UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2010

OR

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

Commission File Number: 001-13545 (AMB Property Corporation)
001-14245 (AMB Property, L.P.)

AMB Property Corporation
AMB Property, L.P.

(Exact Name of Registrant as Specified in Its Charter)

Maryland (AMB Property Corporation) **Delaware (AMB Property, L.P.)** *(State or Other Jurisdiction of Incorporation or Organization)*	**94-3281941** **94-3285362** *(I.R.S. Employer Identification No.)*
Pier 1, Bay 1, San Francisco, California *(Address of Principal Executive Offices)*	**94111** *(Zip Code)*

(415) 394-9000
(Registrant's Telephone Number, Including Area Code)

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.

AMB Property Corporation	Yes ☑ No ☐
AMB Property, L.P.	Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
AMB Property Corporation:

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

AMB Property, L.P.:

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

AMB Property Corporation	Yes ☐ No ☑
AMB Property, L.P.	Yes ☐ No ☑

As of August 2, 2010, there were 168,280,535 shares of AMB Property Corporation's common stock, $0.01 par value per share, outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended June 30, 2010 of AMB Property Corporation and AMB Property, L.P. Unless stated otherwise or the context otherwise requires: references to “AMB Property Corporation”, the “Parent Company” or the “parent company” mean AMB Property Corporation, a Maryland corporation, and its controlled subsidiaries; and references to “AMB Property, L.P.”, the “Operating Partnership” or the “operating partnership” mean AMB Property, L.P., a Delaware limited partnership, and its controlled subsidiaries. The terms “the Company” and “the company” mean the parent company, the operating partnership and their controlled subsidiaries on a consolidated basis. In addition, references to the company, the parent company or the operating partnership could mean the entity itself or one or a number of their controlled subsidiaries.

The parent company is a real estate investment trust and the general partner of the operating partnership. As of June 30, 2010, the parent company owned an approximate 98.1% general partnership interest in the operating partnership, excluding preferred units. The remaining approximate 1.9% common limited partnership interests are owned by non-affiliated investors and certain current and former directors and officers of the parent company. As of June 30, 2010, the parent company owned all of the preferred limited partnership units of the operating partnership. As the sole general partner of the operating partnership, the parent company has the full, exclusive and complete responsibility for the operating partnership’s day-to-day management and control.

The company believes combining the quarterly reports on Form 10-Q of the parent company and the operating partnership into this single report results in the following benefits:

- enhancing investors’ understanding of the parent company and the operating partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminating duplicative disclosure and providing a more streamlined and readable presentation since a substantial portion of the company’s disclosure applies to both the parent company and the operating partnership; and
- creating time and cost efficiencies through the preparation of one combined report instead of two separate reports.

Management operates the parent company and the operating partnership as one enterprise. The management of the parent company consists of the same members as the management of the operating partnership. These members are officers of the parent company and employees of the operating partnership.

There are few differences between the parent company and the operating partnership, which are reflected in the disclosure in this report. The company believes it is important to understand the differences between the parent company and the operating partnership in the context of how the parent company and the operating partnership operate as an interrelated consolidated company. The parent company is a real estate investment trust, whose only material asset is its ownership of partnership interests of the operating partnership. As a result, the parent company does not conduct business itself, other than acting as the sole general partner of the operating partnership, issuing public equity from time to time and guaranteeing certain debt of the operating partnership. The parent company itself does not hold any indebtedness but guarantees some of the secured and unsecured debt of the operating partnership, as disclosed in this report. The operating partnership holds substantially all the assets of the company and directly or indirectly holds the ownership interests in the company’s joint ventures. The operating partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from public equity issuances by the parent company, which are contributed to the operating partnership in exchange for partnership units, the operating partnership generates the capital required by the company’s business through the operating partnership’s operations, by the operating partnership’s direct or indirect incurrence of indebtedness or through the issuance of partnership units of the operating partnership or its subsidiaries.

Noncontrolling interests and stockholders’ equity and partners’ capital are the main areas of difference between the consolidated financial statements of the parent company and those of the operating partnership. The common limited partnership interests in the operating partnership are accounted for as partners’ capital in the operating partnership’s financial statements and as noncontrolling interests in the parent company’s financial statements. The noncontrolling interests in the operating partnership’s financial statements include the interests of joint venture partners, and preferred limited partnership unitholders (if applicable) and common limited partnership unitholders of AMB Property II, L.P., a subsidiary of the operating partnership. The noncontrolling interests in the parent company's financial statements include the same noncontrolling interests at the operating partnership level and limited partnership unitholders of the operating partnership. The differences between stockholders' equity and partners' capital result from the differences in the equity issued at the parent company and operating partnership levels.

To help investors understand the significant differences between the parent company and the operating partnership, this report presents the following separate sections for each of the parent company and the operating partnership:

- consolidated financial statements;
- the following notes to the consolidated financial statements:
  - Debt;
  - Noncontrolling Interests; and
  - Stockholders' Equity of the Parent Company/Partners' Capital of the Operating Partnership; and
- Liquidity and Capital Resources in the Management's Discussion and Analysis of Financial Condition and Results of Operations.

This report also includes separate Item 4. Controls and Procedures sections and separate Exhibit 31 and 32 certifications for each of the parent company and the operating partnership in order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that the parent company and operating partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. § 1350.

In order to highlight the differences between the parent company and the operating partnership, the separate sections in this report for the parent company and the operating partnership specifically refer to the parent company and the operating partnership. In the sections that combine disclosure of the parent company and the operating partnership, this report refers to actions or holdings as being actions or holdings of the company. Although the operating partnership is generally the entity that directly or indirectly enters into contracts and joint ventures and holds assets and debt, reference to the company is appropriate because the business is one enterprise and the parent company operates the business through the operating partnership.

As general partner with control of the operating partnership, the parent company consolidates the operating partnership for financial reporting purposes, and the parent company does not have significant assets other than its investment in the operating partnership. Therefore, the assets and liabilities of the parent company and the operating partnership are the same on their respective financial statements. The separate discussions of the parent company and the operating partnership in this report should be read in conjunction with each other to understand the results of the company on a consolidated basis and how management operates the company.

AMB PROPERTY CORPORATION AND AMB PROPERTY, L.P.

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PART I

Item 1. ***Financial Statements of AMB Property Corporation and AMB Property, L.P.***

AMB PROPERTY CORPORATION

CONSOLIDATED BALANCE SHEETS
As of June 30, 2010 and December 31, 2009

	June 30, 2010	December 31, 2009
	(Unaudited, Dollars in thousands)	
ASSETS		
Investments in real estate:		
Land	$ 1,374,858	$ 1,317,461
Land held for development	598,440	591,489
Buildings and improvements	4,668,204	4,439,313
Construction in progress	193,234	360,397
Total investments in properties	6,834,736	6,708,660
Accumulated depreciation and amortization	(1,196,321)	(1,113,808)
Net investments in properties	5,638,415	5,594,852
Investments in unconsolidated joint ventures	687,201	462,130
Properties held for sale or contribution, net	131,155	214,426
Net investments in real estate	6,456,771	6,271,408
Cash and cash equivalents	214,539	187,169
Restricted cash	26,155	18,908
Accounts receivable, net of allowance for doubtful accounts of $11,260 and $11,715, respectively	156,655	155,958
Deferred financing costs, net	21,967	24,883
Other assets	183,905	183,632
Total assets	$ 7,059,992	$ 6,841,958
LIABILITIES AND EQUITY		
Liabilities:		
Debt:		
Secured debt	$ 944,787	$ 1,096,554
Unsecured senior debt	1,156,361	1,155,529
Unsecured credit facilities	422,483	477,630
Other debt	471,024	482,883
Total debt	2,994,655	3,212,596
Security deposits	53,555	53,283
Dividends payable	51,339	46,041
Accounts payable and other liabilities	241,133	238,718
Total liabilities	3,340,682	3,550,638
Commitments and contingencies (Note 14)		
Equity:		
Stockholders' equity:		
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	48,017	48,017
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	55,187	55,187
Series O preferred stock, cumulative, redeemable, $.01 par value, 3,000,000 shares authorized and 3,000,000 issued and outstanding, $75,000 liquidation preference	72,127	72,127
Series P preferred stock, cumulative, redeemable, $.01 par value, 2,000,000 shares authorized and 2,000,000 issued and outstanding, $50,000 liquidation preference	48,081	48,081
Common stock, $.01 par value, 500,000,000 shares authorized, 168,279,950 and 149,258,376 issued and outstanding, respectively	1,680	1,489
Additional paid-in capital	3,142,782	2,740,307
Retained deficit	(29,872)	(29,008)
Accumulated other comprehensive income	13,336	3,816
Total stockholders' equity	3,351,338	2,940,016
Noncontrolling interests:		
Joint venture partners	306,414	289,909
Limited partnership unitholders	61,558	61,395
Total noncontrolling interests	367,972	351,304
Total equity	3,719,310	3,291,320
Total liabilities and equity	$ 7,059,992	$ 6,841,958

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

AMB PROPERTY CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three and Six Months Ended June 30, 2010 and 2009

	For the Three Months Ended June 30, 2010	For the Three Months Ended June 30, 2009	For the Six Months Ended June 30, 2010	For the Six Months Ended June 30, 2009
	(Unaudited, Dollars in thousands, except share and per share amounts)		(Unaudited, Dollars in thousands, except share and per share amounts)	
REVENUES				
Rental revenues	$ 151,773	$ 140,777	$ 301,306	$ 291,253
Private capital revenues	6,845	7,795	14,290	19,490
Total revenues	158,618	148,572	315,596	310,743
COSTS AND EXPENSES				
Property operating costs	(28,214)	(23,243)	(56,951)	(53,170)
Real estate taxes	(20,260)	(19,710)	(40,902)	(38,859)
Depreciation and amortization	(48,278)	(38,523)	(96,667)	(80,427)
General and administrative	(30,093)	(25,641)	(62,043)	(56,954)
Restructuring charges	(872)	(3,824)	(3,845)	(3,824)
Fund costs	(153)	(322)	(468)	(584)
Real estate impairment losses	—	—	—	(175,887)
Other expenses	1,271	(4,207)	80	(3,545)
Total costs and expenses	(126,599)	(115,470)	(260,796)	(413,250)
OTHER INCOME AND EXPENSES				
Development profits, net of taxes	199	—	5,002	33,286
Equity in earnings of unconsolidated joint ventures, net	5,193	4,284	9,068	4,250
Other income	448	7,528	737	459
Interest expense, including amortization	(32,626)	(27,772)	(65,239)	(60,571)
Loss on early extinguishment of debt	(579)	(657)	(579)	(657)
Total other income and expenses, net	(27,365)	(16,617)	(51,011)	(23,233)
Income (loss) from continuing operations	4,654	16,485	3,789	(125,740)
Discontinued operations:				
Income attributable to discontinued operations	411	2,459	656	2,714
Gains from sale of real estate interests, net of taxes	4,248	10,090	4,248	28,704
Total discontinued operations	4,659	12,549	4,904	31,418
Net income (loss)	9,313	29,034	8,693	(94,322)
Noncontrolling interests' share of net (income) loss:				
Joint venture partners' share of net income	(2,068)	(4,949)	(1,693)	(2,771)
Joint venture partners' and limited partnership unitholders' share of development profits	21	—	(85)	(1,108)
Preferred unitholders	—	(1,432)	—	(2,864)
Limited partnership unitholders	(75)	(1,279)	125	4,041
Total noncontrolling interests' share of net income	(2,122)	(7,660)	(1,653)	(2,702)
Net income (loss) attributable to AMB Property Corporation	7,191	21,374	7,040	(97,024)
Preferred stock dividends	(3,952)	(3,952)	(7,904)	(7,904)
Allocation to participating securities	(342)	(260)	(684)	(521)
Net income (loss) available to common stockholders	$ 2,897	$ 17,162	$ (1,548)	$ (105,449)
Basic income (loss) per common share attributable to common stockholders				
(Loss) income from continuing operations (after preferred stock dividends)	$ (0.01)	$ 0.06	$ (0.04)	$ (1.09)
Discontinued operations	0.03	0.06	0.03	0.23
Net income (loss) available to common stockholders	$ 0.02	$ 0.12	$ (0.01)	$ (0.86)
Diluted income (loss) per common share attributable to common stockholders				
(Loss) income from continuing operations (after preferred stock dividends)	$ (0.01)	$ 0.06	$ (0.04)	$ (1.09)
Discontinued operations	0.03	0.06	0.03	0.23
Net income (loss) available to common stockholders	$ 0.02	$ 0.12	$ (0.01)	$ (0.86)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	164,800,819	145,318,364	156,793,067	121,991,039
Diluted	164,800,819	145,379,807	156,793,067	121,991,039

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

AMB PROPERTY CORPORATION

CONSOLIDATED STATEMENT OF EQUITY
For the Six Months Ended June 30, 2010
(Unaudited, Dollars in thousands)

	Preferred Stock	Common Stock: Number of Shares	Common Stock: Amount	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
Balance as of December 31, 2009	$ 223,412	149,258,376	$ 1,489	$ 2,740,307	$ (29,008)	$ 3,816	$ 351,304	$ 3,291,320
Net income (loss)	7,904	—	—	—	(864)	—	1,653	
Unrealized loss on securities and derivatives	—	—	—	—	—	(1,256)	—	
Currency translation adjustment	—	—	—	—	—	10,776	—	
Total comprehensive income								18,213
Contributions	—	—	—	—	—	—	19,479	19,479
Distributions and allocations	—	—	—	—	—	—	(4,322)	(4,322)
Issuance of common stock, net	—	18,170,000	182	478,668	—	—	—	478,850
Stock-based compensation								
amortization and issuance of restricted stock, net	—	630,493	6	12,535	—	—	—	12,541
Exercise of stock options	—	158,610	2	3,106	—	—	—	3,108
Conversion and redemption of partnership units	—	62,471	1	1,647	—	—	(1,128)	520
Forfeiture of restricted stock	—	—	—	(1,736)	—	—	—	(1,736)
Reallocation of partnership interest	—	—	—	(2,859)	—	—	2,859	—
Dividends	(7,904)	—	—	(88,886)	—	—	(1,873)	(98,663)
Balance as of June 30, 2010	$ 223,412	168,279,950	$ 1,680	$ 3,142,782	$ (29,872)	$ 13,336	$ 367,972	$ 3,719,310

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

AMB PROPERTY, CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2010 and 2009

	2010	2009
	(Unaudited, Dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 8,693	$ (94,322)
Adjustments to net income (loss):		
Straight-line rents and amortization of lease intangibles	(8,807)	(4,934)
Depreciation and amortization	96,667	80,427
Real estate impairment losses	—	175,887
Foreign exchange (gains) losses	(655)	4,980
Stock-based compensation amortization	12,541	11,949
Equity in earnings of unconsolidated joint ventures	(9,068)	(4,250)
Operating distributions received from unconsolidated joint ventures	11,040	2,406
Development profits, net of taxes	(5,002)	(33,286)
Debt premiums, discounts and finance cost amortization, net	6,877	6,484
Discontinued operations:		
Depreciation and amortization	514	2,348
Real estate impairment losses	—	5,966
Gains from sale of real estate interests, net of taxes	(4,248)	(28,704)
Changes in assets and liabilities:		
Accounts receivable and other assets	(10,067)	7,224
Accounts payable and other liabilities	16,263	(11,047)
Net cash provided by operating activities	114,748	121,128
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in restricted cash	(6,686)	(3,629)
Cash paid for property acquisitions	(13,000)	—
Additions to land, buildings, development costs, building improvements and lease costs	(145,330)	(270,801)
Net proceeds from divestiture of real estate and securities	39,652	278,580
Additions to interests in unconsolidated joint ventures	(210,665)	(4,160)
Purchase of noncontrolling interest	—	(8,968)
Capital distributions received from unconsolidated joint ventures	—	5,350
Repayments from affiliates	4,157	—
Net cash used in investing activities	(331,872)	(3,628)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock, net	478,850	552,258
Proceeds from stock option exercises	3,108	130
Borrowings on secured debt	26,581	21,688
Payments on secured debt	(167,411)	(50,729)
Borrowings on other debt	4,300	—
Payments on other debt	(11,692)	(488)
Borrowings on unsecured credit facilities	341,658	407,702
Payments on unsecured credit facilities	(405,245)	(709,065)
Payment of financing fees	(3,077)	(2,941)
Payments on senior debt	—	(283,205)
Contributions from joint venture partners	19,579	6,444
Dividends paid to common and preferred stockholders	(91,492)	(47,410)
Distributions to noncontrolling interests, including preferred units	(6,273)	(11,695)
Net cash provided by (used in) financing activities	188,886	(117,311)
Net effect of exchange rate changes on cash	55,608	(38,219)
Net increase (decrease) in cash and cash equivalents	27,370	(38,030)
Cash and cash equivalents at beginning of period	187,169	223,936
Cash and cash equivalents at end of period	$ 214,539	$ 185,906
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest, net of capitalized interest	$ 64,274	$ 64,594
Non-cash transactions:		
Acquisition of properties	$ 13,337	$ —
Acquisition capital	(337)	—
Net cash paid for property acquisitions	$ 13,000	$ —
Contribution of properties to unconsolidated joint ventures, net	$ 22,391	$ 8,879

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

AMB PROPERTY, L.P.

CONSOLIDATED BALANCE SHEETS
As of June 30, 2010 and December 31, 2009

	June 30, 2010	December 31, 2009
	(Unaudited, Dollars in thousands)	
ASSETS		
Investments in real estate:		
Land	$ 1,374,858	$ 1,317,461
Land held for development	598,440	591,489
Buildings and improvements	4,668,204	4,439,313
Construction in progress	193,234	360,397
Total investments in properties	6,834,736	6,708,660
Accumulated depreciation and amortization	(1,196,321)	(1,113,808)
Net investments in properties	5,638,415	5,594,852
Investments in unconsolidated joint ventures	687,201	462,130
Properties held for sale or contribution, net	131,155	214,426
Net investments in real estate	6,456,771	6,271,408
Cash and cash equivalents	214,539	187,169
Restricted cash	26,155	18,908
Accounts receivable, net of allowance for doubtful accounts of $11,260 and $11,715, respectively	156,655	155,958
Deferred financing costs, net	21,967	24,883
Other assets	183,905	183,632
Total assets	$ 7,059,992	$ 6,841,958
LIABILITIES AND CAPITAL		
Liabilities:		
Debt:		
Secured debt	$ 944,787	$ 1,096,554
Unsecured senior debt	1,156,361	1,155,529
Unsecured credit facilities	422,483	477,630
Other debt	471,024	482,883
Total debt	2,994,655	3,212,596
Security deposits	53,555	53,283
Distributions payable	51,339	46,041
Accounts payable and other liabilities	241,133	238,718
Total liabilities	3,340,682	3,550,638
Commitments and contingencies (Note 14)		
Capital:		
Partners' capital:		
General partner, 168,050,539 and 149,028,965 units outstanding, respectively; 2,000,000 Series L preferred units issued and outstanding with a $50,000 liquidation preference, 2,300,000 Series M preferred units issued and outstanding with a $57,500 liquidation preference, 3,000,000 Series O preferred units issued and outstanding with a $75,000 liquidation preference and 2,000,000 Series P preferred units issued and outstanding with a $50,000 liquidation preference	3,351,338	2,940,016
Limited partners, 2,070,657 and 2,119,928 units outstanding, respectively	38,467	38,561
Total partners' capital	3,389,805	2,978,577
Noncontrolling interests:		
Joint venture partners	306,414	289,909
Class B limited partnership unitholders	23,091	22,834
Total noncontrolling interests	329,505	312,743
Total capital	3,719,310	3,291,320
Total liabilities and capital	$ 7,059,992	$ 6,841,958

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

AMB PROPERTY, L.P.

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three and Six Months Ended June 30, 2010 and 2009

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
	(Unaudited, Dollars in thousands, except unit and per unit amounts)		(Unaudited, Dollars in thousands, except unit and per unit amounts)	
REVENUES				
Rental revenues	$ 151,773	$ 140,777	$ 301,306	$ 291,253
Private capital revenues	6,845	7,795	14,290	19,490
Total revenues	158,618	148,572	315,596	310,743
COSTS AND EXPENSES				
Property operating expenses	(28,214)	(23,243)	(56,951)	(53,170)
Real estate taxes	(20,260)	(19,710)	(40,902)	(38,859)
Depreciation and amortization	(48,278)	(38,523)	(96,667)	(80,427)
General and administrative	(30,093)	(25,641)	(62,043)	(56,954)
Restructuring charges	(872)	(3,824)	(3,845)	(3,824)
Fund costs	(153)	(322)	(468)	(584)
Real estate impairment losses	—	—	—	(175,887)
Other expenses	1,271	(4,207)	80	(3,545)
Total costs and expenses	(126,599)	(115,470)	(260,796)	(413,250)
OTHER INCOME AND EXPENSES				
Development profits, net of taxes	199	—	5,002	33,286
Equity in earnings of unconsolidated joint ventures, net	5,193	4,284	9,068	4,250
Other income	448	7,528	737	459
Interest expense, including amortization	(32,626)	(27,772)	(65,239)	(60,571)
Loss on early extinguishment of debt	(579)	(657)	(579)	(657)
Total other income and expenses, net	(27,365)	(16,617)	(51,011)	(23,233)
Income (loss) from continuing operations	4,654	16,485	3,789	(125,740)
Discontinued operations:				
Income attributable to discontinued operations	411	2,459	656	2,714
Gains from sale of real estate interests, net of taxes	4,248	10,090	4,248	28,704
Total discontinued operations	4,659	12,549	4,904	31,418
Net income (loss)	9,313	29,034	8,693	(94,322)
Noncontrolling interests' share of net (income) loss:				
Joint venture partners' share of net income	(2,068)	(4,949)	(1,693)	(2,771)
Joint venture partners' and Class B limited partnership unitholders' share of development profits	20	—	(19)	(406)
Preferred unitholders	—	(1,432)	—	(2,864)
Class B limited partnership unitholders	(28)	(468)	46	1,480
Total noncontrolling interests' share of net income	(2,076)	(6,849)	(1,666)	(4,561)
Net income (loss) attributable to AMB Property, L.P.	7,237	22,185	7,027	(98,883)
Series L, M, O and P preferred unit distributions	(3,952)	(3,952)	(7,904)	(7,904)
Allocation to participating securities	(342)	(260)	(684)	(521)
Net income (loss) available to common unitholders	$ 2,943	$ 17,973	$ (1,561)	$ (107,308)
Income (loss) available to common unitholders attributable to:				
General partner	$ 2,897	$ 17,162	$ (1,548)	$ (105,449)
Limited partners	46	811	(13)	(1,859)
Net income (loss) available to common unitholders	$ 2,943	$ 17,973	$ (1,561)	$ (107,308)
Basic income (loss) per common unit attributable to common unitholders				
(Loss) income from continuing operations (after preferred unit distributions)	$ (0.01)	$ 0.06	$ (0.04)	$ (1.09)
Discontinued operations	0.03	0.06	0.03	0.23
Net income (loss) available to common unitholders	$ 0.02	$ 0.12	$ (0.01)	$ (0.86)
Diluted income (loss) per common unit attributable to common unitholders				
(Loss) income from continuing operations (after preferred unit distributions)	$ (0.01)	$ 0.06	$ (0.04)	$ (1.09)
Discontinued operations	0.03	0.06	0.03	0.23
Net income (loss) available to common unitholders	$ 0.02	$ 0.12	$ (0.01)	$ (0.86)
WEIGHTED AVERAGE COMMON UNITS OUTSTANDING				
Basic	166,906,564	147,495,173	158,912,428	124,168,600
Diluted	166,906,564	147,556,616	158,912,428	124,168,600

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

AMB PROPERTY, L.P.

