capacity and in its capacity as the general partner of the Operating Partnership;

(E) the execution and delivery by the Guarantor, in its individual capacity and in its capacity as general partner of the Operating Partnership, of the Indenture, have been duly authorized by all necessary corporate action required under the Charter and Bylaws of the Guarantor and the MGCL; and the Indenture has been duly executed, and, to the best of such counsel's knowledge, delivered by the Guarantor, in its individual capacity and in its capacity as the general partner of the Operating Partnership;

(F) the execution and delivery by the Guarantor of the Guarantees in accordance with the terms of this Agreement and the Indenture have been duly authorized by all necessary corporate action required under the Charter and Bylaws of the Guarantor and the MGCL; and when the remaining terms of the issuance and sale of the Notes are determined in accordance with the terms of this Agreement and the Indenture, by the Board of Directors or the Medium Term Note Committee of the Board of Directors of the Guarantor, or by an authorized officer of the Guarantor, on behalf of the Guarantor as general partner of the Operating Partnership, and such Notes, each with an executed Guarantee endorsed thereon, are authenticated, issued and delivered against payment therefor in accordance with the terms of the Indenture and this Agreement, such Guarantees will have been duly executed, and, to the best of such counsel's knowledge, delivered by the Guarantor, in its individual capacity;

(G) the execution and delivery by the Guarantor of, and the performance by the Guarantor of its obligations under, this Agreement, the Guarantees, the Indenture and any applicable Written Terms Agreement, and the consummation of the transactions contemplated thereby, in each case in accordance with the terms of this Agreement and the Indenture (i) will not contravene any provision of the MGCL, (ii) will not result in any violation of the provisions of the Charter or Bylaws of the Guarantor, and (iii) will not, to such counsel's knowledge, result in any violation of any order, rule, regulation or decree of any court or governmental agency or authority of the State of Maryland issued under or pursuant to the MGCL and applicable to the properties, assets or businesses owned directly or indirectly by the Guarantor;

(H) no consent, approval, authorization, order of or qualification with any court or governmental agency or authority of the

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State of Maryland is required to be obtained under the MGCL by the Guarantor, the Operating Partnership or any Subsidiary organized under the laws of the State of Maryland, in connection with the offer, issuance or

sale of the Notes, together with the corresponding Guarantees, in accordance with this Agreement and the Indenture, except for such as have been obtained; and

(I) the information in the Registration Statement under Item 15 to the extent that it constitutes matters of Maryland law or a summary of the provisions of the Charter of the Guarantor has been reviewed by us and is correct in all material respects.

(iv) An opinion, dated as of such date, of Gibson, Dunn & Crutcher LLP, counsel for the Agents, in form and substance satisfactory to the Agents.

The opinions of Latham & Watkins, Counsel to the Guarantor and Ballard Spahr Andrews & Ingersoll described in paragraphs (i), (ii) and (iii) above shall be rendered to the Agents at the request of the Operating Partnership and the Guarantor and shall so state therein.

(c) On the Commencement Date and, if called for by any Terms Agreement, on the corresponding Settlement Date, the relevant Agents shall have received a certificate, dated the Commencement Date or such Settlement Date, as the case may be, in form and substance reasonably satisfactory to such Agents and signed by an executive officer of the Guarantor, on behalf of the Guarantor and on behalf of the Guarantor as General Partner of the Operating Partnership, to the effect set forth in Sections 4(a)(i) and 4(a)(iii) and to the effect that the representations and warranties of the Operating Partnership and the Guarantor contained in this Distribution Agreement are true and correct as of such date and that the Company has complied in all material respects with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied on or before such date.

The officers signing and delivering such certificate may rely upon the best of his or her knowledge as to proceedings threatened.

(d) On the Commencement Date and, if called for by any Terms Agreement, on the corresponding Settlement Date, the relevant Agents shall have received from the Company's independent public accountants, a letter or letters, dated the Commencement Date or such Settlement Date, as the case may be, in form and substance satisfactory to such Agents containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Prospectus, as then amended or supplemented.

(e) On the Commencement Date and on each Settlement Date, the Company shall have furnished to the relevant Agents such appropriate further information, certificates and documents as they may reasonably request.

5. ADDITIONAL AGREEMENTS OF THE OPERATING PARTNERSHIP AND THE GUARANTOR.

(a) Each time the Registration Statement or Prospectus is amended or supplemented (including the filing of documents which are incorporated by reference in the Registration Statement or Prospectus but excluding (i) amendments, supplements or the incorporation by reference of documents relating to the terms of a particular issue of the Notes or an offering of securities other than the Notes, (ii) pricing supplements, (iii) amendments or supplements providing solely for a change in the interest rates, redemption provisions, amortization schedules, maturities or similar changes with respect to the Notes, (iv) the filing by the Guarantor of a proxy statement for its annual meeting of shareholders, (v) the filing by the Operating Partnership or the Guarantor of a Current Report on Form 8-K, unless in the Agents' reasonable judgment, the information contained in such report is of such a character that an officer's certificate should be furnished and the Agents so specify in writing, or (vi) amendments or supplements reflecting a change the Agents and the Operating Partnership and the Guarantor deem to be immaterial) or if specified in a Terms Agreement, the Operating Partnership and the Guarantor will deliver or cause to be delivered as soon as reasonably practicable to each Agent a certificate signed by an executive officer of the Guarantor, on behalf of the Guarantor and on behalf of the Guarantor as general partner of the Operating Partnership, dated the date of such amendment, supplement or filing of such incorporated document, or the date of delivery specified pursuant to a Terms Agreement, as the case may be, in form reasonably satisfactory to the Agents, to the effect that the statements contained in the certificate referred to in Section 4(c) hereof are true and correct as of the time of such amendment, supplement or filing or specified delivery (except that such statements shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to the time of delivery of such certificate) or, in lieu of such certificate, a certificate signed by an executive officer of the Guarantor, on behalf of the Guarantor and on behalf of the Guarantor as general partner of the Operating Partnership, dated the date of such amendment, supplement or filing or specified delivery, as the case may be, in form reasonably satisfactory to the Agents, of the same tenor as the certificate referred to in Section 4(c) modified as necessary to relate to the Registration Statement and the Prospectus as amended or supplemented to the date of such amendment, supplement or filing

or specified delivery.