CONSOLIDATED STATEMENT OF CAPITAL
For the Six Months Ended June 30, 2010
(Unaudited, Dollars in thousands)

	General Partner				Limited Partners			
	Preferred Units		Common Units		Common Units		Noncontrolling	
	Units	Amount	Units	Amount	Units	Amount	Interests	Total
Balance as of December 31, 2009	9,300,000	$ 223,412	149,028,965	$ 2,716,604	2,119,928	$ 38,561	$ 312,743	$ 3,291,320
Net (loss) income	—	7,904	—	(864)	—	(13)	1,666	
Unrealized loss on securities and derivatives	—	—	—	(1,256)	—	—	—	
Currency translation adjustment	—	—	—	10,776	—	—	—	
Total comprehensive income								18,213
Contributions	—	—	—	—	—	—	19,479	19,479
Distributions and allocations	—	—	—	—	—	—	(4,322)	(4,322)
Issuance of common units	—	—	18,170,000	478,850	—	—	—	478,850
Stock-based compensation amortization and issuance of common limited partnership units in connection with the issuance of restricted stock and options	—	—	630,493	12,541	—	—	—	12,541
Issuance of common limited partnership units in connection with the exercise of stock options	—	—	158,610	3,108	—	—	—	3,108
Conversion of operating partnership units to common stock and cash redemption	—	—	62,471	1,648	(49,271)	(1,128)	—	520
Forfeiture of common limited partnership units in connection with the forfeiture of restricted stock	—	—	—	(1,736)	—	—	—	(1,736)
Reallocation of interests	—	—	—	(2,859)	—	2,220	639	—
Distributions	—	(7,904)	—	(88,886)	—	(1,173)	(700)	(98,663)
Balance as of June 30, 2010	9,300,000	$ 223,412	168,050,539	$ 3,127,926	2,070,657	$ 38,467	$ 329,505	$ 3,719,310

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

AMB PROPERTY, L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2010 and 2009

	2010	2009
	(Unaudited, Dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 8,693	$ (94,322)
Adjustments to net income (loss):		
Straight-line rents and amortization of lease intangibles	(8,807)	(4,934)
Depreciation and amortization	96,667	80,427
Real estate impairment losses	—	175,887
Foreign exchange (gains) losses	(655)	4,980
Stock-based compensation amortization	12,541	11,949
Equity in earnings of unconsolidated joint ventures	(9,068)	(4,250)
Operating distributions received from unconsolidated joint ventures	11,040	2,406
Development profits, net of taxes	(5,002)	(33,286)
Debt premiums, discounts and finance cost amortization, net	6,877	6,484
Discontinued operations:		
Depreciation and amortization	514	2,348
Real estate impairment losses	—	5,966
Gains from sale of real estate interests, net of taxes	(4,248)	(28,704)
Changes in assets and liabilities:		
Accounts receivable and other assets	(10,067)	7,224
Accounts payable and other liabilities	16,263	(11,047)
Net cash provided by operating activities	114,748	121,128
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in restricted cash	(6,686)	(3,629)
Cash paid for property acquisitions	(13,000)	—
Additions to land, buildings, development costs, building improvements and lease costs	(145,330)	(270,801)
Net proceeds from divestiture of real estate and securities	39,652	278,580
Additions to interests in unconsolidated joint ventures	(210,665)	(4,160)
Purchase of noncontrolling interest	—	(8,968)
Capital distributions received from unconsolidated joint ventures	—	5,350
Repayments from affiliates	4,157	—
Net cash used in investing activities	(331,872)	(3,628)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common units, net	478,850	552,258
Proceeds from stock option exercises	3,108	130
Borrowings on secured debt	26,581	21,688
Payments on secured debt	(167,411)	(50,729)
Borrowings on other debt	4,300	—
Payments on other debt	(11,692)	(488)
Borrowings on unsecured credit facilities	341,658	407,702
Payments on unsecured credit facilities	(405,245)	(709,065)
Payment of financing fees	(3,077)	(2,941)
Payments on senior debt	—	(283,205)
Contributions from joint venture partners	19,579	6,444
Distributions paid to partners	(92,665)	(48,629)
Distributions to noncontrolling interests, including preferred units	(5,100)	(10,476)
Net cash provided by (used in) financing activities	188,886	(117,311)
Net effect of exchange rate changes on cash	55,608	(38,219)
Net increase (decrease) in cash and cash equivalents	27,370	(38,030)
Cash and cash equivalents at beginning of period	187,169	223,936
Cash and cash equivalents at end of period	$ 214,539	$ 185,906
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest, net of capitalized interest	$ 64,274	$ 64,594
Non-cash transactions:		
Acquisition of properties	$ 13,337	$ —
Acquisition capital	(337)	—
Net cash paid for property acquisitions	$ 13,000	$ —
Contribution of properties to unconsolidated joint ventures, net	$ 22,391	$ 8,879

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

AMB PROPERTY CORPORATION AND AMB PROPERTY, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2010
(Unaudited)

1. Organization and Formation of the Parent Company and the Operating Partnership

The Parent Company commenced operations as a fully integrated real estate company effective with the completion of its initial public offering on November 26, 1997. The Parent Company elected to be taxed as a real estate investment trust ("REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year ended December 31, 1997, and believes its current organization and method of operation will enable it to maintain its status as a REIT. The Parent Company, through its controlling interest in its subsidiary, the Operating Partnership, is engaged in the ownership, acquisition, development and operation of industrial properties in key distribution markets throughout the Americas, Europe and Asia. Unless otherwise indicated, the notes to consolidated financial statements apply to both the Parent Company and the Operating Partnership.

The Company uses the terms "industrial properties" or "industrial buildings" to describe the various types of industrial properties in its portfolio and uses these terms interchangeably with the following: logistics facilities, centers or warehouses; distribution facilities, centers or warehouses; High Throughput Distribution® (HTD®) facilities; or any combination of these terms. The Company uses the term "owned and managed" to describe assets in which it has at least a 10% ownership interest, for which it is the property or asset manager and which it currently intends to hold long term. The Company uses the term "joint venture" to describe all joint ventures, including co-investment ventures with real estate developers, other real estate operators, or institutional investors where the Company may or may not have control, act as the manager and/or developer, earn asset management distributions or fees, or earn incentive distributions or promote interests. In certain cases, the Company might provide development, leasing, property management and/or accounting services, for which it may receive compensation. The Company uses the term "co-investment venture" to describe joint ventures with institutional investors, managed by the Company, from which the Company typically receives acquisition fees for acquisitions, portfolio and asset management distributions or fees, as well as incentive distributions or promote interests.

As of June 30, 2010, the Parent Company owned an approximate 98.1% general partnership interest in the Operating Partnership, excluding preferred units. The remaining approximate 1.9% common limited partnership interests are owned by non-affiliated investors and certain current and former directors and officers of the Parent Company. As the sole general partner of the Operating Partnership, the Parent 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. Certain properties are owned by the Company 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.

Through the Operating Partnership, the Company enters into co-investment ventures with institutional investors. These co-investment ventures provide the Company with an additional source of capital and income. As of June 30, 2010, the Company had significant investments in three consolidated and five unconsolidated co-investment ventures.

Effective January 1, 2010, the name of the Company's unconsolidated co-investment venture AMB Institutional Alliance Fund III, L.P. was changed to AMB U.S. Logistics Fund, L.P.

AMB Capital Partners, LLC, a Delaware limited liability company ("AMB Capital Partners"), provides real estate investment services to clients on a fee basis. Headlands Realty Corporation, a Maryland corporation, conducts a variety of businesses that includes development projects available for sale or contribution to third parties and incremental income programs. IMD Holding Corporation, a Delaware corporation, conducts a variety of businesses that also includes development projects available for sale or contribution to third parties. AMB Capital

Partners, Headlands Realty Corporation and IMD Holding Corporation are direct subsidiaries of the Operating Partnership.

As of June 30, 2010, the Company owned or had investments in, on a consolidated basis or through unconsolidated co-investment ventures, properties and development projects expected to total approximately 156.1 million square feet (14.5 million square meters) in 48 markets within 15 countries.

Of the approximately 156.1 million square feet as of June 30, 2010:

- on an owned and managed basis, which includes investments held on a consolidated basis or through unconsolidated joint ventures, the Company owned or partially owned approximately 136.7 million square feet (principally, warehouse distribution buildings) that were 91.8% leased; the Company had investments in seven development projects, which are expected to total approximately 3.2 million square feet upon completion; the Company owned 30 projects, totaling approximately 8.3 million square feet, which are available for sale or contribution; and the Company had one value-added acquisition, totaling approximately 0.5 million square feet;
- through non-managed unconsolidated joint ventures, the Company had investments in 46 industrial operating buildings, totaling approximately 7.3 million square feet; and
- the Company held approximately 152,000 square feet through a ground lease, which is the location of the Company's global headquarters.

Value-added acquisitions represent unstabilized properties acquired by the Company, which generally have one or more of the following characteristics: (i) existing vacancy, typically in excess of 20%, (ii) short-term lease rollover, typically during the first two years of ownership, or (iii) significant capital improvement requirements, typically in excess of 20% of the purchase price. The Company excludes value-added acquisitions from its owned and managed and consolidated operating statistics prior to stabilization (generally 90% leased).

2. Interim Financial Statements

These consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). Accordingly, certain information and note disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) have been condensed or omitted.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments of a normal, recurring nature, necessary for a fair statement of the Company's consolidated financial position and results of operations for the interim periods presented. The interim results for the three and six months ended June 30, 2010 are not necessarily indicative of future results. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Annual Report on Form 10-K for the Parent Company and the Operating Partnership for the year ended December 31, 2009.

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

Real Estate Impairment Losses and Restructuring Charges. The Company conducts a comprehensive review of all real estate asset classes in accordance with its policy of accounting for the impairment or disposal of long-lived assets, which indicates that asset values should be analyzed whenever events or changes in circumstances indicate that the carrying value of a property may not be fully recoverable. The intended use of an asset, either held for sale or held for the long term, can significantly impact how impairment is measured. If an asset is intended to be held for the long term, the impairment analysis is based on a two-step test. The first test measures estimated expected future cash flows over the holding period, including a residual value (undiscounted and without interest charges), against the carrying value of the property. If the asset fails the test, then the asset carrying value is measured against the estimated fair value from a market participant standpoint, with the excess of the asset's carrying value over the estimated fair value recognized as an impairment charge to earnings. If an asset is intended to be sold, impairment is tested based on a one-step test, comparing the carrying value to the estimated fair value less costs to sell. The estimation of expected future net cash flows is inherently uncertain and relies on assumptions regarding current and future economic and market conditions and the availability of capital. The Company determines the estimated fair values based on assumptions regarding rental rates, costs to complete, lease-up and holding periods, as well as sales prices or contribution values. The Company also utilizes the knowledge of its regional teams and the recent valuations of its two open-ended funds, which contain a large, geographically diversified pool of assets, all of which are subject to third-party appraisals on at least an annual basis. During both the three and six months ended June 30, 2010, the Company did not recognize any real estate impairment losses. The Company recognized real estate impairment losses of $181.9 million during the three months ended March 31, 2009 on certain of its investments. These real estate impairment losses did not impact the Company's liquidity, cost and availability of credit or affect the Operating Partnership's continued compliance with its various financial covenants under its credit facilities and unsecured bonds.

The Company recognized restructuring charges of approximately $0.9 million and $3.8 million in the three and six months ended June 30, 2010 associated with severance and the termination of certain contractual obligations. The majority of the restructuring charges were cash-related expenses. The Company recognized restructuring charges of approximately $3.8 million for the three and six months ended June 30, 2009.

Investments in Consolidated and Unconsolidated Joint Ventures. The Company holds interests in both consolidated and unconsolidated joint ventures. The Company consolidates joint ventures where it exhibits financial or operational control. Control is determined using accounting standards related to the consolidation of joint ventures and variable interest entities. For joint ventures that are defined as variable interest entities, the primary beneficiary consolidates the entity. In instances where the Company is not the primary beneficiary, it does not consolidate the joint venture for financial reporting purposes. For joint ventures that are not defined as variable interest entities, management first considers whether the Company is the general partner or a limited partner (or the equivalent in such investments which are not structured as partnerships). The Company consolidates joint ventures where it is the general partner (or the equivalent) and the limited partners (or the equivalent) in such investments do not have rights which would preclude control and, therefore, consolidation for financial reporting purposes. For joint ventures where the Company is the general partner (or the equivalent), but does not control the joint venture as the other partners (or the equivalent) hold substantive participating rights, the Company uses the equity method of accounting. For joint ventures where the Company is a limited partner (or the equivalent), management considers factors such as ownership interest, voting control, authority to make decisions, and contractual and substantive participating rights of the partners (or the equivalent) to determine if the presumption that the general partner controls the entity is overcome. In instances where these factors indicate the Company controls the joint venture, the Company consolidates the joint venture; otherwise it uses the equity method of accounting.

Under the equity method, investments in unconsolidated joint ventures are initially recognized in the balance sheet at cost and are subsequently adjusted to reflect the Company's proportionate share of net earnings or losses of the joint venture, distributions received, contributions, deferred gains from the contribution of properties and certain other adjustments, as appropriate. When circumstances indicate there may have been a loss in value of an equity investment, the Company evaluates the investment for impairment by estimating the Company's ability to recover its investment or if the loss in value is other than temporary. To evaluate whether an impairment is other than temporary, the Company considers relevant factors, including, but not limited to, the period of time in any unrealized loss position, the likelihood of a future recovery, and the Company's positive intent and ability to hold the investment until the forecasted recovery. If the Company determines the loss in value is other than temporary, the Company recognizes an impairment charge to reflect the investment at fair value. Fair value is determined through various valuation techniques, including, but not limited to, discounted cash flow models, quoted market values and third party appraisals. At June 30, 2010, the fair value of the investment in AMB U.S. Logistics Fund, L.P. approximated the carrying value of the underlying properties. No impairment charge was recognized for the three and six months ended June 30, 2010. However, the Company's analysis is an ongoing process and there can be no assurance that the Company will not recognize such impairment charges in the future.

Fair Value of Financial Instruments. Effective April 1, 2009, the Financial Accounting Standards Board (FASB) issued guidance which the Company has adopted regarding the evaluation of the fair value of financial instruments for interim reporting periods as well as in annual financial statements. Due to their short-term nature, the estimated fair value for cash and cash equivalents, restricted cash, accounts receivable, dividends payable, and accounts payable and other liabilities approximate their book value. Based on borrowing rates available to the Company at June 30, 2010, the book value and the estimated fair value of total debt (both secured and unsecured) were $3.0 billion and $3.1 billion, respectively. The estimated fair value of Deferred Financing Costs approximates its book value. Refer to Note 15, *Derivatives and Hedging Activities* for their related fair value disclosures.

In September 2006, the FASB issued guidance, updated in October 2009 for interim periods beginning after December 15, 2009, related to accounting for fair value measurements which defines fair value and establishes a framework for measuring fair value in order to meet disclosure requirements for fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. This hierarchy describes three levels of inputs that may be used to measure fair value.

Financial assets and liabilities recorded at fair value on the consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1. Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.

Level 2. Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3. Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation using unobservable inputs. This category generally includes long-term derivative contracts, real estate and unconsolidated joint ventures.

Fair Value Measurements on a Recurring or Nonrecurring Basis as of June 30, 2010
(Dollars in thousands)

	Level 1 Assets/Liabilities at Fair Value	Level 2 Assets/Liabilities at Fair Value	Level 3 Assets/Liabilities at Fair Value	Total
Assets:				
Investments in real estate(1)	$ —	$ —	$ 93,943	$ 93,943
Deferred compensation plan	19,199	—	—	19,199
Derivative assets	—	3,237	—	3,237
Investment securities	1,921	—	—	1,921
Liabilities:				
Derivative liabilities	$ —	$ 1,126	$ —	$ 1,126
Deferred compensation plan	19,199	—	—	19,199

Fair Value Measurements on a Recurring or Nonrecurring Basis as of December 31, 2009
(Dollars in thousands)

	Level 1 Assets/Liabilities at Fair Value	Level 2 Assets/Liabilities at Fair Value	Level 3 Assets/Liabilities at Fair Value	Total
Assets:				
Investments in real estate(1)	$ —	$ —	$ 202,067	$ 202,067
Deferred compensation plan	22,905	—	—	22,905
Derivative assets	—	1,553	—	1,553
Investment securities	2,242	—	—	2,242
Liabilities:				
Derivative liabilities	$ —	$ 2,012	$ —	$ 2,012
Deferred compensation plan	22,905	—	—	22,905

(1) Represents certain real estate assets held for sale, held for contribution or reclassified between held for dispositions and held for use categories on a consolidated basis that are marked to their fair values at June 30, 2010, as a result of real estate impairment losses, net of recoveries.

New Accounting Pronouncements. In June 2009, the FASB issued amended guidance related to the consolidation of variable-interest entities. These amendments require an enterprise to qualitatively assess the determination of the primary beneficiary of a variable interest entity ("VIE") based on whether the entity (1) has the power to direct matters that most significantly impact the activities of the VIE, and (2) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. Additionally, they require an ongoing reconsideration of the primary beneficiary and provide a framework for the events that trigger a reassessment of whether an entity is a VIE. This guidance is effective for financial statements issued for fiscal years beginning after November 15, 2009, and the Company has adopted this guidance as of January 1, 2010. The Company has evaluated the impact of the adoption of this guidance, and it did not have a material impact on the Company's financial position, results of operations and cash flows.

3. Real Estate Acquisition and Development Activity

During the three and six months ended June 30, 2010 the Company acquired one 0.5 million square foot value-added acquisition for $13.3 million. During the three and six months ended June 30, 2009, the Company did not acquire any properties.

As of June 30, 2010, the Company had seven construction-in-progress development projects, on an owned and managed basis, which are expected to total approximately 3.2 million square feet and have an aggregate estimated investment of $234.5 million upon completion, net of $10.8 million of cumulative real estate impairment losses to date. One of these projects totaling approximately 0.6 million square feet with an aggregate estimated investment of $66.3 million was held in an unconsolidated co-investment venture. Construction-in-progress, at June 30, 2010, included projects expected to be completed through the third quarter of 2011.

On a consolidated basis, as of June 30, 2010, the Company had an additional 29 pre-stabilized development projects totaling approximately 8.1 million square feet, with an aggregate estimated investment of $858.2 million, net of $70.8 million of cumulative real estate impairment losses to date, and an aggregate gross book value of $833.6 million, net of cumulative real estate impairment losses.

On a consolidated basis, as of June 30, 2010, the Company and its development joint venture partners had funded an aggregate of $1.1 billion, or 97%, of the total estimated investment before the impact of real estate impairment losses and will need to fund an estimated additional $34.3 million, or 3%, in order to complete the Company's development portfolio.

In addition to the Company's committed construction-in-progress, it held a total of 2,405 acres of land for future development or sale, on a consolidated basis, approximately 85% of which was located in the Americas. The Company currently estimates that these 2,405 acres of land could support approximately 44.0 million square feet of future development.

The company's development portfolio and land inventory does not include value-added acquisitions.

4. Development Profits, Gains from Sale or Contribution of Real Estate Interests and Discontinued Operations

Development Sales and Contributions. During the three months ended June 30, 2010, the Company recognized development profits of approximately $0.4 million primarily as a result of the sale of development projects to third parties, aggregating less than 0.1 million square feet for an aggregate sales price of $2.6 million. During the six months ended June 30, 2010, the Company recognized development profits of approximately $5.2 million primarily as a result of the sale of development projects to third parties, aggregating approximately 0.3 million square feet for an aggregate sales price of $25.5 million. This includes the installment sale of approximately 0.2 million square feet for $12.5 million with development profits of $3.9 million recognized in the three months ended March 31, 2010, which was initiated in the fourth quarter of 2009 and completed in the first quarter of 2010. During the three months ended June 30, 2009, the Company recognized no development profits or losses as a result of the sale of two development projects, aggregating approximately 1.0 million square feet. During the six months ended June 30, 2009, the Company recognized development profits of approximately $4.7 million as a result of the sale of four development projects, aggregating approximately 1.5 million square feet.

During the three and six months ended June 30, 2010, the Company recognized development losses of approximately $0.2 million, as a result of the contribution of two completed development projects, aggregating approximately 0.2 million square feet, to AMB Europe Fund I, FCP-FIS. During the three months ended June 30, 2009, the Company did not contribute any development projects to unconsolidated co-investment ventures. During the six months ended June 30, 2009, the Company recognized development profits of approximately $28.6 million, as a result of the contribution of one completed development project, aggregating approximately 1.0 million square feet, to AMB Japan Fund I, L.P.

Properties Held for Sale or Contribution, Net. As of June 30, 2010, the Company held for sale three properties with an aggregate net book value of $23.0 million. These properties either are not in the Company's core markets, do not meet its current investment objectives, or are included as part of its development-for-sale or value-added conversion programs. The sales of the properties are subject to negotiation of acceptable terms and other customary conditions. Properties held for sale are stated at the lower of cost or estimated fair value less costs to sell. As of December 31, 2009, the Company held for sale three properties with an aggregate net book value of $13.9 million.

As of June 30, 2010, the Company held for contribution to co-investment ventures six properties with an aggregate net book value of $108.2 million, which, if contributed, will reduce the Company's average ownership interest in these projects from approximately 94% to an expected range of less than 40%. As of December 31, 2009, the Company held for contribution to co-investment ventures 11 properties with an aggregate net book value of $200.5 million.

During the three months ended June 30, 2010, no properties were reclassified from held for contribution to investments in real estate as a result of the change in management's intent to hold these assets. In accordance with the Company's policies of accounting for the impairment or disposal of long-lived assets, during the six months ended June 30, 2010, the Company recognized $1.2 million additional depreciation expense and related accumulated depreciation as a result of the reclassification of assets from properties held for sale or contribution to investments in real estate. During the six months ended June 30, 2009, the Company recognized additional depreciation expense and related accumulated depreciation of $3.2 million as a result of similar reclassifications, as well as impairment charges of $55.8 million on real estate assets held for sale or contribution for which it was determined that the carrying value was greater than the estimated fair value.

Discontinued Operations. The Company reports its property sales as discontinued operations separately as prescribed under its policy of accounting for the impairment or disposal of long-lived assets. During the three and six months ended June 30, 2010, the Company sold industrial operating properties aggregating approximately 0.1 million square feet for an aggregate sales price of $10.0 million, with a resulting gain of $4.2 million. During the three months ended June 30, 2009, the Company sold industrial operating properties aggregating approximately 1.0 million square feet for an aggregate sales price of $48.0 million, with a resulting gain of $8.5 million. Additionally, during the three and six months ended June 30, 2009, the Company recognized a deferred gain of $1.6 million on the divestiture of industrial properties, aggregating approximately 0.1 million square feet, for an aggregate sales price of $17.5 million, which was deferred as part of the contribution of AMB Partners II, L.P. to AMB U.S. Logistics Fund, L.P. in July 2008. During the six months ended June 30, 2009, the Company sold industrial operating properties aggregating approximately 1.7 million square feet for an aggregate sales price of $106.4 million, with a resulting net gain of $27.1 million.

The following summarizes the condensed results of discontinued operations, net of noncontrolling interests (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Rental revenues	$ 931	$ 5,849	$ 1,929	$ 15,205
Straight-line rents and amortization of lease intangibles	23	54	21	251
Property operating expenses	(48)	(673)	(242)	(1,785)
Real estate taxes	(236)	(823)	(520)	(1,932)
Depreciation and amortization	(243)	(793)	(514)	(2,348)
Real estate impairment losses	—	—	—	(5,966)
Other income and (expenses), net	(16)	(1,155)	(18)	(711)
Income attributable to discontinued operations	411	2,459	656	2,714
Gains from sale of real estate interests, net of taxes	4,248	10,090	4,248	28,704
Discontinued operations attributable to the Parent Company and the Operating Partnership	$ 4,659	$ 12,549	$ 4,904	$ 31,418
Parent Company:				
Discontinued operations	$ 4,659	$ 12,549	$ 4,904	$ 31,418
Noncontrolling interests:				
Joint venture partners’ and limited partnership unitholders’ share of income attributable to discontinued operations	24	24	43	(98)
Joint venture partners’ and limited partnership unitholders’ share of gains from sale of real estate interests, net of taxes	(89)	(3,343)	(89)	(3,526)
Discontinued operations attributable to the Parent Company	$ 4,594	$ 9,230	$ 4,858	$ 27,794
Operating Partnership:				
Discontinued operations	$ 4,659	$ 12,549	$ 4,904	$ 31,418
Noncontrolling interests:				
Joint venture partners’ and Class B limited partnership unitholders’ share of income attributable to discontinued operations	30	82	52	(52)
Joint venture partners’ and Class B limited partnership unitholders’ share of gains from sale of real estate interests, net of taxes	(33)	(3,297)	(33)	(3,080)
Discontinued operations attributable to the Operating Partnership	$ 4,656	$ 9,334	$ 4,923	$ 28,286

The difference in income from discontinued operations, net of noncontrolling interests, between the Parent Company and the Operating Partnership is due to the inclusion of the Operating Partnership’s common limited partnership unitholders as noncontrolling interests in the Parent Company’s financial statements.

As of June 30, 2010 and December 31, 2009, assets and liabilities attributable to properties held for sale by the Company consisted of the following (dollars in thousands):

	June 30, 2010	December 31, 2009
Accounts receivable, deferred financing costs and other assets	$ 863	$ 53
Secured debt	$ —	$ 1,979
Accounts payable and other liabilities	$ 420	$ 4,622

5. Debt of the Parent Company

The Parent Company itself does not hold any indebtedness. All debt is held directly or indirectly by the Operating Partnership. The debt that is guaranteed by the Parent Company is discussed below. Note 6 below entitled "Debt of the Operating Partnership" should be read in conjunction with this Note 5 for a discussion of the debt of the Operating Partnership consolidated into the Parent Company's financial statements. In this Note 5, the "Parent Company" refers only to AMB Property Corporation and not to any of its subsidiaries.

Unsecured Senior Debt Guarantees

The Parent Company guarantees the Operating Partnership's obligations with respect to its unsecured senior debt securities. As of June 30, 2010, the Operating Partnership had outstanding an aggregate of $1.2 billion in unsecured senior debt securities, which bore a weighted average interest rate of 6.4% and had an average term of 5.6 years. The indenture for the senior debt securities contains limitations on mergers or consolidations of the Parent Company.

Other Debt Guarantees

The Parent Company guarantees certain of the Operating Partnership's other debt obligations related to its $425.0 million multi-currency senior unsecured term loan facility, which includes Euro and Yen tranches. Using the exchange rates in effect on June 30, 2010, the facility had an outstanding balance of approximately $413.2 million in U.S. dollars, which bore a weighted average interest rate of 3.9% and matures in October 2012.

Unsecured Credit Facility Guarantees

The Parent Company is a guarantor of the Operating Partnership's obligations under its $550.0 million (includes Euros, Yen, British pounds sterling or U.S. dollar denominated borrowings) unsecured revolving credit facility that matures in June 2011.

The Parent Company and the Operating Partnership guarantee the obligations of AMB Japan Finance Y.K., a subsidiary of the Operating Partnership, under a Yen-denominated unsecured revolving credit facility, as well as the obligations of any other entity in which the Operating Partnership directly or indirectly owns an ownership interest and which is selected from time to time to be a borrower under and pursuant to the credit agreement. This credit facility has an initial borrowing limit of 55.0 billion Yen, which, using the exchange rate in effect on June 30, 2010, equaled approximately $621.9 million U.S. dollars and bore a weighted average interest rate of 0.65%, and matures in June 2011.

The Parent Company and the Operating Partnership guarantee the obligations for such subsidiaries and other entities controlled by the Operating Partnership that are selected by the Operating Partnership from time to time to be borrowers under and pursuant to a $500.0 million unsecured revolving credit facility. The Operating Partnership and certain of its wholly owned subsidiaries, each acting as a borrower, and the Parent Company and the Operating Partnership, as guarantors, entered into this credit facility, which has an option to further increase the facility to $750.0 million and to extend the maturity date to July 2012.

The credit agreements related to the above facilities contain limitations on the incurrence of liens and limitations on mergers or consolidations of the Parent Company.

If the Operating Partnership is unable to refinance or extend principal payments due at maturity or pay them with proceeds from other capital transactions, then its cash flow may be insufficient to pay its distributions to the Parent Company, which will have, as a result, insufficient funds to pay cash dividends to the Parent Company's stockholders. 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 Operating Partnership's interest expense relating to that refinanced indebtedness would increase. This increased interest expense of the Operating Partnership would adversely affect its ability to pay its distributions to the Parent Company, which will, in turn, adversely affect the Parent Company's ability to pay cash dividends to its stockholders and the market price of the Parent Company's stock.

In the event that the Operating Partnership does not have sufficient cash available through its operations or under its lines of credit to continue operating its business as usual, including making its distributions to the Parent Company, it may need to find alternative ways to increase its liquidity. Such alternatives may include, without limitation, decreasing the Operating Partnership's cash distribution to the Parent Company and paying some of the Parent Company's dividends in stock rather than cash. In addition, the Parent Company may issue equity in public or private transactions whether or not with favorable pricing or on favorable terms and contribute the proceeds of such issuances to the Operating Partnership for a number of partnership units in the Operating Partnership equal to the number of shares of Parent Company stock issued in the applicable transaction.

6. Debt of the Operating Partnership

As of June 30, 2010 and December 31, 2009, debt of the Operating Partnership consisted of the following (dollars in thousands):

	June 30, 2010	December 31, 2009
Wholly owned secured debt, varying interest rates from 1.8% to 8.6%, due August 2010 to August 2013 (weighted average interest rates of 4.6% and 3.5% at June 30, 2010 and December 31, 2009, respectively)	$ 205,868	$ 325,221
Consolidated joint venture secured debt, varying interest rates from 0.8% to 9.4%, due August 2010 to November 2022 (weighted average interest rates of 5.0% and 4.9% at June 30, 2010 and December 31, 2009, respectively)	738,756	771,284
Unsecured senior debt securities, varying interest rates from 5.1% to 8.0%, due November 2010 to December 2019 (weighted average interest rates of 6.4% and 6.4% at June 30, 2010 and December 31, 2009, respectively)	1,165,388	1,165,388
Other debt, varying interest rates from 1.4% to 7.5%, due May 2012 to September 2013 (weighted average interest rates of 4.1% and 4.1% at June 30, 2010 and December 31, 2009, respectively)	471,024	482,883
Unsecured credit facilities, variable interest rate, due June 2011 and July 2011 (weighted average interest rates of 0.8% and 0.8% at June 30, 2010 and December 31, 2009, respectively)	422,483	477,630
Total debt before unamortized net discounts	3,003,519	3,222,406
Unamortized net discounts	(8,864)	(9,810)
Total consolidated debt	$ 2,994,655	$ 3,212,596

Wholly Owned and Consolidated Joint Venture Secured Debt

Secured debt generally requires monthly principal and interest payments. Some of the loans are cross-collateralized by multiple properties. The secured debt is collateralized by deeds of trust, mortgages or other instruments on certain properties and is generally non-recourse. As of June 30, 2010 and December 31, 2009, the total gross investment book value of those properties securing the debt was $1.9 billion and $2.0 billion, respectively, including $1.5 billion held in consolidated joint ventures as of both balance sheet dates. As of June 30, 2010, $643.9 million of the secured debt obligations before unamortized net discounts bore interest at fixed rates (with a weighted average interest rate of 6.2%), while the remaining $300.7 million bore interest at variable rates (with a weighted average interest rate of 2.2%). As of June 30, 2010, $597.2 million of the secured debt before unamortized net discounts was held by the Operating Partnership's co-investment ventures.

On February 14, 2007, seven subsidiaries of AMB-SGP, L.P., a Delaware limited partnership, which is a subsidiary of the Operating Partnership, entered into a loan agreement for a $305.0 million secured financing. On the same day, pursuant to the loan agreement, the same seven subsidiaries delivered four promissory notes to the two lenders, each of which mature in March 2012. One note has a principal of $160.0 million and an interest rate that is fixed at 5.29%. The second note has an initial principal borrowing of $40.0 million with a variable interest rate of 81.0 basis points above the one-month LIBOR rate. The third note has an initial principal borrowing of $84.0 million and a fixed interest rate of 5.90%. The fourth note has an initial principal borrowing of $21.0 million and bears interest at a variable rate of 135.0 basis points above the one-month LIBOR rate.

Unsecured Senior Debt

As of June 30, 2010, the Operating Partnership had outstanding an aggregate of $1.2 billion in unsecured senior debt securities, which bore a weighted average interest rate of 6.4% and had an average term of 5.6 years.

The Parent Company guarantees the Operating Partnership's obligations with respect to its unsecured senior debt securities. The unsecured senior debt securities are subject to various covenants of the Operating Partnership. These covenants contain affirmative covenants, including compliance with financial reporting requirements and maintenance of specified financial ratios, and negative covenants, including limitations on the incurrence of liens and limitations on mergers or consolidations. The Operating Partnership was in compliance with its financial covenants for all unsecured senior debt securities at June 30, 2010.

Other Debt

As of June 30, 2010, the Operating Partnership had $471.0 million outstanding in other debt which bore a weighted average interest rate of 4.1% and had an average term of 2.3 years. Other debt includes a $70.0 million credit facility obtained on August 24, 2007 by AMB Institutional Alliance Fund II, L.P., a subsidiary of the Operating Partnership, which had a $54.3 million balance outstanding as of June 30, 2010. Of the $416.7 million remaining outstanding balance of other debt, $413.2 million is related to the loan facility described below.

In October 2009, the Operating Partnership refinanced its $325.0 million senior unsecured term loan facility, which was set to mature in September 2010, with a $345.0 million multi-currency facility, maturing October 2012. In December 2009, the Operating Partnership exercised its option and increased the facility to $425.0 million, in accordance with the terms set forth in the credit facility. Using the exchange rates in effect on June 30, 2010, the facility had an outstanding balance of approximately $413.2 million in U.S. dollars, which bore a weighted average interest rate of 3.9%. The Parent Company guarantees the Operating Partnership's obligations with respect to certain of its unsecured debt. These covenants contain affirmative covenants, including compliance with financial reporting requirements and maintenance of specified financial ratios, and negative covenants, including limitations on the incurrence of liens and limitations on mergers or consolidations. The Operating Partnership was in compliance with its financial covenants for all other debt at June 30, 2010.

Unsecured Credit Facilities

As of June 30, 2010, the Operating Partnership had three credit facilities with total capacity of approximately $1.7 billion.

The Operating Partnership has a $550.0 million (includes Euros, Yen, British pounds sterling or U.S. dollar denominated borrowings) unsecured revolving credit facility. The Parent Company is a guarantor of the Operating Partnership's obligations under the credit facility. The facility can be increased up to $700.0 million upon certain conditions. The rate on the borrowings is generally LIBOR plus a margin, which was 42.5 basis points as of June 30, 2010, based on the Operating Partnership's long-term debt rating, with an annual facility fee of 15.0 basis points. If the Operating Partnership's long-term debt ratings fall below investment grade, the Operating Partnership will be unable to request money market loans and borrowings in Euros, Yen or British pounds sterling. The four-year credit facility includes a multi-currency component, under which up to $550.0 million can be drawn in Euros, Yen, British pounds sterling or U.S. dollars. The Operating Partnership uses the credit facility principally for acquisitions, funding development activity and general working capital requirements. As of June 30, 2010, the outstanding balance on this credit facility was $23.5 million, which bore a weighted average interest rate of 0.86%, and the remaining amount available was $516.3 million, net of outstanding letters of credit of $10.2 million, using the exchange rate in effect on June 30, 2010. This facility matures in June 2011.

AMB Japan Finance Y.K., a subsidiary of the Operating Partnership, has a Yen-denominated unsecured revolving credit facility with an initial borrowing limit of 55.0 billion Yen, which, using the exchange rate in effect on June 30, 2010, equaled approximately $621.9 million U.S. dollars and bore a weighted average interest rate of 0.65%. The Parent Company and the Operating Partnership guarantee the obligations of AMB Japan Finance Y.K. under the credit facility, as well as the obligations of any other entity in which the Operating Partnership directly or indirectly owns an ownership interest and which is selected from time to time to be a borrower under and pursuant to the credit agreement. The borrowers intend to use the proceeds from the facility to fund the acquisition and development of properties and for other real estate purposes in Japan, China and South Korea. Generally, borrowers under the credit facility have the option to secure all or a portion of the borrowings under the credit facility with certain real estate assets or equity in entities holding such real estate assets. The credit facility matures in June 2011. The rate on the borrowings is generally TIBOR plus a margin, which was 42.5 basis points as of June 30, 2010, based on the credit rating of the Operating Partnership's long-term debt. In addition, there is an annual facility fee, payable quarterly, which is based on the credit rating of the Operating Partnership's long-term debt and was 15.0 basis points of the outstanding commitments under the facility as of June 30, 2010. As of June 30, 2010, the outstanding balance on this credit facility, using the exchange rate in effect on June 30, 2010, was $309.1 million, and the remaining amount available was $312.8 million.

The Operating Partnership and certain of its wholly owned subsidiaries, each acting as a borrower, and the Parent Company and the Operating Partnership, as guarantors, have a $500.0 million unsecured revolving credit facility. The Parent Company and the Operating Partnership guarantee the obligations for such subsidiaries and other entities controlled by the Operating Partnership that are selected by the Operating Partnership from time to time to be borrowers under and pursuant to the credit facility. Generally, borrowers under the credit facility have the option to secure all or a portion of the borrowings under the credit facility. The credit facility includes a multi-currency component under which up to $500.0 million can be drawn in U.S. dollars, Hong Kong dollars, Singapore dollars, Canadian dollars, British pounds sterling and Euros. The line, which matures in July 2011, carries a one-year extension option, which the Operating Partnership may exercise at its sole option so long as the Operating Partnership's long-term debt rating is investment grade, among other things, and can be increased up to $750.0 million upon certain conditions and the payment of an extension fee equal to 0.15% of the outstanding commitments. The rate on the borrowings is generally LIBOR plus a margin, which was 60.0 basis points as of June 30, 2010, based on the credit rating of the Operating Partnership's senior unsecured long-term debt, with an annual facility fee based on the credit rating of the Operating Partnership's senior unsecured long-term debt. If the Operating Partnership's long-term debt ratings fall below current levels, its cost of debt will increase. If the

Operating Partnership's long-term debt ratings fall below investment grade, the Operating Partnership will be unable to request borrowings in any currency other than U.S. dollars. The borrowers intend to use the proceeds from the facility to fund the acquisition and development of properties and general working capital requirements. As of June 30, 2010, the outstanding balance on this credit facility, using the exchange rates in effect at June 30, 2010, was approximately $89.9 million with a weighted average interest rate of 1.14%, and the remaining amount available was $410.1 million.

The above credit facilities contain affirmative covenants of the Operating Partnership, including compliance with financial reporting requirements and maintenance of specified financial ratios, and negative covenants of the Operating Partnership, including limitations on the incurrence of liens and limitations on mergers or consolidations. The Operating Partnership was in compliance with its financial covenants under each of these credit agreements at June 30, 2010.

As of June 30, 2010, the Operating Partnership had $214.5 million in cash and cash equivalents, held in accounts managed by third party financial institutions, consisting of invested cash and cash in the Operating Partnership's operating accounts. In addition, the Operating Partnership had $1.2 billion available for future borrowings under its three multicurrency lines of credit at June 30, 2010. In the event that the Operating Partnership does not have sufficient cash available to it through its operations or under its lines of credit to continue operating its business as usual, the Operating Partnership may need to find alternative ways to increase its liquidity. Such alternatives may include, without limitation, divesting itself of properties; issuing the Operating Partnership's debt securities; entering into leases with the Operating Partnership's customers at lower rental rates or less than optimal terms; entering into lease renewals with its existing customers without an increase or with a decrease in rental rates at turnover; or the Parent Company issuing equity and contributing the net proceeds to the Operating Partnership.

As of June 30, 2010, the scheduled maturities and principal payments of the Operating Partnership's total debt were as follows (dollars in thousands):

	Wholly Owned					Consolidated Joint Venture		
	Unsecured							
	Senior Debt	Credit Facilities(1)	Other Debt	Secured Debt	Total Wholly Owned Debt	Secured Debt	Other Debt	Total Consolidated Debt
2010	$ 65,000	$ —	$ 590	$ 66,354	$ 131,944	$ 51,919	$ —	$ 183,863
2011	69,000	422,483	1,179	92,063	584,725	133,654	—	718,379
2012	—	—	414,955	27,765	442,720	413,102	50,000	905,822
2013	293,897	—	—	19,686	313,583	68,090	4,300	385,973
2014	—	—	—	—	—	9,071	—	9,071
2015	112,491	—	—	—	112,491	16,943	—	129,434
2016	250,000	—	—	—	250,000	15,499	—	265,499
2017	—	—	—	—	—	490	—	490
2018	125,000	—	—	—	125,000	595	—	125,595
2019	250,000	—	—	—	250,000	26,298	—	276,298
Thereafter	—	—	—	—	—	3,095	—	3,095
Subtotal	$ 1,165,388	$ 422,483	$ 416,724	$ 205,868	$ 2,210,463	$ 738,756	$ 54,300	$ 3,003,519
Unamortized net (discounts) premiums	(9,027)	—	—	406	(8,621)	(243)	—	(8,864)
Total	$ 1,156,361	$ 422,483	$ 416,724	$ 206,274	$ 2,201,842	$ 738,513	$ 54,300	$ 2,994,655

(1) Represents three credit facilities with total capacity of approximately $1.7 billion. Includes $309.1 million, $65.8 million, $23.5 million and $24.1 million in Yen, Canadian dollar, Euro and Singapore dollar-based borrowings outstanding at June 30, 2010, respectively, translated to U.S. dollars using the foreign exchange rates in effect on June 30, 2010.

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7. Noncontrolling Interests in the Parent Company

In this Note 7, the "Parent Company" refers only to AMB Property Corporation and not to any of its subsidiaries. Noncontrolling interests in the Parent Company's financial statements include the common limited partnership interests in the Operating Partnership, common limited and preferred limited (if applicable) partnership interests in AMB Property II, L.P., a Delaware limited partnership and a subsidiary of the Operating Partnership, and interests held by third party partners in joint ventures. Such joint ventures hold approximately 21.0 million square feet and are consolidated for financial reporting purposes.

The Parent Company's consolidated joint ventures' total investment and property debt at June 30, 2010 and December 31, 2009 were as follows (dollars in thousands):

Consolidated Joint Ventures	Co-investment Venture Partner	Parent Company's Ownership Percentage	Total Investment in Real Estate June 30, 2010	Total Investment in Real Estate December 31, 2009	Property Debt June 30, 2010	Property Debt December 31, 2009	Other Debt June 30, 2010	Other Debt December 31, 2009
Co-investment Ventures								
AMB Institutional Alliance Fund II, L.P.(1)	AMB Institutional Alliance REIT II, Inc.	20%	$ 516,071	$ 513,450	$ 188,110	$ 194,980	$ 54,300	$ 50,000
AMB-SGP, L.P.(2)	Industrial JV Pte. Ltd.	50%	477,336	470,740	333,095	335,764	—	—
AMB-AMS, L.P.(3)	PMT, SPW and TNO	39%	159,817	158,865	76,443	79,756	—	—
Other Industrial Operating Joint Ventures		81%	293,090	230,463	52,329	32,186	—	—
Other Industrial Development Joint Ventures		59%	229,730	272,237	88,536	128,374	—	—
Total Consolidated Joint Ventures			$ 1,676,044	$ 1,645,755	$ 738,513	$ 771,060	$ 54,300	$ 50,000

(1) AMB Institutional Alliance Fund II, L.P. is a co-investment partnership formed in 2001, comprised of 14 institutional investors, which invest through a private real estate investment trust, and one third-party limited partner as of June 30, 2010.