(b) Each time the Operating Partnership and the Guarantor furnish a certificate pursuant to Section 5(a) (excluding the filing of documents which are incorporated by reference in the Registration Statement or Prospectus as a result of the filing by the Operating Partnership or the Guarantor of a Quarterly Report on Form 10-Q, unless any Agent shall otherwise request in writing, and excluding the filing of documents which are incorporated by reference in the Registration Statement or Prospectus as a result of the filing by the Operating Partnership or the Guarantor of a Current Report on Form 8-K) or if specified in a Terms Agreement, the Operating Partnership and the Guarantor will furnish or cause to be furnished as soon as reasonably practicable to each Agent written opinions of independent and corporate counsel for the Operating Partnership and the Guarantor. Any such opinions shall be dated the date of such amendment, supplement or filing, or the date of delivery specified pursuant to a Terms Agreement, as the case may be, shall be in a form satisfactory to the Agents and

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shall be of the same tenor as the opinions referred to in Sections 4(b) (i), (ii) and (iii), but modified as necessary to relate to the Registration Statement and the Prospectus as amended and supplemented to the time of delivery of such opinions. In lieu of such opinions, counsel last furnishing such an opinion to an Agent may furnish to each Agent a letter to the effect that such Agent may rely on such last opinion to the same extent as though it were dated the date of such letter (except that statements in such last opinion will be deemed to relate to the Registration Statement and the Prospectus as amended or supplemented to the time of delivery of such letter).

(c) Each time the Registration Statement or the Prospectus is amended or supplemented to set forth amended or supplemental financial information or such amended or supplemental information is incorporated by reference in the Prospectus or if specified in a Terms Agreement, the Operating Partnership and Guarantor shall cause its independent public accountants to as soon as reasonably practicable furnish each Agent with a letter, dated the date of such amendment, supplement, or filing or the date of delivery specified pursuant to a Terms Agreement, as the case may be, in form satisfactory to the Agents, of the same tenor as the letter referred to in Section 4(d), with regard to the amended or supplemental financial information included or incorporated by reference in the Registration Statement or the Prospectus as amended or supplemented to the date of such letter.

6. INDEMNITY AND CONTRIBUTION.

(a) The Operating Partnership and the Guarantor jointly and severally agree to indemnify and hold harmless each Agent and each person, if any, who controls any Agent within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) arising out of or caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, or the Prospectus (as amended or supplemented), or arising out of or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Agent furnished to the Operating Partnership and the Guarantor in writing by such Agent expressly for use therein and set forth in Section 1(b) hereof.

(b) Each Agent agrees, severally and not jointly, to indemnify and hold harmless the Operating Partnership and the Guarantor, the Guarantor's directors and the officers who sign the Registration Statement and each person, if any, who controls the Operating Partnership or the Guarantor within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnities from the Operating Partnership and the Guarantor to such Agent, but only with reference to information relating to such Agent furnished to the Operating Partnership or the Guarantor in writing by such Agent expressly for use in the

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Registration Statement, the Prospectus or any amendments or supplements thereto, as set forth in Section 1(b) hereof.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either Section 6(a) or 6(b) above, such person (the "INDEMNIFIED PARTY") shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PARTY") in writing and the Indemnifying Party, upon request of the Indemnified Party, shall retain counsel

reasonably satisfactory to the Indemnified Party to represent the Indemnified Party and any others the Indemnifying Party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Party shall not, in respect of the legal expenses of any Indemnified Party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by the Agents, in the case of parties indemnified pursuant to Section 6(a), and by the Guarantor, in the case of parties indemnified pursuant to Section 6(b). The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Party agrees to indemnify the Indemnified Party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Party shall have requested an Indemnifying Party in writing to reimburse the Indemnified Party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the Indemnifying Party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 60 days after receipt by such Indemnifying Party of the aforesaid request and (ii) such Indemnifying Party shall not have reimbursed the Indemnified Party in accordance with such request prior to the date of such settlement. No Indemnifying Party shall, without the prior written consent of each Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such proceeding.

(d) To the extent the indemnification provided for in Section 6(a) or 6(b) is unavailable to an Indemnified Party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Party under such paragraph, in lieu of indemnifying such Indemnified Party thereunder, shall contribute to

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the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Operating Partnership and the Guarantor on the one hand and the Agents on the other hand from the offering of the Notes to which such losses, claims damages or liabilities relates or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Operating Partnership and the Guarantor on the one hand and of the Agents on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Operating Partnership and the Guarantor on the one hand and the Agents on the other hand in connection with such offering of the Notes shall be deemed to be in the same respective proportions as the total net proceeds from such offering of the Notes (before deducting expenses) received by the Operating Partnership or the Guarantor bear to the total discounts and commissions received by the Agents in respect thereof. The relative fault of the Operating Partnership and the Guarantor on the one hand and the Agents on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Operating Partnership and the Guarantor or by the Agents and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Agents' respective obligations to contribute pursuant to this Section 6 are several in the proportion that the principal amount of the Notes the sale of which by or through such Agent gave rise to such losses, claims, damages or liabilities bears to the aggregate principal amount of the Notes the sale of which by or through any Agent gave rise to such losses, claims, damages or liabilities, and not joint.

(e) The Operating Partnership and the Guarantor and the Agents agree that it would not be just or equitable if contribution pursuant to this Section 6 were determined by pro rata allocation (even if the Agents were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 6(d). The amount paid or payable by an Indemnified Party as a result of the losses, claims,

damages and liabilities referred to in Section 6(d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6, no Agent shall be required to contribute any amount in excess of the amount by which the total price at which the Notes referred to in Section 6(d) that were offered and sold to the public through such Agent exceeds the amount of any damages that such Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 6 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity.

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(f) The indemnity and contribution provisions contained in this Section 6 and the representations, warranties and other statements of the Company contained in this Distribution Agreement or any Terms Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Distribution Agreement or any such Terms Agreement, (ii) any investigation made by or on behalf of any Agent or any person controlling any Agent or by or on behalf of the Company, the Guarantor's officers or directors or any person controlling the Operating Partnership or the Guarantor and (iii) acceptance of and payment for any of the Notes.