(2) 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.

(3) AMB-AMS, L.P. is a co-investment partnership with three Dutch pension funds. PMT is Stichting Pensioenfonds Metaal en Techniek, SPW is Stichting Pensioenfonds voor de Woningcorporaties and TNO is Stichting Pensioenfonds TNO.

The following table reconciles the change in the Parent Company's noncontrolling interests for the six months ended June 30, 2009 (dollars in thousands):

Balance as of December 31, 2008	$ 451,097
Net income	2,702
Contributions	6,444
Distributions and allocations	(16,049)
Redemption of partnership units	(71)
Repurchase of noncontrolling interest	(8,909)
Reallocation of partnership interest	(12,679)
Dividends ($0.56 per share)	(1,924)
Balance as of June 30, 2009	$ 420,611

The following table details the noncontrolling interests of the Parent Company as of June 30, 2010 and December 31, 2009 (dollars in thousands):

	June 30, 2010	December 31, 2009	Redemption/Callable Date
Joint venture partners	$ 306,414	$ 289,909	N/A
Limited partners in the Operating Partnership	38,467	38,561	N/A
Held through AMB Property II, L.P.:			
Class B limited partners	23,091	22,834	N/A
Total noncontrolling interests	$ 367,972	$ 351,304	

The following table distinguishes the Parent Company's noncontrolling interests' share of net income, including noncontrolling interests' share of development profits, for the three and six months ended June 30, 2010 and 2009 (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Joint venture partners' share of net income	$ 2,068	$ 4,949	$ 1,693	$ 2,771
Joint venture partners' and common limited partners' share of development (losses) profits	(20)	—	47	702
Common limited partners in the Operating Partnership's share of net income (loss)	47	811	(79)	(2,561)
Held through AMB Property II, L.P.:				
Class B common limited partnership units' share of development (losses) profits	(1)	—	38	406
Class B common limited partnership units' share of net income (loss)	28	468	(46)	(1,480)
Series D preferred units (liquidation preference of $79,767)(1)	—	1,432	—	2,864
Total noncontrolling interests' share of net income	$ 2,122	$ 7,660	$ 1,653	$ 2,702

(1) On November 10, 2009, the Parent Company purchased all 1,595,337 outstanding series D preferred units of AMB Property II, L.P. from a third party in exchange for 2,880,281 shares of its common stock at a discount of $9.8 million. The Operating Partnership issued 2,880,281 general partnership units to the Parent Company in exchange for the 1,595,337 series D preferred units the Parent Company purchased.

8. Noncontrolling Interests in the Operating Partnership

Noncontrolling interests in the Operating Partnership represent limited partnership interests in AMB Property II, L.P., a Delaware limited partnership, and interests held by third party partners in several real estate joint ventures, aggregating approximately 21.0 million square feet, which are consolidated for financial reporting purposes.

The Operating Partnership's consolidated joint ventures' total investment and property debt at June 30, 2010 and December 31, 2009 were as follows (dollars in thousands):

Consolidated Joint Ventures	Co-investment Venture Partner	Operating Partnership's Ownership Percentage	Total Investment in Real Estate June 30, 2010	Total Investment in Real Estate December 31, 2009	Property Debt June 30, 2010	Property Debt December 31, 2009	Other Debt June 30, 2010	Other Debt December 31, 2009
Co-investment Ventures								
AMB Institutional Alliance Fund II, L.P.	AMB Institutional Alliance REIT II, Inc.	20%	$ 516,071	$ 513,450	$ 188,110	$ 194,980	$ 54,300	$ 50,000
AMB-SGP, L.P.	Industrial JV Pte. Ltd.	50%	477,336	470,740	333,095	335,764	—	—
AMB-AMS, L.P.	PMT, SPW and TNO	39%	159,817	158,865	76,443	79,756	—	—
Other Industrial Operating Joint Ventures		81%	293,090	230,463	52,329	32,186	—	—
Other Industrial Development Joint Ventures		59%	229,730	272,237	88,536	128,374	—	—
Total Consolidated Joint Ventures			$ 1,676,044	$ 1,645,755	$ 738,513	$ 771,060	$ 54,300	$ 50,000

The following table reconciles the change in the Operating Partnership's noncontrolling interests for the six months ended June 30, 2009 (dollars in thousands):

Balance as of December 31, 2008	$ 400,266
Net income	4,561
Contributions	6,444
Distributions and allocations	(15,906)
Repurchase of noncontrolling interest	(8,909)
Reallocation of partnership interest	(4,637)
Distributions ($0.56 per unit)	(705)
Balance as of June 30, 2009	$ 381,114

The following table details the noncontrolling interests of the Operating Partnership as of June 30, 2010 and December 31, 2009 (dollars in thousands):

	June 30, 2010	December 31, 2009	Redemption/Callable Date
Joint venture partners	$ 306,414	$ 289,909	N/A
Held through AMB Property II, L.P.:			
Class B limited partners	23,091	22,834	N/A
Total noncontrolling interests	$ 329,505	$ 312,743	

The following table distinguishes the Operating Partnership's noncontrolling interests' share of net income, including noncontrolling interests' share of development profits, for the three and six months ended June 30, 2010 and 2009 (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Joint venture partners' share of net income	$ 2,068	$ 4,949	$ 1,693	$ 2,771
Joint venture partners' share of development losses	(19)	—	(19)	—
Held through AMB Property II, L.P.:				
Class B common limited partnership units' share of development (losses) profits	(1)	—	38	406
Class B common limited partnership units' share of net income (loss)	28	468	(46)	(1,480)
Series D preferred units (liquidation preference of $79,767)(1)	—	1,432	—	2,864
Total noncontrolling interests' share of net income	$ 2,076	$ 6,849	$ 1,666	$ 4,561

(1) On November 10, 2009, the Parent Company purchased all 1,595,337 outstanding series D preferred units of AMB Property II, L.P. from a third party in exchange for 2,880,281 shares of its common stock at a discount of $9.8 million. The Operating Partnership issued 2,880,281 general partnership units to the Parent Company in exchange for the 1,595,337 series D preferred units the Parent Company purchased.

The Operating Partnership has consolidated joint ventures that have finite lives under the terms of the joint venture agreements. As of June 30, 2010, the aggregate book value of the joint venture noncontrolling interests in the accompanying consolidated balance sheets was approximately $306.4 million. The Operating Partnership believes that the aggregate settlement value of these interests was approximately $358.1 million at June 30, 2010. However, there can be no assurance that this will be the aggregate settlement value of the interests. The aggregate settlement value is based on the estimated liquidation values of the assets and liabilities and the resulting proceeds that the Operating Partnership would distribute to its joint venture partners upon dissolution, as required under the terms of the respective joint venture agreements. There can be no assurance that the estimated liquidation values of the assets and liabilities and the resulting proceeds that the Operating Partnership distributes upon dissolution will be the same as the actual liquidation values of such assets, liabilities and proceeds distributed upon dissolution. Subsequent changes to the estimated fair values of the assets and liabilities of the consolidated joint ventures will affect the Operating Partnership's estimate of the aggregate settlement value. The joint venture agreements do not limit the amount to which the noncontrolling joint venture partners would be entitled in the event of liquidation of the assets and liabilities and dissolution of the respective joint ventures.

9. Investments in Unconsolidated Joint Ventures

The Company's unconsolidated joint ventures' net equity investments at June 30, 2010 and December 31, 2009 were (dollars in thousands):

	June 30, 2010		The Company's Net Equity Investments		
Unconsolidated Joint Ventures	The Company's Ownership Percentage	Square Feet	June 30, 2010	December 31, 2009	Estimated Investment Capacity
Co-investment Ventures					
AMB U.S. Logistics Fund, L.P.(1)	34%	37,302,405	$ 364,968	$ 219,121	$ 175,000
AMB Europe Fund I, FCP-FIS(2)	35%	9,568,570	127,377	60,177	325,000
AMB Japan Fund I, L.P.(3)	20%	7,263,090	81,764	80,074	—
AMB-SGP Mexico, LLC(4)	22%	6,332,411	18,329	19,014	245,000
AMB DFS Fund I, LLC(5)	15%	200,027	14,590	14,259	—
Other Industrial Operating Joint Ventures(6)	51%	7,419,049	51,555	50,741	n/a
Other Industrial Development Joint Ventures(6)(7)	50%	—	13,139	—	n/a
Total Unconsolidated Joint Ventures(8)		68,085,552	$ 671,722	$ 443,386	$ 745,000

(1) An open-ended co-investment partnership formed in 2004 with institutional investors, which invest through a private real estate investment trust, and a third-party limited partner. Effective January 1, 2010, the name of AMB Institutional Alliance Fund III, L.P. was changed to AMB U.S. Logistics Fund, L.P. During the six months ended June 30, 2010, the Company made a $150 million investment in AMB U.S. Logistics Fund, L.P.

(2) A Euro-denominated open-ended co-investment venture with institutional investors. The institutional investors have committed approximately 263.0 million Euros (approximately $321.7 million in U.S. dollars, using the exchange rate at June 30, 2010) for an approximate 70% equity interest. During the six months ended June 30, 2010, the Company made a $50 million investment in AMB Europe Fund I, FCP-FIS.

(3) A Yen-denominated co-investment venture with 13 institutional investors. The 13 institutional investors have committed 49.5 billion Yen (approximately $559.7 million in U.S. dollars, using the exchange rate at June 30, 2010) for an approximate 80% equity interest.

(4) A co-investment venture with Industrial (Mexico) JV Pte. Ltd., a subsidiary of GIC Real Estate Pte. Ltd., the real estate investment subsidiary of the Government of Singapore Investment Corporation.

(5) A co-investment venture with Strategic Realty Ventures, LLC. The investment period for AMB DFS Fund I, LLC ended in June 2009, and the remaining capitalization of this fund as of June 30, 2010 was the estimated investment of $6.0 million to complete the existing development assets held by the fund. Since inception, the Company has contributed $28.6 million of equity to the fund. During the three months ended June 30, 2010 and 2009, the Company contributed approximately $0.1 million and $0.8 million to this co-investment venture, respectively. During the six months ended June 30, 2010 and 2009, the Company contributed approximately $0.2 million and $1.0 million, respectively, to this co-investment venture.

(6) Other Industrial Operating and Development Joint Ventures includes joint ventures between the Company and third parties which generally have been formed to take advantage of a particular market opportunity that can be accessed as a result of the joint venture partner's experience in the market. The Company typically owns 40-60% of these joint ventures.

(7) Includes the 2010 acquisition of 106 acres of land in Sao Paulo, Brazil with the Company's joint venture partner Cyrela Commercial Properties.

(8) Through its investment in AMB Property Mexico, the Company held equity interests in various other unconsolidated ventures totaling approximately $15.5 million and $18.7 million as of June 30, 2010 and December 31, 2009, respectively.

For the six months ended June 30, 2010 and 2009, the Company received no distributions and $5.4 million, respectively, from its unconsolidated joint ventures for the Company's share of the proceeds from asset sales or financings during the respective periods.

The following table presents property related transactions for the Company's unconsolidated co-investment ventures for the three and six months ended June 30, 2010 and 2009 (dollars in thousands):

	AMB U.S. Logistics Fund, L.P.		AMB Europe Fund I, FCP-FIS		AMB Japan Fund I, L.P.		AMB DFS Fund I, LLC	
	For the Three Months Ended June 30,							
	2010	2009	2010	2009	2010	2009	2010	2009
Number of properties acquired	—	—	1	—	—	—	—	—
Square feet	—	—	140,264	—	—	—	—	—
Acquisition cost	$—	$ —	$ 29,388	$—	$—	$—	$—	$ —
Development properties contributed by the Company:								
Square feet	—	—	179,693	—	—	—	—	—
Gross contribution price	$—	$ —	$ 22,391	$—	$—	$—	$—	$ —
Development losses on contribution	$—	$ —	$ (171)	$—	$—	$—	$—	$ —
Development properties sold:								
Square feet	—	—	—	—	—	—	—	12,809
Gross Sales Price	$—	$ —	$ —	$—	$—	$—	$—	$ 3,971
Industrial operating properties sold:								
Square feet	—	413,844	—	—	—	—	—	—
Gross Sales Price	$—	$ 33,500	$ —	$—	$—	$—	$—	$ —

	For the Six Months Ended June 30,							
	2010	2009	2010	2009	2010	2009	2010	2009
Number of properties acquired	2	—	1	—	—	—	—	—
Square feet	687,932	—	140,264	—	—	—	—	—
Acquisition cost(1)	$ 45,552	$ —	$ 29,388	$—	$—	$ —	$—	$ —
Development properties contributed by the Company:								
Square feet	—	—	179,693	—	—	981,162	—	—
Gross contribution price	$ —	$ —	$ 22,391	$—	$—	$184,793	$—	$ —
Development losses on contribution	$ —	$ —	$ (171)	$—	$—	$ 28,588	$—	$ —
Development properties sold:								
Square feet	—	—	—	—	—	—	—	46,509
Gross Sales Price	$ —	$ —	$ —	$—	$—	$ —	$—	$20,200
Industrial operating properties sold:								
Square feet	—	466,247	—	—	—	—	—	—
Gross Sales Price	$ —	$ 36,860	$ —	$—	$—	$ —	$—	$ —

(1) Includes estimated total acquisition expenditures of approximately $0.2 million for properties acquired by AMB U.S. Logistics Fund, L.P. during the six months ended June 30, 2010.

The following table presents summarized income statement information for the Company's unconsolidated joint ventures for the three and six months ended June 30, 2010 and 2009 (dollars in thousands):

	For the Three Months Ended June 30, 2010				For the Three Months Ended June 30, 2009			
Unconsolidated Joint Ventures:	Revenues	Property Operating Expenses	Income (Loss) from Continuing Operations	Net Income (Loss)	Revenues	Property Operating Expenses	Income (Loss) from Continuing Operations	Net Income (Loss)
Co-investment Ventures								
AMB U.S. Logistics Fund, L.P.	$ 68,494	$ (18,562)	$ 4,292	$ 4,292	$ 69,204	$ (18,102)	$ 3,317	$ 4,343
AMB Europe Fund I, FCP-FIS	20,548	(3,904)	245	245	24,179	(4,988)	1,188	1,188
AMB Japan Fund I, L.P.	24,765	(5,556)	4,062	4,062	23,950	(5,768)	3,635	3,635
AMB-SGP Mexico, LLC	6,540	(650)	(5,094)(1)	(5,094)(1)	9,819	(1,317)	(3,090)(1)	(3,090)(1)
AMB DFS Fund I, LLC	8	(185)	(291)	(255)	—	(118)	(5,370)	(5,370)
Total Co-investment Ventures	120,355	(28,857)	3,214	3,250	127,152	(30,293)	(320)	706
Other Industrial Operating Joint Ventures	8,681	(2,012)	2,024	2,024	9,314	(2,333)	2,296	2,296
Total Unconsolidated Joint Ventures	$ 129,036	$ (30,869)	$ 5,238	$ 5,274	$ 136,466	$ (32,626)	$ 1,976	$ 3,002

	For the Six Months Ended June 30, 2010				For the Six Months Ended June 30, 2009			
Unconsolidated Joint Ventures:	Revenues	Property Operating Expenses	Income (Loss) from Continuing Operations	Net Income (Loss)	Revenues	Property Operating Expenses	Income (Loss) from Continuing Operations	Net Income (Loss)
Co-investment Ventures								
AMB U.S. Logistics Fund, L.P.	$ 137,015	$ (37,790)	$ 5,955	$ 5,955	$ 141,339	$ (38,743)	$ 2,992	$ (3,798)
AMB Europe Fund I, FCP-FIS	43,849	(9,161)	584	584	47,112	(9,735)	(9,049)	(9,049)
AMB Japan Fund I, L.P.	50,233	(10,989)	9,308	9,308	49,693	(11,142)	8,465	8,465
AMB-SGP Mexico, LLC	14,682	(2,205)	(9,883)(2)	(9,883)(2)	19,280	(2,608)	(6,157)(2)	(6,157)(2)
AMB DFS Fund I, LLC	8	(386)	(574)	(536)	50	31	(2,067)	(2,067)
Total Co-investment Ventures	245,787	(60,531)	5,390	5,428	257,474	(62,197)	(5,816)	(12,606)
Other Industrial Operating Joint Ventures	16,862	(3,990)	3,527	3,527	18,432	(4,446)	4,956	4,956
Other Industrial Development Joint Ventures	—	—	(2)	(2)	—	—	—	—
Total Unconsolidated Joint Ventures	$ 262,649	$ (64,521)	$ 8,915	$ 8,953	$ 275,906	$ (66,643)	$ (860)	$ (7,650)

(1) Includes $3.8 million of interest expense on loans from co-investment venture partners for both the three months ended June 30, 2010 and 2009.

(2) Includes $7.6 million of interest expense on loans from co-investment venture partners for both the six months ended June 30, 2010 and 2009.

In accordance with guidance issued by the FASB related to the consolidation of variable-interest entities, the Company has performed an analysis of all of its joint venture entities to determine whether they would qualify as variable-interest entities ("VIEs") and whether the joint ventures should be consolidated or accounted for as an equity investment in an unconsolidated joint venture. As a result of the Company's qualitative assessment to determine whether these joint venture entities are VIEs, the Company identified five joint venture entities, owned in conjunction with the same joint venture partner, which were variable-interest entities based upon the criteria of having insufficient equity investment at risk. Because these five joint ventures, collectively referred to as the "Five Ventures," have partnership and management agreements with the same joint venture partner and purposes that are nearly identical, the following disclosures are made in the aggregate for all Five Ventures. These Five Ventures have been formed as limited liability companies with the sole purpose of acquiring, developing, improving, maintaining, leasing, marketing and selling properties for profit, with the majority of the business activities to be financed by third-party debt. In determining whether there was sufficient equity investment at risk, the Company evaluated the individual balance sheets of the Five Ventures by comparing the equity balance as well as the outstanding debt balance to the total assets of the Five Ventures.

After determining whether any joint ventures are VIEs, the Company performs an assessment of which partner would be considered the primary beneficiary of the identified VIEs and would be required to consolidate the balance sheets and results of operations of these entities on a quarterly basis. This assessment is based upon which partner (1) had the power to direct matters that most significantly impact the activities of the VIEs, and (2) had the obligation to absorb losses or the right to receive benefits of the VIEs that could potentially be significant to the VIE based upon the terms of the partnership and management agreements. As both the Company and the joint venture partner in the entities had equal 50% ownership in the Five Ventures, and per the terms of the partnership agreement, they would both have an equal obligation to absorb losses or the right to receive benefits of the VIEs. While the joint venture partner is designated as the administrative member and has the full power to manage the affairs and operations of the Five Ventures, the partnership and management agreements require consent of both partners for any major decisions, which include: the adoption and any subsequent revision of the operating budget and business plan; the entry into any significant construction, development and property acquisition; any capital transaction including sale, financing or refinancing of the joint venture property; and the entry into or material modification to any lease of the joint venture property. Based upon this understanding, the Company concluded that both partners shared equal power in the significant decisions of the Five Ventures, as well as the financial rights and obligations, and therefore neither partner would consolidate the Five Ventures. As such, the Company accounts for the Five Ventures as an equity investment in unconsolidated joint ventures.

The Company includes the following balances related to the Five Ventures, as of June 30, 2010, in Investments in unconsolidated joint ventures in the consolidated balance sheet as of June 30, 2010 (dollars in thousands):

	As of June 30, 2010	
	Equity Investment	Maximum Loss Exposure
Five Ventures	$ 3,209	$ 3,209(1)

(1) Per the partnership agreements for the Five Ventures, the Company's liability is limited to its investment in the entities. The Company does not guarantee any third-party debt held by these Five Ventures. Capital contributions to the Five Ventures subsequent to the initial capital contribution require the unanimous approval of both the Company and the joint venture partner, and as of June 30, 2010, the Company has no commitment to make additional contributions to the Five Ventures.

10. Stockholders' Equity of the Parent Company

In April 2010, the Parent Company completed the issuance and sale of approximately 18.2 million shares of its common stock at a price of $27.50 per share for proceeds of approximately $479.0 million, net of discounts, commissions and estimated transaction expenses of approximately $18.1 million. The net proceeds from the offering were contributed to the Operating Partnership in exchange for the issuance of 18.2 million general partnership units to the Parent Company. The Operating Partnership used the net proceeds for general corporate purposes, including the reduction of borrowings on its lines of credit and the funding of equity investments in AMB U.S. Logistics Fund, L.P.

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 to require the Operating Partnership or AMB Property II, L.P., as applicable, to redeem part or all of their common limited partnership units or class B common limited partnership units, as applicable, for cash (based upon the fair market value of an equivalent number of shares of common stock of the Parent Company at the time of redemption). The right of the holders of common limited partnership units is subject to the Operating Partnership or AMB Property II, L.P., in its respective sole and absolute discretion, electing to have the Parent Company exchange those common limited partnership units for shares of the Parent Company's common stock, whether or not such shares are registered under the Securities Act of 1933, 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. The redemption right is also subject to the limits on ownership and transfer of common stock set forth in the Parent Company's charter. With each exchange of the Operating Partnership's common limited partnership units for the Parent Company's common stock, the Parent Company's percentage ownership in the Operating Partnership will increase. The redemption right commences on or after the first anniversary of a unitholder becoming a limited partner of the Operating Partnership or of 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 unit holder). During the six months ended June 30, 2010, the Operating Partnership did not exchange any of its common limited partnership units for shares of the Parent Company's common stock.

The Parent Company has authorized 100,000,000 shares of preferred stock for issuance, of which the following series were designated as of June 30, 2010: 2,300,000 shares of series L cumulative redeemable preferred, of which 2,000,000 are outstanding; 2,300,000 shares of series M cumulative redeemable preferred, all of which are outstanding; 3,000,000 shares of series O cumulative redeemable preferred, all of which are outstanding; and 2,000,000 shares of series P cumulative redeemable preferred, all of which are outstanding.

The series L, M, O and P preferred stock have preference rights with respect to distributions and liquidation over the common stock. Holders of the series L, M, O and P preferred stock are not entitled to vote on any matters, except under certain limited circumstances. In the event of a cumulative arrearage equal to six quarterly dividends, holders of the series L, M, O and P preferred stock will have the right to elect two additional members to serve on the Parent Company's board of directors until dividends have been paid in full. At June 30, 2010, there were no dividends in arrears. The Parent Company may issue additional series of preferred stock ranking on a parity with the series L, M, O and P preferred stock, but may not issue any preferred stock senior to the series L, M, O and P preferred stock without the consent of two-thirds of the holders of each of the series L, M, O and P preferred stock. The series L, M, O and P preferred stock have no stated maturity and are not subject to mandatory redemption or any sinking fund. The series L and M preferred stock are redeemable solely at the option of the Parent Company, in whole or in part, at $25.00 per share, plus accrued and unpaid dividends. The series O and P preferred stock will be redeemable at the option of the Parent Company on and after December 13, 2010 and August 25, 2011, respectively, in whole or in part, at $25.00 per share, plus accrued and unpaid dividends.

The following table reconciles the change in the Parent Company's consolidated stockholders' equity for the six months ended June 30, 2009 (dollars in thousands):

Balance as of December 31, 2008	$ 2,966,204
Net loss	(94,322)
Unrealized gain on securities	1,952
Foreign currency translation adjustments	(34,498)
Total comprehensive loss	(126,868)
Stock-based compensation amortization and issuance of restricted stock, net	11,949
Contributions	6,444
Distributions and allocations	(16,049)
Issuance of common stock	552,329
Exercise of stock options	130
Redemption of partnership units	(71)
Repurchase of noncontrolling interest	(9,768)
Forfeiture of restricted stock	(789)
Dividends	(91,598)
Balance as of June 30, 2009	$ 3,291,913

AMB PROPERTY CORPORATION AND AMB PROPERTY, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table sets forth the dividends or distributions paid or payable per share:

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Paying Entity	**Security**	**2010**	**2009**	**2010**	**2009**
AMB Property Corporation	Common stock	$ 0.280	$ 0.280	$ 0.560	$ 0.560
AMB Property Corporation	Series L preferred stock	$ 0.406	$ 0.406	$ 0.813	$ 0.813
AMB Property Corporation	Series M preferred stock	$ 0.422	$ 0.422	$ 0.844	$ 0.844
AMB Property Corporation	Series O preferred stock	$ 0.438	$ 0.438	$ 0.875	$ 0.875
AMB Property Corporation	Series P preferred stock	$ 0.428	$ 0.428	$ 0.856	$ 0.856

As of June 30, 2010, the Parent Company's stock incentive plans have approximately 4.0 million shares of common stock available for issuance as either stock options or restricted stock grants. The fair value of each option grant is generally estimated at the date of grant using the Black-Scholes option-pricing model. The Parent Company uses historical data to estimate option exercise and forfeitures within the valuation model. Expected volatilities are based on historical volatility of the Parent Company's stock. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury yield curve in effect at the time of the grant.

The following table presents the assumptions and fair values for grants made during 2010:

	Dividend Yield		Expected Volatility		Risk-free Interest Rate			
For the Quarter Ended	**Range**	**Weighted Average**	**Range**	**Weighted Average**	**Range**	**Weighted Average**	**Weighted Average Expected Life (Years)**	**Weighted Average Grant Date Fair Value**
March 31, 2010	4.4% - 5.1%	5.1%	41.5% - 41.6%	41.6%	2.6% - 2.7%	2.6%	6.0	$ 5.68
June 30, 2010	4.1% - 4.2%	4.2%	41.8% - 41.8%	41.8%	2.7% - 2.8%	2.7%	6.9	$ 7.69
Weighted Average	4.1% - 5.1%	5.0%	41.5% - 41.8%	41.6%	2.6% - 2.8%	2.6%	6.0	$ 5.76

As of June 30, 2010, approximately 9,329,983 options and 1,221,660 non-vested stock awards were outstanding under the plans. There were 1,444,883 stock options granted, 158,610 options exercised, and 66,487 options forfeited during the six months ended June 30, 2010. There were 800,403 restricted stock awards made, 406,865 non-vested stock awards that vested and 5,487 non-vested stock awards that were forfeited during the six months ended June 30, 2010. The grant date fair value of restricted stock awards range as of the grant dates of the awards issued during the six months ended June 30, 2010 was $22.14-$27.24. The unamortized expense for restricted stock as of June 30, 2010 was $26.4 million which is expected to be recognized over a weighted average period of 2.7 years. As of June 30, 2010, the Parent Company had $9.7 million of total unrecognized compensation cost related to unvested options granted under the Parent Company's stock incentive plans which is expected to be recognized over a weighted average period of 1.8 years.

During the six months ended June 30, 2010, the Parent Company issued 85,144 restricted share units ("RSUs"). RSUs are granted to certain employees at a rate of one common share per RSU and are valued on the grant date based upon the market price of a common share on that date. The value of the RSUs granted is recognized as compensation expense over the applicable vesting period, which is generally four years. Holders of RSUs do not receive voting rights, nor are they eligible to receive dividends declared on outstanding shares of common stock, during the vesting period. Shares of common stock equivalent to the number of RSUs granted are reserved for issuance until vesting of the RSUs has completed. The weighted-average grant date fair value of RSUs granted during the six months ended June 30, 2010 was $22.14.

11. Partners' Capital of the Operating Partnership

The net proceeds from the Parent Company's April 2010 offering of approximately 18.2 million shares of its common stock were contributed to the Operating Partnership in exchange for the issuance of 18.2 million general partnership units to the Parent Company. The proceeds were approximately $479.0 million, net of discounts, commissions and estimated transaction expenses of approximately $18.1 million. The Operating Partnership used the net proceeds for general corporate purposes, including the reduction of borrowings on its lines of credit and the funding of equity investments in AMB U.S. Logistics Fund, L.P.

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 to require the Operating Partnership or AMB Property II, L.P., as applicable, to redeem part or all of their common limited partnership units or class B common limited partnership units, as applicable, for cash (based upon the fair market value of an equivalent number of shares of common stock of the Parent Company at the time of redemption). The right of the holders of common limited partnership units is subject to the Operating Partnership or AMB Property II, L.P., in its respective sole and absolute discretion, electing to have the Parent Company exchange those common limited partnership units for shares of the Parent Company's common stock, whether or not such shares are registered under the Securities Act of 1933, 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. The redemption right is also subject to the limits on ownership and transfer of common stock set forth in the Parent Company's charter. With each exchange of the Operating Partnership's common limited partnership units for the Parent Company's common stock, the Parent Company's percentage ownership in the Operating Partnership will increase. The redemption right commences on or after the first anniversary of a unitholder becoming a limited partner of the Operating Partnership or of 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 unit holder).

The series L, M, O and P preferred units have preference rights with respect to distributions and liquidation over the common units. The series L, M, O and P preferred units are only redeemable if and when the shares of the series L, M, O and P preferred stock are redeemed by the Parent Company. The series L, M, O and P preferred stock have no stated maturity and are not subject to mandatory redemption or any sinking fund. Any such redemption would be for a purchase price equivalent to that of the Parent Company's preferred stock. The Parent Company's series L and M preferred stock are redeemable solely at the option of the Parent Company, in whole or in part, at $25.00 per share, plus accrued and unpaid dividends. The series O and P preferred stock will be redeemable solely at the option of the Parent Company on and after December 13, 2010 and August 25, 2011, respectively, in whole or in part, at $25.00 per share, plus accrued and unpaid dividends.

The Operating Partnership has classified the preferred and common units held by outside parties and by the Parent Company as permanent equity based on the following considerations:

- The Operating Partnership determined that settlement in the Parent Company's stock is equivalent to settlement in equity of the Operating Partnership. The Parent Company's only significant asset is its interest in the Operating Partnership and the Parent Company conducts substantially all of its business through the Operating Partnership. The Parent Company's stock is the economic equivalent of the Operating Partnership's corresponding units. The Company has concluded that a redemption and issuance of shares in exchange for units does not represent a delivery of assets.
- In accordance with the guidance for Contracts in Entity's Own Equity, the Operating Partnership, as the issuer of the units, controls the settlement options of the redemption of the units (shares or cash). Pursuant to an assignment agreement, the Parent Company has transferred to the Operating Partnership the right to elect to acquire some or all of any tendered units from the tendering partner in exchange for stock of the Parent Company. The unitholder has no control over whether it receives cash or Parent Company stock. There are no factors outside the issuer's control that could impact those settlement options and there are no provisions that could require cash settlement upon redemption of units. The Operating Partnership units that are held by the Parent Company are redeemable only to maintain the 1:1 ratio of outstanding shares of the Parent Company to the outstanding units of the Operating Partnership and to facilitate the transfer of cash to the Parent Company from the Operating Partnership upon redemption of Parent Company stock. The Parent Company and the Operating Partnership are structured and operated as one interrelated, consolidated business under a single management. The decision to pay cash or have the Parent Company issue registered

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or unregistered shares of stock is made by a single management team acting for both the Operating Partnership and the Parent Company and causing the entities to act in concert.

- Management has concluded that there is no conflict in fiduciary duty or interest with respect to the decision to settle a redemption request in cash or common shares of the Parent Company.

As of June 30, 2010, the Operating Partnership had outstanding 168,050,539 common general partnership units; 2,070,657 common limited partnership units; 2,000,000 6.5% series L cumulative redeemable preferred units; 2,300,000 6.75% series M cumulative redeemable preferred units; 3,000,000 7.00% series O cumulative redeemable preferred units; and 2,000,000 6.85% series P cumulative redeemable preferred units.

The following table reconciles the change in Operating Partnership's partners' capital for the six months ended June 30, 2009 (dollars in thousands):

Balance as of December 31, 2008	$ 2,966,204
Net loss	(94,322)
Unrealized gain on securities	1,952
Foreign currency translation adjustments	(34,498)
Total comprehensive loss	(126,868)
Contributions	6,444
Distributions and allocations	(17,268)
Stock-based compensation amortization and issuance of common limited partnership units in connection with the issuance of restricted stock and options	11,949
Issuance of common limited partnership units in connection with the exercise of stock options	130
Issuance of common units	552,329
Cash redemption of operating partnership units	(71)
Repurchase of noncontrolling interest	(9,768)
Forfeiture of common limited partnership units in connection with the forfeiture of restricted stock	(789)
Distributions	(90,379)
Balance as of June 30, 2009	$ 3,291,913

The following table sets forth the distributions paid or payable per unit:

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Paying Entity	**Security**	**2010**	**2009**	**2010**	**2009**
AMB Property, L.P.	Common limited partnership units	$ 0.280	$ 0.280	$ 0.560	$ 0.560
AMB Property, L.P.	Series L preferred stock	$ 0.406	$ 0.406	$ 0.813	$ 0.813
AMB Property, L.P.	Series M preferred stock	$ 0.422	$ 0.422	$ 0.844	$ 0.844
AMB Property, L.P.	Series O preferred stock	$ 0.438	$ 0.438	$ 0.875	$ 0.875
AMB Property, L.P.	Series P preferred stock	$ 0.428	$ 0.428	$ 0.856	$ 0.856
AMB Property II, L.P.	Class B common limited partnership units	$ 0.280	$ 0.280	$ 0.560	$ 0.560
AMB Property II, L.P.	Series D preferred units(1)	$ —	$ 0.898	$ —	$ 1.795

(1) On November 10, 2009, the Parent Company purchased all 1,595,337 outstanding series D preferred units of AMB Property II, L.P. in exchange for 2,880,281 shares of its common stock at a discount of $9.8 million. The

Operating Partnership issued 2,880,281 general partnership units to the Parent Company in exchange for the 1,595,337 series D preferred units the Parent Company purchased.

For each share of common stock the Parent Company issues pursuant to the Parent Company and Operating Partnership's stock incentive plans, the Operating Partnership will issue a corresponding common partnership unit to the Parent Company. As of June 30, 2010, the stock incentive plans have approximately 4.0 million shares of common stock available for issuance as either stock options or restricted stock grants. The fair value of each option grant is generally estimated at the date of grant using the Black-Scholes option-pricing model. The Operating Partnership uses historical data to estimate option exercise and forfeitures within the valuation model. Expected volatilities are based on historical volatility of the Parent Company's stock. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury yield curve in effect at the time of the grant.

The following table presents the assumptions and fair values for grants made during 2010:

For the Quarter Ended	Dividend Yield Range	Dividend Yield Weighted Average	Expected Volatility Range	Expected Volatility Weighted Average	Risk-free Interest Rate Range	Risk-free Interest Rate Weighted Average	Weighted Average Expected Life (Years)	Weighted Average Grant Date Fair Value
March 31, 2010	4.4% - 5.1%	5.1%	41.5% - 41.6%	41.6%	2.6% - 2.7%	2.6%	6.0	$ 5.68
June 30, 2010	4.1% - 4.2%	4.2%	41.8% - 41.8%	41.8%	2.7% - 2.8%	2.7%	6.9	$ 7.69
Weighted Average	4.1% - 5.1%	5.0%	41.5% - 41.8%	41.6%	2.6% - 2.8%	2.6%	6.0	$ 5.76

As of June 30, 2010, approximately 9,329,983 options and 1,221,660 non-vested stock awards were outstanding under the plans. There were 1,444,883 stock options granted, 158,610 options exercised, and 66,487 options forfeited during the six months ended June 30, 2010. There were 800,403 restricted stock awards made, 406,865 non-vested stock awards that vested and 5,487 non-vested stock awards that were forfeited during the six months ended June 30, 2010. The grant date fair value of restricted stock awards range as of the grant dates of the awards issued during the six months ended June 30, 2010 was $22.14-$27.24. The unamortized expense for restricted stock as of June 30, 2010 was $26.4 million which is expected to be recognized over a weighted average period of 2.7 years. As of June 30, 2010, the Operating Partnership had $9.7 million of total unrecognized compensation cost related to unvested options granted under the Operating Partnership's stock incentive plans which is expected to be recognized over a weighted average period of 1.8 years.

During the six months ended June 30, 2010, the Parent Company issued 85,144 restricted share units ("RSUs"). RSUs are granted to certain employees at a rate of one common share per RSU and are valued on the grant date based upon the market price of a common share on that date. The value of the RSUs granted is recognized as compensation expense over the applicable vesting period, which is generally four years. Holders of RSUs do not receive voting rights, nor are they eligible to receive dividends declared on outstanding shares of common stock, during the vesting period. Shares of common stock equivalent to the number of RSUs granted are reserved for issuance until vesting of the RSUs has completed. The weighted-average grant date fair value of RSUs granted during the six months ended June 30, 2010 was $22.14.

12. Income (Loss) Per Share and Unit

Effective January 1, 2009, the Company adopted a policy which clarifies that share-based payment awards that entitle their holders to receive nonforfeitable dividends before vesting should be considered participating securities. As participating securities, these instruments should be included in the computation of earnings per share ("EPS") using the two-class method.

The Parent Company had no dilutive stock options outstanding and 61,443 dilutive stock options outstanding for the three months ended June 30, 2010 and 2009, respectively. The Parent Company had no dilutive stock options outstanding for both the six months ended June 30, 2010 and 2009. Such dilution was computed using the treasury stock method. The computation of the Parent Company's basic and diluted EPS is presented below (dollars in thousands, except share and per share amounts):

	For the Three Months Ended June 30, 2010	For the Three Months Ended June 30, 2009	For the Six Months Ended June 30, 2010	For the Six Months Ended June 30, 2009
Numerator				
(Loss) income from continuing operations attributable to common stockholders	$ 2,597	$ 12,144	$ 2,182	$ (124,818)
Preferred stock dividends	(3,952)	(3,952)	(7,904)	(7,904)
(Loss) income from continuing operations (after noncontrolling interests' share of (income) loss from continuing operations, preferred stock dividends and preferred unit redemption discount)	(1,355)	8,192	(5,722)	(132,722)
Total discontinued operations attributable to common stockholders after noncontrolling interests	4,594	9,230	4,858	27,794
Allocation to participating securities	(342)	(260)	(684)	(521)
Net income (loss) available to common stockholders	$ 2,897	$ 17,162	$ (1,548)	$ (105,449)
Denominator				
Basic	164,800,819	145,318,364	156,793,067	121,991,039
Stock option dilution(1)	—	61,443	—	—
Diluted weighted average common shares	164,800,819	145,379,807	156,793,067	121,991,039
Basic income (loss) per common share attributable to AMB Property Corporation				
(Loss) income from continuing operations	$ (0.01)	$ 0.06	$ (0.04)	$ (1.09)
Discontinued operations	0.03	0.06	0.03	0.23
Net income (loss) available to common stockholders(2)	$ 0.02	$ 0.12	$ (0.01)	$ (0.86)
Diluted income (loss) per common share attributable to AMB Property Corporation				
(Loss) income from continuing operations	$ (0.01)	$ 0.06	$ (0.04)	$ (1.09)
Discontinued operations	0.03	0.06	0.03	0.23
Net income (loss) available to common stockholders(2)	$ 0.02	$ 0.12	$ (0.01)	$ (0.86)

(1) Excludes anti-dilutive stock options of 6,134,088 and 7,764,478 for the three months ended June 30, 2010 and 2009, respectively. Excludes anti-dilutive stock options of 6,784,040 and 7,443,578 for the six months ended June 30, 2010 and 2009, respectively. These weighted average shares relate to anti-dilutive stock options, which are calculated using the treasury stock method, and could be dilutive in the future.

(2) In accordance with the Company's policies for EPS and participating securities, the net income (loss) available to common stockholders is adjusted for earnings distributed through declared dividends and allocated to all

participating securities (weighted average common shares outstanding and unvested restricted stock outstanding) under the two-class method. Under this method, allocations were made to 1,221,660 and 930,321 unvested restricted shares outstanding for both the three and six months ended June 30, 2010 and 2009, respectively.

When the Parent Company issues shares of common stock upon the exercise of stock options or issues restricted stock, the Operating Partnership issues corresponding common general partnership units to the Parent Company on a one-for-one basis. The Operating Partnership had no dilutive stock options outstanding and 61,443 dilutive stock options outstanding for the three months ended June 30, 2010 and 2009, respectively. The Operating Partnership had no dilutive stock options outstanding for both the six months ended June 30, 2010 and 2009. Such dilution was computed using the treasury stock method. The computation of the Operating Partnership's basic and diluted income (loss) per unit is presented below (dollars in thousands, except unit and per unit amounts):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Numerator				
Income (loss) from continuing operations attributable to common unitholders	$ 2,581	$ 12,851	$ 2,104	$ (127,169)
Preferred stock distributions	(3,952)	(3,952)	(7,904)	(7,904)
(Loss) income from continuing operations (after noncontrolling interests' share of (income) loss from continuing operations, preferred unit distributions and preferred unit redemption discount)	(1,371)	8,899	(5,800)	(135,073)
Total discontinued operations attributable to common unitholders after noncontrolling interests	4,656	9,334	4,923	28,286
Allocation to participating securities	(342)	(260)	(684)	(521)
Net income (loss) available to common unitholders	$ 2,943	$ 17,973	$ (1,561)	$ (107,308)
Denominator				
Basic	166,906,564	147,495,173	158,912,428	124,168,600
Stock option dilution(1)	—	61,443	—	—
Diluted weighted average common units	166,906,564	147,556,616	158,912,428	124,168,600
Basic income (loss) per common unit attributable to AMB Property, L.P.				
(Loss) income from continuing operations	$ (0.01)	$ 0.06	$ (0.04)	$ (1.09)
Discontinued operations	0.03	0.06	0.03	0.23
Net income (loss) available to common unitholders(2)	$ 0.02	$ 0.12	$ (0.01)	$ (0.86)
Diluted income (loss) per common unit attributable to AMB Property, L.P.				
(Loss) income from continuing operations	$ (0.01)	$ 0.06	$ (0.04)	$ (1.09)
Discontinued operations	0.03	0.06	0.03	0.23
Net income (loss) available to common unitholders(2)	$ 0.02	$ 0.12	$ (0.01)	$ (0.86)

AMB PROPERTY CORPORATION AND AMB PROPERTY, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(1) Excludes anti-dilutive stock options of 6,134,088 and 7,764,478 for the three months ended June 30, 2010 and 2009, respectively. Excludes anti-dilutive stock options of 6,784,040 and 7,443,578 for the six months ended June 30, 2010 and 2009, respectively. These weighted average shares relate to anti-dilutive stock options, which are calculated using the treasury stock method, and could be dilutive in the future.

(2) In accordance with the Company's policies for EPS and participating securities, the net income (loss) available to common stockholders is adjusted for earnings distributed through declared dividends and allocated to all participating securities (weighted average common shares outstanding and unvested restricted stock outstanding) under the two-class method. Under this method, allocations were made to 1,221,660 and 930,321 unvested restricted shares outstanding for the three and six months ended June 30, 2010 and 2009, respectively.

13. Segment Information

The Company has two lines of business: real estate operations and private capital. Real estate operations is comprised of various segments while private capital consists of a single segment, on which the Company evaluates its performance. For further details, refer to Note 18 of Part IV, Item 15 of the Annual Report on Form 10-K for the Parent Company and the Operating Partnership for the year ended December 31, 2009.