7. POSITION OF THE AGENTS. In acting under this Distribution Agreement and in connection with the sale of any Notes by the Operating Partnership (other than Notes sold to an Agent pursuant to a Terms Agreement), each Agent is acting solely as agent of the Operating Partnership and does not assume any obligation towards or relationship of agency or trust with any purchaser of Notes. An Agent shall use its reasonable best efforts to assist the Operating Partnership in obtaining performance by each purchaser whose offer to purchase Notes has been solicited by such Agent and accepted by the Operating Partnership, but such Agent shall not have any liability to the Operating Partnership or the Company in the event any such purchase is not consummated for any reason. If the Operating Partnership shall default in its obligations to deliver Notes to a purchaser whose offer it has accepted, the Operating Partnership shall hold the relevant Agent harmless against any loss, claim, damage or liability arising from or as a result of such default and shall, in particular, pay to such Agent the commission it would have received had such sale been consummated.

8. TERMINATION. This Distribution Agreement may be terminated at any time by the Operating Partnership or, as to any Agent, by the Operating Partnership or such Agent upon the giving of written notice of such termination to the other parties hereto, but without prejudice to any rights, obligations or liabilities of any party hereto accrued or incurred prior to such termination. In the event of such termination with respect to any Agent, this Agreement shall remain in full force and effect with respect to any Agent as to which such termination has not occurred. The termination of this Distribution Agreement shall not require termination of any Terms Agreement, and the termination of any such Terms Agreement shall not require termination of this Distribution Agreement. If this Distribution Agreement is terminated, the provisions of the third paragraph of Section 2(a), Section 2(e), the last sentence of Section 3(b) and Sections 3(c), 3(h), 6, 7, 9, 10 and 13 hereof shall survive; provided that if at the time of termination an offer to purchase Notes has been accepted by the Operating Partnership but the time of delivery to the purchaser or its agent of such Notes has not occurred, the provisions of Sections 1, 2(b), 2(c), 3(a), 3(d), 3(e), 3(f), 3(g), 3(i), and 5 hereof shall also survive until such delivery has been made.

9. NOTICES. All communications hereunder will be in writing and effective only on receipt, and, with respect to any party hereto, will be mailed, delivered or telefaxed and confirmed as follows:

to Morgan Stanley at: 1585 Broadway,
New York, New York, 10036
Attention: Manager, Credit Department
Telefax number: 212-761-0780

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with a copy to: 1585 Broadway,
New York, New York, 10036
Attention: COPS, Manager
Telefax number: 212-761-0780

to A.G. Edwards & Sons, Inc. at: One North Jefferson
St. Louis, MO 63103
Attention: Brian Hansen
Telefax number: (314) 955-4775

to Banc of America Securities
LLC at: NCI-007-08-17
100 North Tryon Street
Charlotte, NC 28255
Attention: Medium-Term Note Desk
Telefax number: (704) 388-9939

to Bear, Stearns & Co. Inc. at: 245 Park Avenue
New York, NY 10167
Attention: Daniel Blood
Telefax number: (212) 272-8217

to Commerzbank Capital
Markets Corp. at: 2 World Financial Center, 34th Floor
New York, NY 10281-1050
Attention: David Schwarz
Telefax number: (212) 266-7656

to First Union Securities,
Inc. at: One First Union Center
301 South College Street
Charlotte, NC 28288-5604
Attention: Daniel Sullivan
Telefax number: (704) 383-6205

to J.P. Morgan Securities Inc. at: 270 Park Avenue
7th Floor
New York, NY 10017
Attention: Transaction Execution Group
Telefax number: (212) 834-6702

to Lehman Brothers Inc. at: 745 Seventh Avenue,
3rd Floor
New York, NY 10019
Attention: Fixed Income Syndicate,
MTN Desk
Telefax number: (212) 526-0943

to PNC Capital Markets, Inc. at: 249 Fifth Avenue, 26th Floor
Pittsburgh, PA 15219

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Attention: Robert W. Thomas
Telefax number: (212) 705-2014

if to an Agent, with a copy to: Gibson, Dunn & Crutcher LLP
One Montgomery Street
31st Floor
San Francisco, CA 94104
Attention: Douglas D. Smith, Esq.
Telefax number: (415) 986-5309

to the Company at: Pier 1, Bay 1
San Francisco, California 94111
Attention: General Counsel
Telefax number: (415) 394-9000

with a copy to: Latham & Watkins 505 Montgomery St. Suite 1900
San Francisco, California 94111
Attention: Laura L. Gabriel and
Tracy M. Abels
Telefax number: (415) 395-8095

10. SUCCESSORS. This Distribution Agreement and any Terms Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers, directors and controlling persons referred to in Section 6 and the purchasers of Notes (to the extent expressly provided in Section 4), and no other person will have any right or obligation hereunder.

11. AMENDMENTS. This Distribution Agreement may be amended or supplemented if, but only if, such amendment or supplement is in writing and is signed by the Operating Partnership, the Guarantor and each Agent; provided that the Operating Partnership may from time to time amend this Distribution Agreement to add as a party hereto one or more additional firms registered under the Exchange Act without prior notice to or the consent of any Agent or the signature of any Agent on any such amendment, whereupon each such firm shall become an Agent hereunder on the same terms and conditions as the other Agents that are parties hereto. The Operating Partnership shall notify the Agents of any such amendment to add one or more additional firms on or before the Settlement Date to which such amendment relates.

12. COUNTERPARTS. This Distribution Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the

signatures thereto and hereto were upon the same instrument.

13. APPLICABLE LAW. This Distribution Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

14. HEADINGS. The headings of the sections of this Distribution Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Distribution Agreement.

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[Signature Page Follows]

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If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Company and you.

Very truly yours,

AMB PROPERTY L.P.

By: AMB Property Corporation,
its General Partner

By: /s/ Michael A Coke

Name:
Title:

AMB PROPERTY CORPORATION

By: /s/ Michael A Coke

Name:
Title:

[Signature page to Distribution Agreement]

The foregoing Distribution Agreement is hereby confirmed and accepted as of the date first above written.