Summary information for the reportable segments is as follows (dollars in thousands):

	Revenues For the Three Months Ended June 30,		Property NOI(2) For the Three Months Ended June 30,		Development Gains For the Three Months Ended June 30,	
Segments(1)	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
U.S. Markets						
Southern California	$ 20,155	$ 22,858	$ 15,544	$ 18,099	$ 413	$ —
No. New Jersey/New York	14,789	15,267	9,462	10,198	—	—
San Francisco Bay Area	20,824	20,710	14,124	14,585	—	—
Chicago	9,165	9,944	5,834	6,775	—	—
On-Tarmac	12,759	13,131	6,897	7,236	—	—
South Florida	10,792	10,283	7,317	6,802	(43)	—
Seattle	3,749	5,380	2,619	4,417	—	—
Toronto	7,291	5,730	4,974	3,778	—	—
Baltimore/Washington	5,017	5,127	3,798	3,988	—	—
Non — U.S. Markets						
Europe	5,852	3,995	3,129	2,132	(171)	—
Japan	8,247	5,367	5,723	3,190	—	—
Other Markets	29,569	27,346	20,030	19,489	—	—
Total markets	148,209	145,138	99,451	100,689	199	—
Straight-line rents and amortization of lease intangibles	4,518	1,542	4,518	1,542	—	—
Discontinued operations	(954)	(5,903)	(670)	(4,407)	—	—
Private capital income	6,845	7,795	—	—	—	—
Total	$ 158,618	$ 148,572	$ 103,299	$ 97,824	$ 199	$ —

AMB PROPERTY CORPORATION AND AMB PROPERTY, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Segments(1)	Revenues For the Six Months Ended June 30, 2010	Revenues 2009	Property NOI(2) For the Six Months Ended June 30, 2010	Property NOI(2) 2009	Development Gains For the Six Months Ended June 30, 2010	Development Gains 2009
U.S. Markets						
Southern California	$ 39,695	$ 47,627	$ 30,698	$ 37,830	$ 418	$ 838
No. New Jersey/New York	29,483	31,376	18,353	20,359	—	—
San Francisco Bay Area	40,760	43,476	27,826	31,196	566	—
Chicago	18,692	21,332	11,764	13,619	—	—
On-Tarmac	25,622	26,487	13,379	14,263	—	—
South Florida	21,197	20,308	14,318	13,395	(43)	—
Seattle	7,520	11,593	5,332	9,359	—	3,044
Toronto	14,643	11,197	10,183	7,400	—	—
Baltimore/Washington	10,663	10,601	7,738	7,961	—	—
Non — U.S. Markets						
Europe	11,525	6,962	5,990	3,587	(293)	—
Japan	16,262	10,899	11,259	6,479	—	28,588
Other Markets	58,387	59,917	38,994	40,581	4,354	816
Total markets	294,449	301,775	195,834	206,029	5,002	33,286
Straight-line rents and amortization of lease intangibles	8,807	4,934	8,807	4,934	—	—
Discontinued operations	(1,950)	(15,456)	(1,188)	(11,739)	—	—
Private capital income	14,290	19,490	—	—	—	—
Total	$ 315,596	$ 310,743	$ 203,453	$ 199,224	$ 5,002	$ 33,286

(1) The markets included in U.S. markets are a subset of the Company's regions defined as East, West and Central in the Americas. Japan is a part of the Company's Asia region.

(2) Property net operating income ("NOI") is defined as rental revenues, including reimbursements, less property operating expenses. NOI excludes depreciation, amortization, general and administrative expenses, restructuring charges, real estate impairment losses, debt extinguishment losses, development profits (losses), gains (losses) from sale or contribution of real estate interests, and interest expense. The Company believes that net income, as defined by GAAP, is the most appropriate earnings measure. However, NOI is a useful supplemental measure calculated to help investors understand the Company's operating performance, excluding the effects of gains (losses), costs and expenses which are not related to the performance of the assets. NOI is widely used by the real estate industry as a useful supplemental measure, which helps investors compare the Company's operating performance with that of other companies. Real estate impairment losses have been excluded in deriving NOI because the Company does not consider its impairment losses to be a property operating expense. The Company believes that the exclusion of impairment losses from NOI is a common methodology used in the real estate industry. Real estate impairment losses relate to the changing values of the Company's assets but do not reflect the current operating performance of the assets with respect to their revenues or expenses. The Company's real estate impairment losses are non-cash charges which represent the write down in the value of assets when estimated fair value over the holding period is lower than current carrying value. The impairment charges were principally a result of increases in estimated capitalization rates and deterioration in market conditions that adversely impacted underlying real estate values. Therefore, the impairment charges are not

related to the current performance of the Company's real estate operations and should be excluded from its calculation of NOI.

In addition, the Company believes that NOI helps investors compare the operating performance of its real estate as compared to other companies. While NOI 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 the Company's liquidity or operating performance. NOI also does not reflect general and administrative expenses, interest expenses, real estate impairment losses, 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 computation of NOI may not be comparable to that of other real estate companies, as they may use different methodologies for calculating NOI. For a reconciliation of NOI to net income, see the table below.

The following table is a reconciliation from NOI to reported net (loss) income, a financial measure under GAAP (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Property NOI	$ 103,299	$ 97,824	$ 203,453	$ 199,224
Private capital revenues	6,845	7,795	14,290	19,490
Depreciation and amortization	(48,278)	(38,523)	(96,667)	(80,427)
General and administrative	(30,093)	(25,641)	(62,043)	(56,954)
Restructuring charges	(872)	(3,824)	(3,845)	(3,824)
Fund costs	(153)	(322)	(468)	(584)
Real estate impairment losses	—	—	—	(175,887)
Other (expenses) income	1,271	(4,207)	80	(3,545)
Development profits, net of taxes	199	—	5,002	33,286
Equity in earnings of unconsolidated joint ventures, net	5,193	4,284	9,068	4,250
Other income	448	7,528	737	459
Interest expense, including amortization	(32,626)	(27,772)	(65,239)	(60,571)
Loss on early extinguishment of debt	(579)	(657)	(579)	(657)
Total discontinued operations	4,659	12,549	4,904	31,418
Net income (loss)	$ 9,313	$ 29,034	$ 8,693	$ (94,322)

The Company's total assets by reportable segments were (dollars in thousands):

	Total Assets as of June 30, 2010	Total Assets as of December 31, 2009
U.S. Markets		
Southern California	$ 642,841	$ 635,124
No. New Jersey/New York	557,014	544,743
San Francisco Bay Area	736,687	733,381
Chicago	300,517	302,501
On-Tarmac	152,895	159,549
South Florida	413,993	411,811
Seattle	146,946	146,192
Toronto	288,428	297,282
Baltimore/Washington	131,996	131,186
Non — U.S. Markets		
Europe	521,464	579,584
Japan	692,045	663,032
Other Markets	1,525,105	1,542,330
Total markets	6,109,931	6,146,715
Investments in unconsolidated joint ventures	687,201	462,130
Non-segment assets	262,860	233,113
Total assets	$ 7,059,992	$ 6,841,958

A summary of the Company's real estate impairment losses and restructuring charges by real estate operations reportable segment for the three and six months ended June 30, 2010 and 2009 is as follows (dollars in thousands):

	Real Estate Impairment Losses		Restructuring Charges	
	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009
U.S. Markets				
Southern California	$ —	$ —	$ —	$ 71
No. New Jersey/New York	—	—	—	—
San Francisco Bay Area	—	—	391	1,637
Chicago	—	—	—	36
On-Tarmac	—	—	—	—
South Florida	—	—	—	—
Seattle	—	—	—	—
Toronto	—	—	—	—
Baltimore/Washington	—	—	—	—
Non — U.S. Markets				
Europe	—	—	173	378
Japan	—	—	73	310
Other Markets	—	—	235	1,392
Total markets	$ —	$ —	$ 872	$ 3,824

AMB PROPERTY CORPORATION AND AMB PROPERTY, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Real Estate Impairment Losses		Restructuring Charges	
	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
U.S. Markets				
Southern California	$ —	$ 16,809	$ —	$ 71
No. New Jersey/New York	—	9,056	—	—
San Francisco Bay Area	—	4,275	2,409	1,637
Chicago	—	1,330	—	36
On-Tarmac	—	—	—	—
South Florida	—	5,531	—	—
Seattle	—	—	—	—
Toronto	—	30,921	—	—
Baltimore/Washington	—	543	—	—
Non — U.S. Markets				
Europe	—	30,393	772	378
Japan	—	13,469	193	310
Other Markets	—	69,526	471	1,392
Total markets	$ —	$ 181,853	$ 3,845	$ 3,824

14. Commitments and Contingencies

Commitments

Lease Commitments. The Company has entered into operating ground leases on certain land parcels, primarily on-tarmac facilities and office space with remaining lease terms of 1 to 79 years. Buildings and improvements subject to ground leases are depreciated ratably over the lesser of the terms of the related leases or 40 years.

Standby Letters of Credit. As of June 30, 2010, the Company had provided approximately $12.6 million in letters of credit, of which $10.2 million was provided under the Operating Partnership's $550.0 million unsecured credit facility. The letters of credit were required to be issued under certain ground lease provisions, bank guarantees and other commitments.

Guarantees and Contribution Obligations. Excluding parent guarantees associated with debt or contribution obligations as discussed in Notes 5, 6 and 9 as of June 30, 2010, the Company had outstanding guarantees and contribution obligations in the aggregate amount of $388.2 million as described below.

As of June 30, 2010, the Company had outstanding bank guarantees in the amount of $0.3 million used to secure contingent obligations, primarily obligations under development and purchase agreements. As of June 30, 2010, the Company also guaranteed $42.7 million and $84.6 million on outstanding loans on five of its consolidated joint ventures and four of its unconsolidated joint ventures, respectively.

Also, the Company has entered into contribution agreements with its unconsolidated co-investment ventures. These contribution agreements require the Company to make additional capital contributions to the applicable co-investment venture upon certain defaults by the co-investment venture of certain of its debt obligations to the lenders. Such additional capital contributions will cover all or part of the applicable co-investment venture's debt obligation and may be greater than the Company's share of the co-investment venture's debt obligation or the value of its share of any property securing such debt. The Company's contribution obligations under these agreements will be reduced by the amounts recovered by the lender and the fair market value of the property, if any, used to secure the debt and obtained by the lender upon default. The Company's potential obligations under these contribution agreements totaled $260.6 million as of June 30, 2010.

Performance and Surety Bonds. As of June 30, 2010, the Company had outstanding performance and surety bonds in an aggregate amount of $5.0 million. These bonds were issued in connection with certain of its development projects and were posted to guarantee certain property tax obligations and the construction of certain real property improvements and infrastructure. The performance and surety bonds are renewable and expire upon the payment of the property taxes due or the completion of the improvements and infrastructure.

Promote 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 its joint venture partners pursuant to the terms and provisions of their contractual agreements with the Operating Partnership. From time to time in the normal course of the Company's business, the Company enters into various contracts with third parties that may obligate it to make payments, pay promotes 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 and its other business activities. 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. The Company carries environmental insurance and believes that the policy terms, conditions, limits and deductibles are adequate and appropriate under the circumstances, given the relative risk of loss, the cost of such coverage and current industry practice.

General Uninsured Losses. The Company carries property and rental loss, liability, flood and terrorism insurance. The Company believes that the policy terms, conditions, limits and deductibles are adequate and appropriate under the circumstances, given the relative risk of loss, the cost of such coverage and current industry practice. In addition, a significant number of the Company's properties are located in areas that are subject to earthquake activity. As a result, 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 the Company has obtained coverage for certain acts of terrorism, with policy specifications and insured limits that it believes are commercially reasonable, there can be no assurance that the Company 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. The Company has a wholly owned captive insurance company, Arcata National Insurance Ltd. (Arcata), which provides insurance coverage for all or a portion of losses below the attachment point of the Company's third-party insurance policies. The captive insurance company is one element of the Company's overall risk management program. The Company capitalized Arcata in accordance with the applicable regulatory requirements. Arcata establishes annual premiums based on projections derived from the past loss experience at the Company's properties. Like premiums paid to third-party insurance companies, premiums paid to Arcata may be reimbursed by customers pursuant to specific lease terms. 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.

15. Derivatives and Hedging Activities

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's borrowings. The Company's derivative financial instruments in effect at June 30, 2010 were eight outstanding interest rate swaps, four outstanding foreign exchange forward contracts and two interest rate caps hedging cash flows of variable rate borrowings based on U.S. LIBOR.

Certain of the Company's foreign operations expose the Company to fluctuations of foreign interest rates and exchange rates. These fluctuations may impact the value of the Company's cash receipts and payments in terms of the Company's functional currency. The Company enters into derivative financial instruments to protect the value or fix the amount of certain obligations in terms of its functional currency, the U.S. dollar. At June 30, 2010, the Company had four currency forward contracts hedging intercompany loans.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps and caps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate caps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an upfront premium.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive (loss) income as a separate component of stockholders' equity for the Parent Company and within partners' capital for the Operating Partnership and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the three and six months ended ended June 30, 2010, such derivatives were used to hedge the variable cash flows associated with existing variable-rate borrowings.

Amounts reported in accumulated other comprehensive (loss) income related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate borrowings. For the twelve months from June 30, 2010, the Company estimates that an additional $1.8 million will be reclassified as an increase to interest expense.

As of June 30, 2010, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk:

Related Derivatives	Number of Instruments	Trade Notional Amount (in thousands)
Interest rate swap (USD)	1	$ 130,000
Interest rate swaps (EUR)	5	$ 56,596
Interest rate swap (JPY)	1	$ 141,235
Interest rate cap (USD)	1	$ 26,145

Non-designated Derivatives

Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to identified risks, such as foreign currency exchange rate fluctuations, but do not meet the strict hedge accounting requirements of the accounting policy for derivative instruments and hedging activities. At June 30, 2010, the Company had four foreign currency forward contracts hedging intercompany loans, one interest rate swap and one interest rate cap hedging a construction loan and other variable rate borrowings which were not designated as hedges. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings and are offset by changes in the fair value of the underlying assets or liabilities being hedged, which are also recorded in earnings.

As of June 30, 2010, the Company had the following outstanding derivatives that were non-designated hedges:

Related Derivatives	Number of Instruments	Trade Notional Amount (in thousands)
Interest rate swap (EUR)	1	$ 23,006
Interest rate cap (USD)	1	$ 7,319
Foreign exchange forward contracts	4	$ 576,926

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the consolidated balance sheets as of June 30, 2010 and December 31, 2009 (in thousands):

	Fair Value of Derivative Instruments at June 30, 2010			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments				
Interest rate swaps	Other assets	$ 1,174	Other liabilities	$ 1,126
Interest rate cap	Other assets	18	Other liabilities	—
Total		$ 1,192		$ 1,126
Derivatives not designated as hedging instruments				
Interest rate swap	Other assets	$ 548	Other liabilities	$ —
Interest rate cap	Other assets	—	Other liabilities	—
Foreign exchange forward contracts	Other assets	$ 1,497	Other liabilities	$ —
Total		$ 2,045		$ —
Total derivative instruments		$ 3,237		$ 1,126

AMB PROPERTY CORPORATION AND AMB PROPERTY, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Fair Value of Derivative Instruments at December 31, 2009			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments				
Interest rate swap		$ —	Other assets (contra asset)	$ 1,992
Interest rate cap	Other assets	141		—
Total		$ 141		$ 1,992
Derivatives not designated as hedging instruments				
Foreign exchange forward contracts	Other assets	$ 1,412	Other assets (contra asset)	$ 20
Total		$ 1,412		$ 20
Total derivative instruments		$ 1,553		$ 2,012

The tables below present the effect of the Company's derivative financial instruments on the consolidated statements of operations for the three and six months ended June 30, 2010 and 2009 (in thousands):

Derivative Instruments Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Statement of Operations	Amount of Gain (Loss) Recognized
For the three months ended June 30, 2010		
Foreign exchange forward contracts	Other income	$ 44,091
Interest rate caps	Other income	—
Interest rate swaps	Other income	(286)
Total		$ 43,805
For the three months ended June 30, 2009		
Foreign exchange forward contracts	Other income	$ (45,818)
Interest rate caps	Other income	(13)
Total		$ (45,831)
For the six months ended June 30, 2010		
Foreign exchange forward contracts	Other income	$ 60,969
Interest rate caps	Other income	—
Interest rate swaps	Other income	(286)
Total		$ 60,683
For the six months ended June 30, 2009		
Foreign exchange forward contracts	Other income	$ (39,932)
Interest rate caps	Other income	(13)
Total		$ (39,945)

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Derivative Instruments in Cash Flow Hedging Relationships	Gain (Loss) Recognized in Accumulated Other Comprehensive (Loss) Income (OCI) (Effective Portion)	Location of Loss Reclassified from Accumulated OCI into Statement of Operations (Effective Portion)	Loss Reclassified from Accumulated OCI into Statement of Operations (Effective Portion)	Location of Gain Recognized in Statement of Operations (Derivative Amount Excluded from Effectiveness Testing)	Amount of Gain Recognized in Statement of Operations (Derivative Amount Excluded from Effectiveness Testing)
For the three months ended June 30, 2010					
Interest rate swaps	$ 151	Interest expense	$ (1,185)	Other income	$ 114
Interest rate caps	(34)	Interest expense	—	Other income	—
Total	$ 117		$ (1,185)		$ 114
For the three months ended June 30, 2009					
Interest rate swaps	$ (1,468)	Interest expense	$ (2,572)	Other income	$ —
Total	$ (1,468)		$ (2,572)		$ —
For the six months ended June 30, 2010					
Interest rate swaps	$ (95)	Interest expense	$ (1,635)	Other income	$ 114
Interest rate caps	(122)	Interest expense	—	Other income	—
Total	$ (217)		$ (1,635)		$ 114
For the six months ended June 30, 2009					
Interest rate swaps	$ (1,751)	Interest expense	$ (4,624)	Other income	$ —
Total	$ (1,751)		$ (4,624)		$ —

Credit-risk-related Contingent Features

In order to limit the financial risks associated with derivative applications, the Company requires rigorous counterparty selection criteria and agreements to minimize counterparty risk for over-the-counter derivatives. For the Company's derivatives, the counterparty is typically the same entity as, or an affiliate of, the lender.

The Company's agreements with its derivative counterparties contain default and termination provisions related to the Company's debt. If certain of the Company's indebtedness (excluding its corporate lines of credit and intra-company indebtedness) in an amount in excess of three percent of the Company's equity, as determined at the end of the last fiscal year, becomes, or becomes capable of being declared, due and payable earlier than it otherwise would have been, then the Company could also be declared in default on its derivative obligations. Also, if an event of default occurs under the Company's corporate lines of credit and, as a result, amounts outstanding under such lines are declared or become due and payable in an amount in excess of three percent of the Company's equity, as determined at the end of the last fiscal year, it shall constitute an additional termination event under the derivative contracts.

16. Subsequent Events

In July 2010, the Parent Company completed two Yen-denominated financing transactions totaling approximately $188.9 million. The Parent Company entered into a 10.0 billion Yen unsecured term loan, which, using the exchange rate in effect on June 30, 2010, equaled approximately $113.1 million U.S. dollars, with a fixed interest rate of 3.3% and a maturity of July 2020. Additionally, the Parent Company obtained a 6.7 billion Yen non-recourse mortgage loan, which, using the exchange rate in effect on June 30, 2010, equaled approximately $75.8 million U.S. dollars, with a fixed interest rate of 2.9% and a maturity of July 2017.

In July 2010, third-party investors contributed $50.5 million of equity to AMB U.S. Logistics Fund, L.P. and 35.0 million Euros, which equaled approximately $42.8 million U.S. dollars using the exchange rate in effect on June 30, 2010, to AMB Europe Fund I, FCP-FIS.

As of July 13, 2010, the members of AMB-SGP Mexico, LLC agreed to an early termination of the investment period of, and acquisition exclusivity in favor of, AMB-SGP Mexico, LLC.

On August 2, 2010, the Company announced the formation of AMB Mexico Fondo Logisitico, a fund with a 10-year term whose investment strategy is to develop, own, operate and manage industrial distribution facilities primarily within the Company's target markets in Mexico. Approximately 3.3 billion Pesos (approximately $260 million U.S. dollars using the exchange rate in effect on June 30, 2010) was raised from the third party investors in the fund, comprised of institutional investors in Mexico, including private pension plans. The Company will contribute 20% of the total equity, or approximately $65 million, at full deployment.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Some of the information included in this quarterly report on Form 10-Q contains forward-looking statements, such as those related to our capital resources, portfolio performance, results of operations and management's beliefs and expectations, which are made pursuant to the safe-harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Because these forward-looking statements involve numerous risks and uncertainties, there are important factors that could cause the company's actual results to differ materially from those in the forward-looking statements, and you should not rely on the forward-looking statements as predictions of future events. The events or circumstances reflected in the forward-looking statements might not occur. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "forecasting," "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 should not be read as guarantees of future performance or results, and will not necessarily be accurate indicators of whether, or the time at which, such performance or results will be achieved. 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 the company may not be able to realize them.

The following factors, among others, apply to the company's business as a whole and could cause its actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- *changes in general economic conditions in California, the U.S. or globally (including financial market fluctuations), global trade or in the real estate sector (including risks relating to decreasing real estate valuations and impairment charges);*
- *risks associated with using debt to fund the company's business activities, including re-financing and interest rate risks;*
- *the company's failure to obtain, renew, or extend necessary financing or access the debt or equity markets;*
- *the company's failure to maintain its current credit agency ratings or comply with its debt covenants;*
- *risks related to the company's obligations in the event of certain defaults under co-investment venture and other debt;*
- *risks associated with equity and debt securities financings and issuances (including the risk of dilution);*
- *defaults on or non-renewal of leases by customers, lease renewals at lower than expected rent or failure to lease properties at all or on favorable rents and terms;*
- *difficulties in identifying properties, portfolios of properties, or interests in real-estate related entities or platforms to acquire and in effecting acquisitions on advantageous terms and the failure of acquisitions to perform as the company expects;*
- *unknown liabilities acquired in connection with acquired properties, portfolios of properties, or interests in real-estate related entities;*
- *the company's failure to successfully integrate acquired properties and operations;*
- *risks and uncertainties affecting property development, redevelopment and value-added conversion (including construction delays, cost overruns, the company's inability to obtain necessary permits and financing, the company's inability to lease properties at all or at favorable rents and terms, and public opposition to these activities);*
- *the company's failure to set up additional funds, attract additional investment in existing funds or to contribute properties to its co-investment ventures due to such factors as its inability to acquire, develop, or lease properties that meet the investment criteria of such ventures, or the co-investment ventures' inability to access debt and equity capital to pay for property contributions or their allocation of available capital to cover other capital requirements;*
- *risks and uncertainties relating to the disposition of properties to third parties and the company's ability to effect such transactions on advantageous terms and to timely reinvest proceeds from any such dispositions;*

- *risks of doing business internationally and global expansion, including unfamiliarity with new markets and currency risks;*
- *risks of changing personnel and roles;*
- *losses in excess of the company's insurance coverage;*
- *changes in local, state and federal regulatory requirements, including changes in real estate and zoning laws;*
- *increases in real property tax rates;*
- *risks associated with the company's tax structuring;*
- *increases in interest rates and operating costs or greater than expected capital expenditures; and*
- *environmental uncertainties and risks related to natural disasters.*

In addition, if the parent company fails to qualify and maintain its status as a real estate investment trust under the Internal Revenue Code of 1986, as amended, then the parent company's actual results and future events could differ materially from those set forth or contemplated in the forward-looking statements.

The company's success also depends upon economic trends generally, various market conditions and fluctuations and those other risk factors discussed under the heading "Risk Factors" and elsewhere in the Annual Report on Form 10-K for AMB Property Corporation and AMB Property, L.P. for the year ended December 31, 2009, and any amendments thereto. The company cautions you not to place undue reliance on forward-looking statements, which reflect the company's analysis only and speak as of the date of this report or as of the dates indicated in the statements. All of the company's forward-looking statements, including those in this report, are qualified in their entirety by this statement. The company assumes no obligation to update or supplement forward-looking statements.

The company uses the terms "industrial properties" or "industrial buildings" to describe the various types of industrial properties in its portfolio and uses these terms interchangeably with the following: logistics facilities, centers or warehouses, High Throughput Distribution® (HTD®) facilities; or any combination of these terms. The company uses the term "owned and managed" to describe assets in which it has at least a 10% ownership interest, for which it is the property or asset manager and which it currently intends to hold for the long term. The company uses the term "joint venture" to describe all joint ventures, including co-investment ventures with real estate developers, other real estate operators, or institutional investors where the company may or may not have control, act as the manager and/or developer, earn asset management distributions or fees, or earn incentive distributions or promote interests. In certain cases, the company might provide development, leasing, property management and/or accounting services, for which it may receive compensation. The company uses the term "co-investment venture" to describe joint ventures with institutional investors, managed by the company, from which the company typically receives acquisition fees for acquisitions, portfolio and asset management distributions or fees, as well as incentive distributions or promote interests. Unless otherwise indicated, management's discussion and analysis applies to both the operating partnership and the parent company.

The company's website address is http://www.amb.com. The annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K of the parent company 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 the company's website free of charge as soon as reasonably practicable after the company electronically files such material with, or furnishes it to, the SEC. The public may read and copy these materials at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains such reports, proxy and information statements and other information, and the Internet address is http://www.sec.gov. The company's Corporate Governance Principles and Code of Business Conduct are also posted on the company's website. Information contained on the company's website is not and should not be deemed a part of this report or any other report or filing filed with or furnished to the SEC. The operating partnership does not have a separate internet address and its SEC reports are available free of charge upon request to the attention of the company's Investor Relations Department, AMB Property Corporation, Pier 1, Bay 1, San Francisco, CA 94111. The following marks are registered trademarks of AMB Property Corporation: AMB®; and High Throughput Distribution® (HTD®).

THE COMPANY

The company is an owner, operator and developer of global industrial real estate, focused on major hub and gateway distribution markets in the Americas, Europe and Asia. As of June 30, 2010, the company owned, or had investments in, on a consolidated basis or through unconsolidated joint ventures, properties and development projects expected to total approximately 156.1 million square feet (14.5 million square meters) in 48 markets within 15 countries. The company invests in properties located predominantly in the infill submarkets of its targeted markets. The company's portfolio is composed of High Throughput Distribution® facilities — industrial properties built for speed and located near airports, seaports and ground transportation systems.

The approximately 156.1 million square feet as of June 30, 2010 included:

- 136.7 million square feet (principally, industrial facilities) on an owned and managed basis, which includes investments held on a consolidated basis or through unconsolidated joint ventures, that were 91.8% leased;
- 11.5 million square feet in its development portfolio, including approximately 8.3 million square feet in 30 development projects that are complete and in the process of stabilization and approximately 3.2 million square feet in seven development projects under construction;
- 0.5 million square feet in a value-added acquisition;
- 7.3 million square feet in 46 industrial facilities in unconsolidated joint ventures in which the company has investments but does not manage; and
- 152,000 square feet of office space subject to a ground lease, which is the location of its global headquarters.

Value-added acquisitions represent unstabilized properties acquired by the Company, which generally have one or more of the following characteristics: (i) existing vacancy, typically in excess of 20%, (ii) short-term lease rollover, typically during the first two years of ownership, or (iii) significant capital improvement requirements, typically in excess of 20% of the purchase price. The Company excludes value-added acquisitions from its owned and managed and consolidated operating statistics prior to stabilization (generally 90% leased) in order to provide investors with data which it feels better reflects the performance of its core portfolio.

The company's business is operated primarily through the operating partnership. As of June 30, 2010, the parent company owned an approximate 98.1% general partnership interest in the operating partnership, excluding preferred units. As the sole general partner of the operating partnership, the parent company has the full, exclusive and complete responsibility for and discretion in its day-to-day management and control.

The parent company is a self-administered and self-managed real estate investment trust and it expects that it has 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, the company's own employees perform its corporate, administrative and management functions, rather than the company relying on an outside manager for these services.

The company believes that real estate is fundamentally a local business and is best operated by local teams in each of its markets. As a vertically integrated company, the company actively manages its portfolio of properties. In select markets, the company may, from time to time, establish relationships with third-party real estate management firms, brokers and developers that provide some property-level administrative and management services under the company's direction.

See Part I, Item 1: Note 13 of "Notes to Consolidated Financial Statements" for segment information related to the company's operations and information regarding geographic areas.

The company's global headquarters are located at Pier 1, Bay 1, San Francisco, California 94111; the company's telephone number is (415) 394-9000. The company's other principal office locations are in Amsterdam, Boston, Chicago, Los Angeles, Mexico City, Shanghai, Singapore and Tokyo.

Investment Strategy

The company's investment strategy focuses on providing distribution space to customers whose businesses are tied to global trade and depend on the efficient movement of goods through the global supply chain. The company's properties are primarily located in the world's busiest distribution markets featuring large, supply-constrained infill locations with dense populations and proximity to airports, seaports and ground transportation systems. When measured by annualized base rent, on an owned and managed basis, a substantial majority of the company's portfolio of industrial properties is located in its target markets and much of this is in infill submarkets. Infill 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. The company believes that its facilities are essential to creating efficiencies in the supply chain, and its business encompasses a blend of real estate, global logistics and infrastructure.

In its target markets, the company focuses on HTD® facilities, industrial properties designed to facilitate the rapid distribution of its customers' products rather than the long-term storage of goods. The company's investment focus on HTD® assets is based on what it believes to be a global trend toward lower inventory levels and expedited supply chains. HTD® facilities generally have a variety of physical and locational characteristics that allow for the rapid transport of goods from point to point. These physical characteristics could include numerous dock doors, shallower building depths, fewer columns, large truck courts and more space for trailer parking. The company believes that these building characteristics help its customers reduce their costs and become more efficient in their logistics operations. The company's customers include logistics, freight forwarding and air-express companies with time-sensitive needs that value facilities proximate to transportation infrastructure.

The company believes that changes in global trade have been a primary driver of demand for industrial real estate for decades. The company has observed that demand for industrial real estate is further influenced by the long-term relationship between trade and GDP. Trade and GDP are correlated as higher levels of investment, production and consumption within a globalized economy are consistent with increased levels of imports and exports. As the world produces and consumes more, the company believes that the volume of global trade will continue to increase at a rate in excess of growth in global GDP. The International Monetary Fund (the "IMF") reported on July 7, 2010 that global trade fell by 11.3% in 2009, the steepest decline in modern history. This compares with a reported decline of only 0.6% in global GDP. The IMF also reported that it expects U.S. and global GDP growth of 3.3% and 4.6%, respectively, in 2010, which the company believes should result in an increased demand in industrial real estate.

Primary Sources of Revenue and Earnings

The primary source of the company's core earnings is revenue received from its real estate operations and private capital business. The principal contributor of its core earnings is rent received from customers under long-term (generally three to 10 years) operating leases at its properties, including reimbursements from customers for certain operating costs and asset management fees. The company also generates core earnings from its private capital business, including priority distributions, acquisition and development fees, promote interests and incentive distributions from its co-investment ventures. The company may generate additional earnings from the disposition of assets in its development-for-sale and value-added conversion programs, as well as from land sales.

Long-Term Growth Strategies

The company believes that its long-term growth will be driven by its ability to:

- maintain and increase occupancy rates and/or increase rental rates at its properties;
- raise third-party equity and grow earnings generated from its private capital business by way of the acquisition of new properties or through the possible management of third party assets co-invested with the company;
- acquire industrial real estate with total returns above the company's cost of capital; and
- develop properties profitably and then either hold or sell them to third-parties.

Growth through Operations

The company seeks to generate long-term internal growth by maintaining a high occupancy rate at its properties, by controlling expenses and through contractual rent increases on existing space, thus capitalizing on the economies of scale inherent in owning, operating and growing a large global portfolio. The company actively manages its portfolio by establishing leasing strategies and negotiating lease terms, pricing, and level and timing of property improvements. With respect to its leasing strategies, the company takes a long-term view to ensure it maximizes the value of its real estate. As the company continues to work through a challenging operating environment and to provide flexibility to its customers, the company evaluates and adjusts its leasing strategies for market terms and leasing rates, which may include shorter leasing terms. The company believes that its long-standing focus on customer relationships and ability to provide global solutions for a well-diversified customer base in the logistics, shipping and air cargo industries will enable it to capitalize on opportunities as they arise.

The company believes the strategic infill locations within its portfolio, the experience of its cycle-tested operations team and its ability to respond quickly to the needs of its customers provides a competitive advantage in leasing. Management believes the company’s regular maintenance, capital expenditure, energy management and sustainability programs create cost efficiencies that benefit the company and its customers.

Growth through Co-Investments

The company, through AMB Capital Partners, LLC, its private capital group, was one of the pioneers of the real estate investment trust (REIT) industry’s co-investment model and has more than 27 years of experience in asset management and fund formation. The company co-invests in properties with private capital investors through partnerships, limited liability companies or other joint ventures. The company has a direct and long-standing relationship with a significant number of institutional investors. As of June 30, 2010, more than 54% of the company’s owned and managed operating portfolio is held through its eight co-investment ventures and funds. The company tailors industrial portfolios to investors’ specific needs in separate or commingled accounts and deploys capital in both close-ended and open-ended structures, while providing complete portfolio management and financial reporting services. Generally, the company is the largest investor in its open-ended funds and owns a 10-50% interest in its co-investment ventures. The company believes its significant ownership in each of its funds provides a strong alignment of interests with its co-investment partners’ interests.

The company believes its co-investment program with private capital investors will continue to serve as a source of capital for new investments and revenues for its stockholders. In anticipation of the formation of future co-investment ventures, the company may also hold acquired and newly developed properties for contribution to future co-investment ventures. The company may make additional investments through its existing co-investment ventures or to new co-investment ventures in the future and currently plans to do so. The company is in various stages of discussions with prospective investors to attract new capital to take advantage of potential future opportunities and these capital-raising activities may include the formation of new joint ventures. Such transactions, if the company completes them, may be material individually or in aggregate.

Growth through Acquisitions and Capital Redeployment

The company believes its acquisition experience and its network of property management, leasing and acquisition resources will continue to provide opportunities for growth. In addition to its internal resources, the company has long-standing relationships with lenders, leasing and investment sales brokers, as well as third-party local property management firms, which may give it access to additional acquisition opportunities. The company is actively monitoring opportunities in its target markets and intends to acquire high-quality, well-located industrial real estate. Additionally, the company seeks to acquire unstabilized industrial properties as a part of management’s belief that the discount in pricing attributed to the operating challenges of such a property could provide greater returns once it is stabilized. The company strives to enhance the quality of its portfolio through acquisitions that are accretive to the company’s earnings and its net asset value. The company also seeks to redeploy capital from the sale of non-strategic assets into properties that better fit its current investment focus.

The company is generally engaged in various stages of negotiations for a number of acquisitions and other transactions, some of which may be significant, that may include, but are not limited to, individual properties, large multi-property portfolios and platforms and property-owning or real-estate-related entities.

Growth through Development

The company's development business consists of conventional development, build-to-suit development, redevelopment, value-added conversions and land sales. Despite the cyclical downturn in the U.S. and global economy, the company believes, over the long term, customer demand for new industrial space in strategic markets tied to global trade will continue to outpace supply, most notably in major gateway markets in Asia, Europe and the Americas. The company believes that developing, redeveloping and/or expanding of well-located, high-quality industrial properties provides higher rates of return than may be obtained from purchasing existing properties. However, new developments, redevelopments and value-added conversions may require significant management attention and capital investment to maximize returns. The company pursues development projects directly and in co-investment ventures and development joint ventures, providing it with the flexibility to pursue development projects independently or in partnerships, depending on market conditions, submarkets or building sites and availability of capital. Completed development and redevelopment properties are held in its owned and managed portfolio or sold to third parties.

Management believes its long-standing focus on infill locations can at times lead to opportunities to enhance value through the conversion of some of the company's industrial properties to higher and better uses. Value-added conversion projects generally involve a significant enhancement or a change in use of the property from an industrial facility to a higher and better use, including use as research & development, manufacturing, office, residential, or retail properties. Activities required to prepare the property for conversion to a higher and better use may include rezoning, redesigning, reconstructing and retenanting. The sales price of a value-added conversion project is generally based on the underlying land value, reflecting its ultimate conversion to a higher and better use and, as such, little to no residual value is ascribed to the industrial building. Generally, the company expects to sell to third parties these value-added conversion projects at some point in the re-entitlement and conversion process, thus recognizing the enhanced value of the underlying land that supports the property's repurposed use.

Members of the company's development team have broad experience in real estate development and possess multidisciplinary backgrounds that allow for the completion of the build-out and lease-up of the company's development portfolio. Key personnel remain in the most productive platforms around the globe to preserve long-term growth potential. Management believes that there are currently opportunities for land entitlement as municipalities are beginning to seek revenue generating activities.

Management's Overview

Management believes the pace of the global economic recovery is encouraging. However, management has observed that the sovereign crisis in Europe, lackluster employment growth and slowing retail sales in the U.S. has given some of the company's customers pause with respect to committing to new industrial space. The company expects that improving economic conditions will lead to an increase in the demand for industrial real estate as inventory restocking takes hold. Management expects to see earnings growth if it is able to improve asset utilization by returning its owned and managed portfolio closer to its historical occupancy average of 95%; complete the lease-up of its development portfolio; and realize value from its land bank through new ventures, sales and future build-to-suit projects. The company believes that capital deployment opportunities are increasing and is currently evaluating multiple opportunities in its target markets around the globe. Management believes that its ability to provide multiple forms of consideration to institutional investors, lenders and private developers provide the company with proprietary access to acquisition opportunities. Additionally, management believes its existing and new private capital co-investment ventures and joint ventures are well positioned to benefit from the expected shift in customer demand for high-quality, well-located industrial real estate.

Strength of Balance Sheet and Liquidity

In April 2010, the company completed the issuance and sale of approximately 18.2 million shares of its common stock in a public offering at a price of $27.50 per share, generating approximately $479 million in net proceeds. The company used the proceeds for general corporate purposes, including the reduction of borrowings on its lines of credit and the funding of equity investments into AMB U.S. Logistics Fund, L.P.

The company completed more than $428 million of debt repayments and extensions during the second quarter and $678 million year-to-date. The company's share of total debt was reduced by approximately $264 million during the quarter, and at June 30, 2010, the company's share of total debt to share of total assets was 40.5%, as compared to 44.8% at the end of the first quarter of 2010.

The company's share of liquidity at June 30, 2010 was approximately $1.5 billion, consisting of more than $1.2 billion of availability on its lines of credit and approximately $292 million of unrestricted cash and cash equivalents on an owned and managed basis.

Real Estate Operations

The company's customers appear to be confident about 2010, but confidence levels have not improved to the extent that management had anticipated at this point in the business cycle. In management's view, customers are not compelled to commit early to space and their approach to real estate procurement has been a just-in-time commitment to meet contract needs. According to the Bureau of Economic Analysis, real inventories in the U.S. have recovered less than 10% of their decline at the depth of the crisis, and the inventory-to-sales ratio remains near its historic lows.

The company has observed that customers have responded to the slower recovery in consumption by employing alternative inventory management and transportation strategies. These strategies include an increased reliance on air freight, evidenced by an increased frequency of orders and deliveries, and slow steaming, which involves ocean cargo transport at slower and more fuel-efficient speeds. Management believes these strategies are unsustainable. The company views these substitute transportation strategies as stop gap measures as their added expense will eventually become cost prohibitive if there is not a secular change in inventory management strategies. Management believes when consumer confidence is more firmly established, inventories will increase to meet consumption, and this in turn will lead to a rebound in demand for warehouse space and a significant increase in industrial absorption. The company believes the timing and sustainability of this demand following the inventory restocking bounce back will depend on the pace and sustainability of economic growth into the future.

The deterioration rate for industrial real estate operating fundamentals is easing. In the U.S., according to CBRE Econometric Advisors, net absorption was less negative in the quarter, at negative five and a half million square feet, essentially flat relative to the product base of 13 billion square feet. This moves the U.S. industrial availability rate up 10 basis points to 14.1%, marking the eleventh consecutive quarter of rising availability. However, the secondary markets in the U.S. drove the increase, and management is observing positive net absorption. In the company's seaport and airport adjacent target markets, net absorption was positive, consistent with management's expectations that the port markets would outperform other U.S. markets. The company continues to believe that record-low construction, when met by even moderate demand, will drive the availability rate back down and that there will be a significant improvement in net absorption in the second half of the year.

Cash-basis same-store NOI was down 6.0% for the quarter, driven primarily by lower average same store occupancy and increased levels of free rent. The company's quarter-end occupancy increased 130 basis points from the prior quarter, and average occupancy was 90.1%. The company commenced leases totaling approximately 7.9 million square feet (735,400 square meters) in its global operating portfolio during the quarter and 33.9 million square feet (3.2 million square meters) for the trailing four quarters ended June 30, 2010. In addition, the company leased approximately 1.6 million square feet (149,300 square meters) in its global development portfolio during the quarter.

Rent changes on rollovers declined 11.2% on a trailing four-quarter basis and decreased 12.4% for the quarter. Rent changes on rollover are expected to be negative for 2010, although management believes rents have bottomed in most of the company's markets today.

Capital Deployment

During the quarter, acquisitions totaled $42.7 million, including $29.4 million for AMB Europe Fund I, FCP-FIS and $13.3 million for the company's wholly owned portfolio. The company also acquired a land parcel in Brazil, the second acquisition through its joint venture with Cyrela Commercial Properties ("CCP"). The 48 acres have estimated build-out potential of 728,800 square feet (67,700 square meters). As of June 30, 2010, the company held a total of 2,601 acres of land for future development or sale on an owned and managed basis, approximately 86% of which is located in the Americas. The company currently estimates that these 2,601 acres of land could support approximately 47.4 million square feet of future development.

Private Capital Business

During the second quarter, the company invested $50 million into AMB U.S. Logistics Fund, L.P., along with $29 million in new third-party equity investments. In addition, the company transferred two assets to AMB Europe Fund I, FCP-FIS in exchange for units with a fair value of $22.4 million. Subsequent to quarter end, the company's two open-ended funds received capital commitments comprising $50.5 million in third-party equity in AMB U.S. Logistics Fund, L.P. and $42.8 million in third-party equity in AMB Europe Fund I, FCP-FIS.

As of July 13, 2010, the members of AMB-SGP Mexico, LLC agreed to an early termination of the investment period of, and acquisition exclusivity in favor of, AMB-SGP Mexico, LLC.

On August 2, 2010, the company announced the formation of AMB Mexico Fondo Logisitico, a fund with a 10-year term whose investment strategy is to develop, own, operate and manage industrial distribution facilities primarily within the company's target markets in Mexico. Approximately 3.3 billion Pesos (approximately $260 million U.S. dollars using the exchange rate in effect on June 30, 2010) was raised from the third party investors in the fund, comprised of institutional investors in Mexico, including private pension plans. The company will contribute 20% of the total equity, or approximately $65 million, at full deployment.

Equityholders in two of the company's co-investment ventures, AMB U.S. Logistics Fund, L.P. and AMB Europe Fund I, FCP-FIS, have a right to request that the ventures redeem their interests under certain conditions. The redemption right of investors in AMB Europe Fund I, FCP-FIS is exercisable beginning after July 1, 2011. As of June 30, 2010 there was no redemption queue for AMB U.S. Logistics Fund, L.P.

Summary of Key Transactions

During the six months ended June 30, 2010, the company completed the following significant transactions:

- Issued approximately 18.2 million shares of common stock at a price of $27.50 per share, generating approximately $479 million in net proceeds;
- Acquired four properties aggregating approximately 1.3 million square feet for an aggregate price of $88.3 million, including 0.5 million square feet for $13.3 million for the company, as well as 0.7 million square feet for $45.6 million and 0.1 million square feet for $29.4 million, respectively, for AMB U.S. Logistics Fund, L.P. and AMB Europe Fund I, FCP-FIS, which are unconsolidated co-investment ventures;
- Acquired two land parcels totaling 106 acres in Brazil for an aggregate purchase price of approximately $36.7 million, the company's first acquisitions with our joint venture partner, CCP;
- Contributed two completed development projects aggregating approximately 0.2 million square feet to AMB Europe Fund I, FCP-FIS in exchange for units with a fair value of $22.4 million;
- Sold development projects aggregating approximately 0.3 million square feet to third-parties, including 0.2 million square feet that was part of an installment sale initiated in the fourth quarter of 2009 and completed in the first quarter of 2010, for an aggregate sales price of approximately $25.5 million, of which $12.5 million related to the installment sale; and

• Sold industrial operating properties aggregating approximately 0.1 million square feet for an aggregate sales price of $10.0 million.

See Part I, Item 1: Notes 3 and 4 of the "Notes to Consolidated Financial Statements" for a more detailed discussion of the company's acquisition, development and disposition activity.

Critical Accounting Policies

In the preparation of financial statements, the company utilizes certain critical accounting policies. There have been no material changes in the company's significant accounting policies included in the notes to its audited financial statements included in the Annual Report on Form 10-K for the parent company and the operating partnership for the year ended December 31, 2009.

CONSOLIDATED RESULTS OF OPERATIONS

The analysis below includes changes attributable to same store growth, acquisitions, development activity and divestitures. The same store pool includes all properties that are owned as of the end of both the current and prior year reporting periods and excludes development properties stabilized after December 31, 2008 (generally defined as properties that are 90% occupied). As of June 30, 2010, the same store industrial pool consisted of properties aggregating approximately 69.1 million square feet. The company's future financial condition and results of operations, including rental revenues, may be impacted by the acquisition and disposition of additional properties, and expenses may vary materially from historical results. Acquisition and development property divestiture activity for the three and six months ended June 30, 2010 and 2009 was as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Acquired:(1)				
Number of properties	1	—	1	—
Square feet (in thousands)	467	—	467	—
Acquisition cost (in thousands)	$ 13,338	$ —	$ 13,338	$ —
Development Properties Sold or Contributed:(2)				
Square feet (in thousands)(3)	199	976	511	2,507

(1) Includes value-added acquisitions.