MORGAN STANLEY & CO. INCORPORATED

By: /s/ Michael Fusco

Name: Michael Fusco
Title: Executive Director

A.G. EDWARDS & SONS, INC.

By: /s/ James E. Hodapp V.P.

Name: James E. Hodapp
Title: Vice President - Debt Syndicate

BANC OF AMERICA SECURITIES LLC

By: /s/ Lily Chang

Name: Lily Chang
Title: Principal

BEAR, STEARNS & CO. INC.

By: /s/ Timothy A. O'Neill

Name: Timothy A. O'Neill
Title: Senior Managing Director

[Signature page to Distribution Agreement]

COMMERZBANK CAPITAL MARKETS CORP.

By: /s/ Steven B. Willis

Name: Steven B. Willis
Title: Head of North America Debt Capital Markets

FIRST UNION SECURITIES, INC.

By: /s/ William Ingram

Name: William Ingram
Title: Managing Director

J.P. MORGAN SECURITIES INC.

By: /s/ Jose C. Padilla

Name: Jose C. Padilla
Title: Vice President

LEHMAN BROTHERS INC.

By: /s/ Martin Goldberg

Name: Martin Goldberg
Title: Senior Vice President

PNC CAPITAL MARKETS, INC.

By: /s/ Robert W. Thomas

Name: Robert W. Thomas
Title: Managing Director

[Signature page to Distribution Agreement]

SCHEDULE I

SUBSIDIARIES

MATERIAL SUBSIDIARIES OF THE OPERATING PARTNERSHIP

AMB Property II, L.P., a Delaware limited partnership
Long Gate, LLC, a Delaware limited liability company

MATERIAL SUBSIDIARIES OF THE GUARANTOR

AMB Property, L.P., a Delaware limited partnership
AMB Property II, L.P., a Delaware limited partnership
Long Gate, LLC, a Delaware limited liability company

SCHEDULE II

AGENTS

Morgan Stanley & Co. Incorporated
A.G. Edwards & Sons, Inc.
Banc of America Securities LLC
Bear, Stearns & Co. Inc.
Commerzbank Capital Markets Corp.
First Union Securities, Inc.
J.P. Morgan Securities Inc.
Lehman Brothers Inc.
PNC Capital Markets, Inc.

SCHEDULE III

JOINT VENTURES

EXHIBIT A

AMB PROPERTY, L.P.

SERIES B MEDIUM-TERM NOTES

TERMS AGREEMENT

[Date]

AMB PROPERTY, L.P.
Pier 1, Bay 1
San Francisco, California 94556

Attention: General Counsel

Re: Distribution Agreement dated May 7, 2002 (the "DISTRIBUTION AGREEMENT")

We agree to purchase your Series B Medium-Term Notes having the following terms:

<TABLE>	
<CAPTION>	
ALL NOTES:	
<S>	<C>
Principal Amount:	Settlement Date and Time (Original Issue Date):
Specified Currency:	Maturity Date:
Principal Financial Center:	Trade Date:
Form:	Agent's Commission or Discount:
Exchange Rate Agent:	Net Proceeds to Issuer:
Interest Payment Dates:	Authorized Denomination:
Redemption:	Regular Record Dates:
Redemption Commencement Date:	
Initial Redemption Percentage:	
Annual Redemption Percentage Reduction:	
Discount Note:	Repayment:
Issue Price:	Optional Repayment Date(s):
Total Amount of OID:	Repayment Price:
Yield to Maturity:	
Initial Accrual Period:	
</TABLE>	
<TABLE>	
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FIXED RATE NOTES:	FLOATING RATE NOTES:
<S>	<C>
Interest Rate:	Initial Interest Rate:
Other/Additional Terms:	Calculation Agent:
	Interest Rate Basis:
	Index Maturity:
	Interest Reset Frequency:
	Initial Interest Reset Date:
	Interest Reset Date(s):
	Interest Determination Date(s):
	Maximum Interest Rate:
	Minimum Interest Rate:
	Spread:
	Spread Multiplier:
	Interest Category:
	Other/Additional Terms:
</TABLE>	

The provisions of Sections 1, 2(b), 2(c), 3 through 6, and 9 through 13 of the Distribution Agreement and the related definitions are incorporated by reference herein and shall be deemed to have the same force and effect as if set forth in full herein.

This Terms Agreement may be terminated at any time any party upon the giving of written notice of such termination to the other parties hereto, but without prejudice to any rights, obligations or liabilities of any party hereto accrued or incurred prior to such termination. The termination of the Distribution Agreement shall not require termination of this Terms Agreement, and the termination of this Terms Agreement shall not require termination of the Distribution Agreement. This Agreement is also subject to termination on the terms incorporated by reference herein. If this Agreement is terminated, the provisions of Sections 3(h), 6, 9, 10 and 13 of the Distribution Agreement shall survive for the purposes of this Agreement.

The following information, opinions, certificates, letters and documents referred to in Section 4 of the Distribution Agreement will be required:

[NAME OF RELEVANT AGENT(S)]

By: _____
Name:
Title:

Accepted:

AMB PROPERTY, L.P.

By: AMB Property Corporation,
its General Partner

By: _____
Name:
Title:

AMB PROPERTY L.P.
SERIES B MEDIUM-TERM NOTES
ADMINISTRATIVE PROCEDURES

Explained below are the administrative procedures and specific terms of the offering of Series B Medium-Term Notes (the "NOTES"), on a continuous basis by AMB Property L.P. (the "OPERATING PARTNERSHIP") pursuant to the Distribution Agreement, dated as of May 7, 2002 (the "DISTRIBUTION AGREEMENT") among the Operating Partnership, AMB Property Corporation, a Maryland corporation, the sole general partner of the Operating Partnership and guarantor of the Notes (the "GUARANTOR") and Morgan Stanley & Co. Incorporated, A.G. Edwards & Sons, Inc., Banc of America Securities LLC, Bear, Stearns & Co. Inc., Commerzbank Capital Markets Corp., First Union Securities, Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc. and PNC Capital Markets, Inc., and each other agent set forth on Schedule II to the Distribution Agreement (the "AGENTS"). The Notes will be issued under an Indenture and the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture thereto, each dated as of June 30, 1998, the Fourth Supplemental Indenture, dated as of August 15, 2000 and the Fifth Supplemental Indenture dated as of May 7, 2002 (collectively, the "INDENTURE"), and each by and among the Operating Partnership, the Guarantor, and State Street Bank and Trust Company of California, N.A., as Trustee (the "TRUSTEE"). In the Distribution Agreement, the Agents have agreed to use reasonable best efforts to solicit purchases of the Notes, and the administrative procedures explained below will govern the issuance and settlement of any Notes sold through an Agent, as agent of the Operating Partnership. An Agent, as principal, may also purchase Notes for its own account, and if requested by such Agent, the Operating Partnership and such Agent will enter into a terms agreement (a "TERMS AGREEMENT"), as contemplated by the Distribution Agreement. The administrative procedures explained below will govern the issuance and settlement of any Notes purchased by an Agent, as principal, unless otherwise specified in the applicable Terms Agreement.

The Trustee will initially be the Registrar, Calculation Agent, Authenticating Agent, Exchange Rate Agent and Paying Agent for the Notes and will perform the duties specified herein. The Operating Partnership may from time to time name other or additional Registrars, Calculation Agents, Authenticating Agents, Exchange Rate Agents and Paying Agents. Each Note will be represented by either a Global Security (as defined below) delivered to the Trustee, as agent for The Depository Trust Company ("DTC"), and recorded in the book-entry system maintained by DTC (a "BOOK-ENTRY NOTE") or a certificate delivered to the holder thereof or a person designated by such holder (a "CERTIFICATED NOTE"). Except as set forth in the Indenture, an owner of a Book-Entry Note will not be entitled to receive a Certificated Note.

Book-Entry Notes, which may be payable only in U.S. dollars, will be issued in accordance with the administrative procedures set forth in Part I hereof as they may subsequently be amended as the result of changes in DTC's operating procedures. Certificated Notes will be issued in accordance with the administrative procedures set forth in Part II hereof. Unless otherwise defined in the Indenture, the Notes or any prospectus supplement relating to the Notes, capitalized terms used herein but not defined herein shall have the meanings given to them in the Distribution Agreement.

Unless otherwise specified by the Operating Partnership, the Agents are to communicate with the Chief Financial Officer regarding offers to purchase Notes and the related settlement details.

PART I: ADMINISTRATIVE PROCEDURES FOR BOOK-ENTRY NOTES

In connection with the qualification of the Book-Entry Notes for eligibility in the book-entry system maintained by DTC, the Trustee will perform the custodial, document control and administrative functions described below, in accordance with its respective obligations under a Letter of Representations from the Operating Partnership, the Guarantor and the Trustee to DTC, dated as of August 15, 2000, and a Medium-Term Note Certificate Agreement between the Trustee and DTC, dated August 21, 1989 (the "MTN CERTIFICATE AGREEMENT"), and its obligations as a participant in DTC, including DTC's Same-Day Funds Settlement System ("SDFS").

Issuance: On any date of settlement (as defined under "SETTLEMENT" below) for one or more Book-Entry Notes, the Operating Partnership will issue a single global security in fully registered form without coupons (a "GLOBAL SECURITY") representing up to U.S. \$400,000,000 principal amount of all such Notes that have the same Original Issue Date, Maturity Date and other terms. Each Global Security will be dated and issued as of the date of its authentication by the Trustee. Each Global Security will bear an "INTEREST ACCRUAL DATE," which will be (i) with respect to an original Global Security (or any portion thereof), its original issuance date and (ii) with respect to any Global Security (or any portion thereof) issued subsequently upon exchange of a Global Security, or in lieu of a destroyed, lost or stolen Global Security, the most recent Interest Payment Date to which interest has been paid or duly provided for on the predecessor Global Security (or if no such payment or provision has been made, the original issuance date of the predecessor Global Security), regardless of the date of authentication of such subsequently issued Global Security. Book-Entry Notes may be payable only in U.S. dollars. No Global Security will represent any Certificated Note.

Denominations: Book-Entry Notes will be issued in principal amounts of U.S. \$1,000 or any amount in excess thereof that is an integral multiple of U.S. \$1,000. Global Securities will be denominated in principal amounts not in excess of U.S. \$400,000,000. If one or more Book-Entry Notes having an aggregate principal amount in excess of \$400,000,000 would, but for the preceding sentence, be represented by a single Global Security, then one Global Security will be issued to represent each U.S. \$400,000,000 principal amount of such Book-Entry Note or Notes and an additional Global Security will be issued to represent any remaining principal amount of such Book-Entry Note or Notes. In such a case, each of the Global Securities representing such Book-Entry Note or Notes shall be assigned the same CUSIP number.

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Preparation of Pricing Supplement:

If any offer to purchase a Book-Entry Note is accepted by or on behalf of the Operating Partnership, the Operating Partnership will prepare a pricing supplement (a "PRICING SUPPLEMENT") reflecting the terms of such Note. The Operating Partnership (i) will arrange to file such Pricing Supplement with the Commission in accordance with the applicable paragraph of Rule 424(b) under the Act and (ii) will, as soon as possible and in any event not later than the date on which such Pricing Supplement is filed with the Commission, deliver the number of copies of such Pricing Supplement to the relevant Agent as such Agent shall request.

In each instance that a Pricing Supplement is prepared, the relevant Agent will affix the Pricing Supplement to Prospectuses prior to their use. Outdated Pricing Supplements, and the Prospectuses to which they are attached (other than those retained for files), will be destroyed.

Settlement: The receipt by the Operating Partnership of immediately available funds in payment for a Book-Entry Note and the authentication and issuance of the Global Security representing such Note shall constitute "settlement" with respect to such Note. All offers accepted by the Operating Partnership will be settled on the third Business Day next succeeding the date of acceptance pursuant to the timetable for settlement set forth below, unless the Operating Partnership and the purchaser agree to settlement on another

day, which shall be no earlier than the next Business Day.

Settlement
Procedures:

Settlement Procedures with regard to each Book-Entry Note sold by the Operating Partnership to or through an Agent (unless otherwise specified pursuant to a Terms Agreement) shall be as follows:

- A. The relevant Agent will advise the Operating Partnership by telephone that such Note is a Book-Entry Note and of the following settlement information:
1. Principal amount.
 2. Settlement date and time (Original Issue Date).
 3. Specified Currency and Principal Financial Center.
 4. Maturity Date.
 5. Trade Date.
 6. Exchange Rate Agent (if other than State Street Bank & Trust Company of California N.A).
 7. Exhibit B - Page 3
Agent's commission or discount (if any) determined as provided in the Distribution Agreement.
 8. Net Proceeds to Issuer.
 9. Authorized Denomination (if other than \$1,000 or integral multiples thereof).
 10. Interest Payment Date(s).
 11. Regular Record Dates.
 12. Redemption or repayment provisions (if any).
 13. Whether the Note is an Original Issue Discount Note (an "OID NOTE"), and if it is an OID Note, the total amount of OID, the yield to maturity, the initial accrual period OID.
 14. In the case of a Fixed Rate Note:
 - (a) the Interest Rate.
 15. In the case of a Floating Rate Note:
 - (a) the Initial Interest Rate (if known at such time).
 - (b) Calculation Agent (if other than State Street Bank & Trust Company of California, N.A).
 - (c) Interest Rate Basis which may include:
 - CD Rate
 - Commercial Paper Rate
 - CMT Rate
 - EURIBOR
 - Federal Funds Rate
 - LIBOR
 - Prime Rate
 - Treasury Rate
 - Other
 - (d) Index Maturity.
 - (e) Interest Reset Frequency.
 - (f) Maximum Interest Rate.

(g) Minimum Interest Rate.

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(h) Initial Interest Reset Date.

(i) Interest Reset Date(s).

(j) Interest Determinations Date.

(k) Spread and/or Spread Multiplier (if any).

(l) whether the Note is:

- a Regular Floating Rate Note
- a Floating Rate/Fixed Rate Note (in which case the fixed rate commencement date and the fixed interest rate shall be specified) or
- an Inverse Floating Rate Note (in which case the fixed interest rate shall be specified).

16. Any other applicable terms including the applicability of an Addendum or Other Additional Provisions.

- B. The Operating Partnership will advise the Trustee by telephone or electronic transmission (confirmed in writing at any time on the same date) of the information set forth in Settlement Procedure "A" above. The Trustee will then assign a CUSIP number to the Global Security representing such Note and will notify the Operating Partnership and the relevant Agent of such CUSIP number by telephone as soon as practicable.
- C. The Trustee will enter a pending deposit message through DTC's Participant Terminal System, providing the following settlement information to DTC, the relevant Agent and Standard & Poor's Corporation:
1. The information set forth in Settlement Procedure "A".
 2. The Initial Interest Payment Date for such note, the number of days by which such date succeeds the related DTC Record Date (which in the case of Floating Rate Notes which reset daily or weekly, shall be the date five calendar days immediately preceding the applicable Interest Payment Date and, in the case of other Notes, shall be the Record Date as defined in the Note) and, if known, the amount of interest payable on such Initial Interest Payment Date.
 3. The CUSIP number of the Global Security representing such Note.
 4. Whether such Global Security will represent any other Book-Entry Note (to the extent known at such time).
 5. The number of participant accounts to be maintained by DTC on behalf of the relevant Agent and the Trustee.
- D. The Trustee will complete and authenticate the Global Security representing such Note.

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- E. DTC will credit such note to the Trustee's participant account at DTC.
- F. The Trustee will enter an SDFS deliver order through DTC's participant Terminal System instructing DTC to (i) debit such Note to the Trustee's participant account and credit such Note to the relevant Agent's participant account and (ii) debit such Agent's settlement account and credit the Trustee's settlement account for an amount equal to the price of such Note less such Agent's commission (if any). The entry of such a deliver order shall constitute a representation and warranty by the Trustee to DTC that (a) the Global Security representing such Book-Entry Note has been issued and authenticated and (b) the Trustee is holding such Global Security pursuant to the MTN Certificate Agreement.
- G. Unless the relevant Agent is the end purchaser of such Note, such Agent will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit such Note to such Agent's participant account and credit such Note to the participant accounts of the Participants with respect to such Note and (ii) to debit the settlement accounts of such Participants and credit the settlement account of such Agent for an amount equal to the price of such Note.

- H. Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures "F" and "G" will be settled in accordance with SDFS operating procedures in effect on the settlement date.
- I. The Trustee will credit to the account of the Operating Partnership maintained at Bank of America, Dallas, Texas, ABA #111000012, Account # 3750785562, Account Name: AMB Property, LP, or such other account as the Operating Partnership may from time to time direct, in immediately available funds the amount transferred to the Trustee in accordance with Settlement Procedure "F".
- J. Unless the relevant Agent is the end purchaser of such Note, such Agent will confirm the purchase of such note to the purchaser either by transmitting to the Participants with respect to such Note a confirmation order or orders through DTC's institutional delivery system or by mailing a written confirmation to such purchaser.
- K. Monthly, the Trustee will send to the Operating Partnership, a statement setting forth the principal amount of Notes outstanding as of that date under the Indenture and setting forth a brief description of any sales of which the Operating Partnership has advised the Trustee that have not yet been settled.

Settlement Procedures
 Timetable:

For Sales by the Operating Partnership of Book-Entry Notes to or through an Agent (unless otherwise specified pursuant to a Terms Agreement) for settlement on the first Business Day after the sale date, Settlement Procedures "A" through "J" set forth above shall be completed as soon as possible but not later than the respective times in New York City set forth below:

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Settlement Procedure	Time
A	11:00 A.M. on sale date
B	12:00 Noon on sale date
C	2:00 P.M. on sale date
D	9:00 A.M. on settlement date
E	10:00 A.M. on settlement date
F-G	2:00 P.M. on settlement date
H	4:45 P.M. on settlement date
I-J	5:00 P.M. on settlement date

If a sale is to be settled more than one (1) Business Day after the sale date, Settlement Procedures "A", "B" and "C" shall be completed as soon as practicable but no later than 11:00 A.M., 12:00 Noon and 2:00 P.M., respectively, on the first Business Day after the sale date. If the Initial Interest Rate for a Floating Rate Book-Entry Note has not been determined at the time that Settlement procedure "A" is completed, Settlement Procedures "B" and "C" shall be completed as soon as such rate has been determined but no later than 12:00 Noon and 2:00 P.M., respectively, on the first Business Day before the settlement date. Settlement Procedure "H" is subject to extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the settlement date.

If settlement of a Book-Entry Note is rescheduled or canceled, the Trustee, after receiving notice from the Operating Partnership or the relevant Agent, will deliver to DTC, through DTC's Participant Terminal System, a cancellation message to such effect by no later than 2:00 P.M. on the Business Day immediately preceding the scheduled settlement date.

If the Trustee fails to enter an SDFS deliver order with respect to a Book-Entry Note pursuant to Settlement Procedure "F", the Trustee may deliver to DTC, through DTC's Participant Terminal System, as soon as practicable a withdrawal message instructing DTC to debit such Note to the Trustee's participant account, provided that the Trustee's participant account contains a principal amount of the Global Security representing such Note that is at least equal to the principal amount to be debited. If a withdrawal message is processed with respect to all the Book-Entry Notes represented by a

Global Security, the Trustee will mark such Global Security "canceled," make appropriate entries in the Trustee's records and send such canceled Global Security to the Operating Partnership. The CUSIP number assigned to such Global Security shall, in accordance with the procedures of the CUSIP Service Bureau of Standard & Poor's Corporation, be canceled and not immediately reassigned. If a withdrawal message is processed with respect to one or more, but not all, of the Book-Entry Notes represented by a Global Security, the Trustee will exchange such Global Security for two Global Securities, one of which shall represent such Book-Entry Note or Notes and shall be canceled immediately after issuance and the other of which shall represent the remaining Book-Entry Notes previously represented by the

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surrendered Global Security and shall bear the CUSIP number of the surrendered Global Security.

If the purchase price for any Book-Entry Note is not timely paid to the Participants with respect to such Note by the beneficial purchaser thereof (or a person, including an indirect participant in DTC, acting on behalf of such purchaser), such Participants and, in turn, the relevant Agent may enter SDFS deliver orders through DTC's Participant Terminal System reversing the orders entered pursuant to Settlement Procedures "F" and "C", respectively. Thereafter, the Trustee will deliver the withdrawal message and take the related actions described in the preceding paragraph.

Notwithstanding the foregoing, upon any failure to settle with respect to a Book-Entry Note, DTC may take any actions in accordance with its SDFS operating procedures then in effect.

In the event of a failure to settle with respect to one or more, but not all, of the Book-Entry Notes to have been represented by a Global Security, the Trustee will provide, in accordance with Settlement procedures "D" and "F", for the authentication and issuance of a Global Security representing the Book-Entry Notes to be represented by such Global Security and will make appropriate entries in its records.

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PART II: ADMINISTRATIVE PROCEDURES FOR CERTIFICATED NOTES

The Trustee will serve as Registrar in connection with the Certificated Notes.

Issuance: Each Certificated Note will be dated and issued as of the date of its authentication by the Trustee. Each Certificated Note will bear an Original Issue Date, which will be (i) with respect to an original Certificated Note (or any portion thereof), its original issuance date (which will be the settlement date) and (ii) with respect to any Certificated Note (or portion thereof) issued subsequently upon transfer or exchange of a Certificated Note or in lieu of a destroyed, lost or stolen Certificated Note, the original issuance date of the predecessor Certificated Note, regardless of the date of authentication of such subsequently issued Certificated Note.

Preparation of Pricing Supplement: If any offer to purchase a Certificated Note is accepted by or on behalf of of the Operating Partnership, the Operating Partnership will prepare a Pricing Supplement reflecting the terms of such Note. The Operating Partnership (i) will arrange to file such Pricing Supplement with the Commission in accordance with the applicable paragraph of Rule 424(b) under the Act and (ii) will, as soon as possible and in any event not later than the date on which such Pricing Supplement is filed with the Commission, deliver the number of copies of such Pricing Supplement to the relevant Agent as such Agent shall request.

In each instance that a Pricing Supplement is prepared, the relevant Agent will affix the Pricing Supplement to Prospectuses prior to their use. Outdated Pricing Supplements, and the Prospectuses to which they are

attached (other than those retained for files), will be destroyed.

Settlement: The receipt by the Operating Partnership of immediately available funds in exchange for an authenticated Certificated Note delivered to the relevant Agent and such Agent's delivery of such Note against receipt of immediately available funds shall constitute "settlement" with respect to such Note. All offers accepted by the Operating Partnership will be settled on the third Business Day next succeeding the date of acceptance pursuant to the timetable for settlement set forth below, unless the Operating Partnership and the purchaser agree to settlement on another date, which date shall be no earlier than the next Business Day.

Settlement Procedures: Settlement Procedures with regard to each Certificated Note sold by the Operating Partnership to or through an Agent (unless otherwise specified pursuant to a Terms Agreement) shall be as follows:

A. The relevant Agent will advise the Operating Partnership by telephone that such Note is a Certificated Note and of the following settlement information:

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1. Name in which such Note is to be registered ("REGISTERED HOLDER").
2. Address of the Registered Holder and address for payment of principal and interest.
3. Taxpayer identification number of the Registered Holder (if available).
4. Principal amount.
5. Settlement date and time (Original Issue Date).
6. Specified Currency and Principal Financial Center.
7. Maturity Date.
8. Trade Date.
9. Exchange Rate Agent (if other than State Street Bank & Trust Company of California, N.A.).
10. Agent's commission or discount (if any) determined as provided in the Distribution Agreement.
11. Authorized Denomination (if other than \$1,000 or integral multiples thereof).
12. Interest Payment Date(s).
13. Regular Record Dates
14. Redemption or repayment provisions (if any).
15. Whether the Note is an Original Issue Discount Note (an "OID NOTE"), and if it is an OID Note, the total amount of OID, the yield to maturity, the initial accrual period OID.
16. In the case of a Fixed Rate Note:
 - (a) the Interest Rate.
17. In the case of a Floating Rate Note:
 - (a) the Initial Interest Rate (if known at such time).
 - (b) Calculation Agent (if other than State Street Bank & Trust Company of California, N.A.).
 - (c) Interest Rate Basis which may include:
 - CD Rate

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- Commercial Paper Rate

- CMT Rate
- EURIBOR
- Federal Funds Rate
- LIBOR
- Prime Rate
- Treasury Rate
- Other

- (d) Index Maturity.
- (e) Interest Reset Frequency.
- (f) Maximum Interest Rate.
- (g) Minimum Interest Rate.
- (h) Initial Interest Reset Date.
- (i) Interest Reset Date(s).
- (j) Interest Determinations Date.
- (k) Spread and/or Spread Multiplier (if any).
- (l) whether the Note is:
 - a Regular Floating Rate Note
 - a Floating Rate/Fixed Rate Note (in which case the fixed rate commencement date and the fixed interest rate shall be specified) or
 - an Inverse Floating Rate Note (in which case the fixed interest rate shall be specified).
- (m) Any other applicable terms including the applicability of an Addendum or Other/Additional Provisions.

- B. The Operating Partnership will advise the Trustee by telephone or electronic transmission (confirmed in writing at any time on the same date) of the information set forth in Settlement Procedure "A" above.
- C. The Operating Partnership will have delivered to the Trustee a pre-printed four-ply packet for such Note, which packet will contain the following documents in forms that have been approved by the Operating Partnership, the relevant Agent and the Trustee:
 1. Note with customer confirmation.
 2. Stub One - For the Trustee.
 3. Stub Two - For the relevant Agent.
 4. Stub Three - For the Operating Partnership.
- D. The Trustee will complete such Note and authenticate such Note and deliver it (with the confirmation) and Stubs One and Two to the relevant Agent, and such Agent will acknowledge receipt of the Note by stamping or otherwise marking Stub One and returning it to the Trustee. Such delivery will be made only against such acknowledgment of receipt and evidence that instructions have been given by such Agent for payment to the account of the Operating Partnership at Bank of America, Dallas, Texas, ABA #111000012, Account # 3750785562, Account Name: AMB Property, LP, or to such other account as the Operating Partnership shall have specified to such Agent and the Trustee, in immediately available funds, of an amount equal to the price of such Note less such Agent's commission (if any). In the event that the instructions given by such Agent for payment to the account of the Operating Partnership are revoked, the Operating Partnership will as promptly as possible wire transfer to the account of such Agent an amount of immediately available funds equal to the amount of such payment made.
- E. Unless the relevant Agent is the end purchaser of such Note, such Agent will deliver such Note (with confirmation) to the customer against payment in immediately available funds. Such Agent will obtain the acknowledgment of receipt of such Note by retaining Stub Two.

F. The Trustee will send Stub Three to the Operating Partnership by first-class mail. Monthly, the Trustee will also send to the Operating Partnership a statement setting forth the principal amount of the Notes outstanding as of that date under the Indenture and setting forth a brief description of any sales of which the Operating Partnership has advised the Trustee that have not yet been settled.

Settlement Procedures Timetable: For sales by the Operating Partnership of Certificated Notes to or through an Agent (unless otherwise specified pursuant to a Terms Agreement), Settlement Procedures "A" through "F" set forth above shall be completed on or before the respective times in New York City set forth below:

Settlement Procedure	Time
A	2:00 P.M. on day before settlement date
B	3:00 P.M. on day before settlement date
C-D	2:15 P.M. on settlement date
E	3:00 P.M. on settlement date
F	5:00 P.M. on settlement date

Failure to Settle: If a purchaser fails to accept delivery of and make payment for any Certificated Note, the relevant Agent will notify the Operating Partnership

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and the Trustee by telephone and return such Note to the Trustee. Upon receipt of such notice, the Operating Partnership will immediately wire transfer to the account of such Agent an amount equal to the amount credited to the account of the Operating Partnership in accordance with Settlement Procedure D. Such wire transfer will be made on the settlement date, if possible, and in any event not later than the Business Day following the settlement date. If the failure shall have occurred for any reason other than a default by such Agent in the performance of its obligations hereunder and under the Distribution Agreement, then the Operating Partnership will reimburse such Agent or the Trustee, as appropriate, on an equitable basis for its loss of the use of the funds during the period when they were credited to the account of the Operating Partnership. Immediately upon receipt of the Certificated Note in respect of which such failure occurred, the Trustee will mark such Note "cancelled," make appropriate entries in the Trustee's records and send such Note to the Operating Partnership.

SUBSIDIARIES OF REGISTRANT

<TABLE>
<CAPTION>

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

</TABLE>

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-3 (Nos. 333-86842, 333-68291, 333-68283, 333-75953, 333-78699, 333-76823, 333-81475, 333-80815, 333-75951, 333-36894 and 333-73718) and Forms S-8 (Nos. 333-42015, 333-78779, 333-90042 and 333-100214) of AMB Property Corporation of our reports dated February 13, 2004 relating to the financial statements and financial statement schedules, which appear in this Form 10-K.

PricewaterhouseCoopers LLP

San Francisco, California
March 11, 2004

CERTIFICATIONS

I, Hamid R. Moghadam, certify that:

- (1) I have reviewed this annual report on Form 10-K of AMB Property Corporation;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2004

By: /s/ HAMID R. MOGHADAM

 Hamid R. Moghadam
 Chairman of the Board and
 Chief Executive Officer
 EXHIBIT 31.1

I, W. Blake Baird, certify that:

- (1) I have reviewed this annual report on Form 10-K of AMB Property Corporation;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2004

By: /s/ W. BLAKE BAIRD

 W. Blake Baird
 President and Director
 EXHIBIT 31.1

I, Michael A. Coke, certify that:

- (1) I have reviewed this annual report on Form 10-K of AMB Property Corporation;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of

directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2004

By: /s/ MICHAEL A. COKE

Michael A. Coke
Chief Financial Officer and
Executive Vice President

CERTIFICATION OF CHIEF EXECUTIVE OFFICER, PRESIDENT AND CHIEF FINANCIAL OFFICER

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

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

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

Dated: March 11, 2004

/s/ HAMID R. MOGHADAM

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

/s/ W. BLAKE BAIRD

W. Blake Baird
President and Director

/s/ Michael A. Coke

Michael A. Coke
Chief Financial Officer and
Executive Vice President

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