(2) Excludes value-added acquisitions.

(3) For the six months ended June 30, 2010, the square footage includes 0.2 million square feet related to an installment sale initiated in the fourth quarter of 2009 and completed in the first quarter of 2010.

For the Three Months Ended June 30, 2010 and 2009 (dollars in millions):

Revenues	For the Three Months Ended June 30, 2010	2009	$ Change	% Change
Rental revenues				
Same store	$ 123.6	$ 124.4	$ (0.8)	(0.6)%
2010 acquisitions	0.3	—	0.3	100.0%
Development	12.2	7.2	5.0	69.4%
Other industrial	15.7	9.2	6.5	70.7%
Total rental revenues	151.8	140.8	11.0	7.8%
Private capital revenues	6.8	7.8	(1.0)	(12.8)%
Total revenues	$ 158.6	$ 148.6	$ 10.0	6.7%

Rental revenues from development increased $5.0 million primarily due to increased occupancy of the company's development portfolio as the company continues lease-up of the development pool. Other industrial revenues include rental revenues from stabilized development projects that are not yet part of the same store operating pool of properties. The increase in these revenues of $6.5 million primarily reflects the further lease-up of the company's development portfolio and higher occupancy. The decrease in private capital revenues of $1.0 million was primarily due to lower priority distributions earned from the company's co-investment ventures.

Costs and Expenses	For the Three Months Ended June 30, 2010	2009	$ Change	% Change
Property operating costs:				
Rental expenses	$ 28.2	$ 23.3	$ 4.9	21.0%
Real estate taxes	20.3	19.7	0.6	3.0%
Total property operating costs	$ 48.5	$ 43.0	$ 5.5	12.8%
Property operating costs:				
Same store	$ 38.5	$ 35.2	$ 3.3	9.4%
Development	5.5	3.2	2.3	71.9%
Other industrial	4.5	4.6	(0.1)	(2.2)%
Total property operating costs	48.5	43.0	5.5	12.8%
Depreciation and amortization	48.3	38.5	9.8	25.5%
General and administrative	30.1	25.7	4.4	17.1%
Restructuring charges	0.9	3.8	(2.9)	(76.3)%
Fund costs	0.1	0.3	(0.2)	(66.7)%
Other (income) expenses	(1.3)	4.2	(5.5)	(131.0)%
Total costs and expenses	$ 126.6	$ 115.5	$ 11.1	9.6%

Same store properties' operating expenses increased $3.3 million from the prior year primarily due to increased utilities, ground rent expenses and non-reimbursable expenses. The increase in development operating costs of $2.3 million was primarily due to an increase in real estate taxes and other operating expenses due to higher occupancy of the development portfolio. The increase in depreciation and amortization expenses of $9.8 million is primarily due to increased asset stabilizations and assets moving out of the held for sale or contribution pools in prior quarters. The increase in general and administrative expense of $4.4 million is primarily due to an increase in professional service expenses and a reduction in capitalized development costs, partially offset by a decrease in personnel costs. During the three months ended June 30, 2010, the company recorded $0.9 million in restructuring charges associated with severance. During the three months ended June 30, 2009, $3.8 million of restructuring charges were recognized associated with severance and the termination of certain contractual obligations. Other expenses decreased $5.5 million primarily as a result of a change in the assets and liabilities associated with the company's non-qualified deferred compensation plan as compared to the same period in the prior year.

Other Income and (Expenses)	For the Three Months Ended June 30, 2010	2009	$ Change	% Change
Development profits, net of taxes	$ 0.2	$ —	$ 0.2	100.0%
Equity in earnings of unconsolidated joint ventures, net	5.2	4.3	0.9	20.9%
Other income	0.4	7.5	(7.1)	(94.7)%
Interest expense, including amortization	(32.6)	(27.8)	4.8	17.3%
Loss on early extinguishment of debt	(0.6)	(0.6)	—	—%
Total other income and (expenses), net	$ (27.4)	$ (16.6)	$ (10.8)	(65.1)%

Other income decreased $7.1 million from the prior year primarily due to a change in the assets and liabilities associated with the company's non-qualified deferred compensation plan as compared to the same period in 2009 and an increase in foreign currency exchange rate gains. Interest expense increased $4.8 million over the same period in the prior year primarily due to an additional bond issuance in the fourth quarter of 2009 along with the higher line usage in the second quarter of 2010.

	For the Three Months Ended June 30,			
Discontinued Operations	**2010**	**2009**	**$ Change**	**% Change**
Income attributable to discontinued operations	$ 0.4	$ 2.4	$ (2.0)	(83.3)%
Gains from sale of real estate interests, net of taxes	4.2	10.1	(5.9)	(58.4)%
Total discontinued operations	$ 4.6	$ 12.5	$ (7.9)	(63.2)%

The changes in income attributable to discontinued operations and gains from sale of real estate interests, net of taxes were primarily due to fewer sales in 2010 as compared to 2009. The company sold industrial operating properties, aggregating approximately 1.0 million square feet for a sale price of $48.0 million, with a resulting gain of $8.5 million in the second quarter of 2009, as compared to sales of industrial operating properties of 0.1 million square feet for a sales price of $10.0 million and a resulting gain of $4.2 million in the second quarter of 2010. The company did not sell any industrial operating properties in the first quarter of 2010. Additionally, during the three months ended June 30, 2009, the company recognized a deferred gain of $1.6 million on the sale of industrial operating properties, which was deferred as part of the contribution of AMB Partners II, L.P. to AMB U.S. Logistics Fund, L.P. in July 2008.

	For the Three Months Ended June 30,			
Preferred Stock/Units	**2010**	**2009**	**$ Change**	**% Change**
Preferred stock dividends/unit distributions	$ (4.0)	$ (4.0)	$ —	—%
Total preferred stock/units	$ (4.0)	$ (4.0)	$ —	—%

For the Six Months Ended June 30, 2010 and 2009 (dollars in millions):

	For the Six Months Ended June 30,			
Revenues	**2010**	**2009**	**$ Change**	**% Change**
Rental revenues				
Same store	$ 246.5	$ 255.9	$ (9.4)	(3.7)%
2010 acquisitions	0.4	—	0.4	100.0%
Development	23.2	15.1	8.1	53.6%
Other industrial	31.2	20.2	11.0	54.5%
Total rental revenues	301.3	291.2	10.1	3.5%
Private capital revenues	14.3	19.5	(5.2)	(26.7)%
Total revenues	$ 315.6	$ 310.7	$ 4.9	1.6%

Same store rental revenues decreased $9.4 million from the prior year due primarily to decreased occupancy, rental rates and increased free rent, as compared to the first half of 2009. The increase in rental revenues from development of $8.1 million is primarily due to increased occupancy of the company's development portfolio as the company continues lease-up of the development pool, along with higher common-area maintenance and real estate tax reimbursements in 2010. Other industrial revenues include rental revenues from stabilized development projects that are not yet part of the same store operating pool of properties. The increase in these revenues of $11.0 million primarily reflects the further lease-up of the company's development portfolio and higher occupancy. The decrease in private capital revenues of $5.2 million was primarily due to the recognition in the first quarter of 2009 of asset management fees received from AMB Japan Fund I, L.P., as well as higher priority distributions earned from the company's co-investment ventures in 2009.

Costs and Expenses	For the Six Months Ended June 30, 2010	2009	$ Change	% Change
Property operating costs:				
Rental expenses	$ 57.0	$ 53.2	$ 3.8	7.1%
Real estate taxes	40.9	38.9	2.0	5.1%
Total property operating costs	$ 97.9	$ 92.1	$ 5.8	6.3%
Property operating costs:				
Same store	$ 78.0	$ 77.3	$ 0.7	0.9%
Development	9.9	6.2	3.7	59.7%
Other industrial	10.0	8.6	1.4	16.3%
Total property operating costs	97.9	92.1	5.8	6.3%
Depreciation and amortization	96.7	80.4	16.3	20.3%
General and administrative	62.0	57.0	5.0	8.8%
Restructuring charges	3.8	3.8	—	—%
Fund costs	0.5	0.6	(0.1)	(16.7)%
Real estate impairment losses	—	175.9	(175.9)	(100.0)%
Other (income) expenses	(0.1)	3.5	(3.6)	(102.9)%
Total costs and expenses	$ 260.8	$ 413.3	$ (152.5)	(36.9)%

The increase in development operating costs of $3.7 million was primarily due to an increase in real estate taxes and other operating expenses due to higher occupancy of the development portfolio. The increase in other industrial operating costs of $1.4 million was primarily due to an increase in utilities, repairs and maintenance expenses, roads and grounds expenses, administrative expenses and ground rent expenses over the first half of 2009. The increase in depreciation and amortization expenses of $16.3 million is primarily due to increased asset stabilizations and assets moving out of the held for sale or contribution pools in prior quarters. The increase in general and administrative expense of $5.0 million is primarily due to an increase in professional service expenses, a reduction in capitalized development costs and an increase in personnel costs, partially offset by decreases in tax expense, office and occupancy expenses , insurance expenses and marketing expenses. During both the six months ended June 30, 2010 and 2009, the company recorded $3.8 million in restructuring charges associated with severance and the termination of certain contractual obligations. The company did not record any real estate impairment losses in the first half of 2010. See Note 2 of the "Notes to Consolidated Financial Statements" for a more detailed discussion of the real estate impairment losses recorded in the company's results of operations during the first half of 2009. Other expenses decreased $3.6 million primarily as a result of a change in the assets and liabilities associated with the company's non-qualified deferred compensation plan as compared to the same period in the prior year.

Other Income and (Expenses)	For the Six Months Ended June 30, 2010	2009	$ Change	% Change
Development profits, net of taxes	$ 5.0	$ 33.3	$ (28.3)	(85.0)%
Equity in earnings of unconsolidated joint ventures, net	9.1	4.3	4.8	111.6%
Other income	0.7	0.5	0.2	40.0%
Interest expense, including amortization	(65.2)	(60.6)	4.6	7.6%
Loss on early extinguishment of debt	(0.6)	(0.7)	(0.1)	(14.3)%
Total other income and (expenses), net	$ (51.0)	$ (23.2)	$ (27.8)	(119.8)%

Development profits represent gains from the sale or contribution of development projects, including land. During the six months ended June 30, 2010, the company recognized development profits of approximately $5.2 million primarily as a result of the sale of development projects to third parties, aggregating approximately 0.3 million square feet for an aggregate sales price of $25.5 million. This includes the installment sale of approximately 0.2 million square feet for $12.5 million with development profits of $3.9 million recognized in the three months ended March 31, 2010, which was initiated in the fourth quarter of 2009 and completed in the first quarter of 2010. The decrease of $28.3 million is due to the recognition of development profits as a result of the contribution of one completed development project, aggregating approximately 1.0 million square feet, to AMB Japan Fund I, L.P. during the first quarter of 2009.

The increase in equity in earnings of unconsolidated joint ventures of $4.8 million for 2010 was primarily due to impairment losses recognized on the company's unconsolidated assets under management in the first half of 2009. Interest expense increased $4.6 million over the first half of 2009 primarily due to an additional bond issuance in the fourth quarter of 2009, along with higher line usage in 2010.

	For the Six Months Ended June 30,			
Discontinued Operations	**2010**	**2009**	**$ Change**	**% Change**
Income attributable to discontinued operations	$ 0.7	$ 2.7	$ (2.0)	(74.1)%
Gains from sale of real estate interests, net of taxes	4.2	28.7	(24.5)	(85.4)%
Total discontinued operations	$ 4.9	$ 31.4	$ (26.5)	(84.4)%

The changes in income attributable to discontinued operations and gains from sale of real estate interests, net of taxes were primarily due to fewer sales in 2010 as compared to 2009. The company sold industrial operating properties, aggregating approximately 1.7 million square feet for a sale price of $106.4 million, with a resulting gain of $27.1 million in the first half of 2009, as compared to sales of industrial operating properties of 0.1 million square feet for a sales price of $10.0 million and a resulting gain of $4.2 million in the first half of 2010. Additionally, during the six months ended June 30, 2009, the company recognized a deferred gain of $1.6 million on the sale of industrial operating properties, which was deferred as part of the contribution of AMB Partners II, L.P. to AMB U.S. Logistics Fund, L.P. in July 2008.

	For the Six Months Ended June 30,			
Preferred Stock/Units	**2010**	**2009**	**$ Change**	**% Change**
Preferred stock dividends/unit distributions	$ (7.9)	$ (7.9)	$ —	—%
Total preferred stock/units	$ (7.9)	$ (7.9)	$ —	—%

LIQUIDITY AND CAPITAL RESOURCES OF THE PARENT COMPANY

In this "Liquidity and Capital Resources of the Parent Company" section, the "parent company" refers only to AMB Property Corporation and not to any of its subsidiaries.

The parent company's business is operated primarily through the operating partnership. The parent company issues public equity from time to time, but does not otherwise conduct any business or generate any capital itself. The parent company itself does not hold any indebtedness, and its only material asset is its ownership of partnership interests of the operating partnership. The parent company's principal funding requirement is the payment of dividends on its common and preferred stock. The parent company's principal source of funding for its dividend payments is distributions it receives from the operating partnership.

As of June 30, 2010, the parent company owned an approximate 98.1% general partnership interest in the operating partnership, excluding preferred units. The remaining approximate 1.9% common limited partnership interests are owned by non-affiliated investors and certain current and former directors and officers of the parent company. As of June 30, 2010, the parent company owned all of the preferred limited partnership units of the operating partnership. As the sole general partner of the operating partnership, the parent company has the full, exclusive and complete responsibility for the operating partnership's day-to-day management and control. The parent company causes the operating partnership to distribute all, or such portion as the parent company may in its discretion determine, of its available cash in the manner provided in the operating partnership's partnership agreement. Generally, if distributions are made, distributions are paid in the following order of priority: first, to satisfy any prior distribution shortfall to the parent company as the holder of preferred units; second, to the parent company as the holder of preferred units; and third, to the holders of common units of the operating partnership, including the parent company, in accordance with the rights of each such class.

As general partner with control of the operating partnership, the parent company consolidates the operating partnership for financial reporting purposes, and the parent company does not have significant assets other than its investment in the operating partnership. Therefore, the assets and liabilities of the parent company and the operating partnership are the same on their respective financial statements. However, all debt is held directly or indirectly at the operating partnership level, and the parent company has guaranteed some of the operating partnership's secured and unsecured debt as discussed below. As the parent company consolidates the operating partnership, the section entitled "Liquidity and Capital Resources of the Operating Partnership" should be read in conjunction with this section to understand the liquidity and capital resources of the company on a consolidated basis and how the company is operated as a whole.

Capital Resources of the Parent Company

Distributions from the operating partnership are the parent company's principal source of capital. The parent company receives proceeds from equity issuances from time to time, but is required by the operating partnership's partnership agreement to contribute the proceeds from its equity issuances to the operating partnership in exchange for partnership units of the operating partnership.

As circumstances warrant, the parent company may issue equity from time to time on an opportunistic basis, dependent upon market conditions and available pricing. The operating partnership may use the proceeds to repay debt, including borrowings under its lines of credit, to make acquisitions of properties, portfolios of properties or U.S. or foreign property-owning or real estate-related entities, to invest in existing or newly created joint ventures or for general corporate purposes.

Common and Preferred Equity The parent company has authorized for issuance 100,000,000 shares of preferred stock, of which the following series were designated as of June 30, 2010: 2,300,000 shares of series L cumulative redeemable preferred stock, of which 2,000,000 are outstanding; 2,300,000 shares of series M cumulative redeemable preferred stock, all of which are outstanding; 3,000,000 shares of series O cumulative redeemable preferred stock, all of which are outstanding; and 2,000,000 shares of series P cumulative redeemable preferred stock, all of which are outstanding.

Market Equity as of June 30, 2010

Security	Shares/Units Outstanding	Market Price(1)	Market Value(2)
Common stock	168,279,950(5)	$ 23.71	$ 3,989,918
Common limited partnership units(3)	3,313,670	$ 23.71	78,567
Total	171,593,620		$ 4,068,485
Total options outstanding			9,329,983
Dilutive effect of stock options(4)			—

(1) Dollars, per share/unit

(2) Dollars, in thousands

(3) Includes class B common limited partnership units issued by AMB Property II, L.P.

(4) Computed using the treasury stock method and an average share price for the parent company's common stock of $26.66 for the quarter ended June 30, 2010. All stock options were anti-dilutive as of June 30, 2010.

(5) Includes 1,221,660 shares of unvested restricted stock.

Preferred Stock as of June 30, 2010 (dollars in thousands)

Security	Dividend Rate	Liquidation Preference	Redemption/Callable Date
Series L preferred stock	6.50%	$ 50,000	June 2008
Series M preferred stock	6.75%	57,500	November 2008
Series O preferred stock	7.00%	75,000	December 2010
Series P preferred stock	6.85%	50,000	August 2011
Weighted average/total	6.80%	$ 232,500	

Noncontrolling interests in the parent company represent the common limited partnership interests in the operating partnership, limited partnership interests in AMB Property II, L.P., a Delaware limited partnership, and interests held by third-party partners in joint ventures. Such joint ventures held approximately 21.0 million square feet as of June 30, 2010, and are consolidated for financial reporting purposes.

Please see "Explanatory Note" on page 1 and Part I, Item 1: Note 7 of the "Notes to Consolidated Financial Statements" for a discussion of the noncontrolling interests of the parent company.

In order to maintain financial flexibility and facilitate the deployment of capital through market cycles, the parent company presently intends over the long term to operate with a parent company's share of total debt-to-parent company's share of total market capitalization ratio or parent company's share of total debt-to-parent company's share of total assets of approximately 45% or less. In order to operate at this targeted ratio over the long term, the parent company is currently exploring various options to monetize its development assets through possible contribution to funds where capacity is available, the formation of joint ventures and the sale to third parties. It is also exploring the potential sale of industrial operating assets to further enhance liquidity. As of June 30, 2010, the parent company's share of total debt-to-parent company's share of total assets ratio was 40.5%. (See footnote 1 to the Capitalization Ratios table below for the definitions of "parent company's share of total market capitalization," "market equity," "parent company's share of total debt" and "parent company's share of total assets.") The parent company typically finances its co-investment ventures with secured debt at a loan-to-value ratio of 50-65% pursuant to its co-investment venture agreements. Additionally, the operating partnership currently intends to manage its capitalization in order to maintain an investment grade rating on its senior unsecured debt. Regardless of these policies, however, the parent company's and operating partnership's organizational documents do not limit the amount of indebtedness that either entity may incur. Accordingly, management could alter or eliminate these policies without stockholder or unitholder approval or circumstances could arise that could render the parent company or the operating partnership unable to comply with these policies. For example, decreases in the market price of the parent company's common stock have caused an increase in the ratio of parent company's share of total debt-to-parent company's share of total market capitalization.

Capitalization Ratios as of June 30, 2010

Parent company's share of total debt-to-parent company's share of total market capitalization(1)	45.5%
Parent company's share of total debt plus preferred-to-parent company's share of total market capitalization(1)	48.4%
Parent company's share of total debt-to-parent company's share of total assets(1)	40.5%
Parent company's share of total debt plus preferred-to-parent company's share of total assets(1)	43.2%

(1) Although the parent company does not hold any indebtedness itself, the parent company's total debt reflects the consolidation of the operating partnership's total debt for financial reporting purposes. The parent company's definition of "total market capitalization" for the parent company is total debt plus preferred equity liquidation preferences plus market equity. The definition of "parent company's share of total market capitalization" is the parent company's share of total debt plus preferred equity liquidation preferences plus market equity. The definition of "market equity" is the total number of outstanding shares of common stock of the parent company and common limited partnership units of the operating partnership and AMB Property II, L.P. multiplied by the closing price per share of the parent company's common stock as of June 30, 2010. The definition of "preferred" is preferred equity liquidation preferences. "Parent company's share of total debt" is the parent

company's pro rata portion of the total debt based on the parent company's percentage of equity interest in each of the consolidated and unconsolidated joint ventures holding the debt. "Parent company's share of total assets" is the parent company's pro rata portion of the gross book value of real estate interests plus cash and other assets. The parent company believes that share of total debt is a meaningful supplemental measure, which enables both management and investors to analyze the parent company's leverage and to compare the parent company's leverage to that of other companies. In addition, it allows for a more meaningful comparison of the parent company's debt to that of other companies that do not consolidate their joint ventures. Parent company's share of total debt is not intended to reflect the parent company's 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 parent company's share of total debt to total consolidated debt, a GAAP financial measure, please see the table of debt maturities and capitalization in the section below entitled "Liquidity and Capital Resources of the Operating Partnership."

Liquidity of the Parent Company

The liquidity of the parent company is dependent on the operating partnership's ability to make sufficient distributions to the parent company. The primary cash requirement of the parent company is its payment of dividends to its stockholders. The parent company also guarantees some of the operating partnership's secured and unsecured debt described in the "Debt guarantees" section below. If the operating partnership fails to fulfill its debt requirements, which trigger parent guarantee obligations, then the parent company will be required to fulfill its cash payment commitments under such guarantees.

The parent company believes the operating partnership's sources of working capital, specifically its cash flow from operations, and borrowings available under its unsecured credit facilities, are adequate for it to make its distribution payments to the parent company and, in turn, for the parent company to make its dividend payments to its stockholders. However, there can be no assurance that the operating partnership's sources of capital will continue to be available at all or in amounts sufficient to meet its needs, including its ability to make distribution payments to the parent company. The unavailability of capital could adversely affect the operating partnership's ability to pay its distributions to the parent company, which will, in turn, adversely affect the parent company's ability to pay cash dividends to its stockholders and the market price of the parent company's stock.

Should the parent company face a situation in which the operating partnership does not have sufficient cash available through its operations to continue operating its business as usual (including making its distributions to the parent company), the operating partnership may need to find alternative ways to increase the operating partnership's liquidity. Such alternatives, which would be done through the operating partnership, may include, without limitation, divesting itself of properties and decreasing the operating partnership's cash distribution to the parent company. Other alternatives are for the parent company to pay some or all of its dividends in stock rather than cash or issuing its equity in public or private transactions whether or not at favorable pricing or on favorable terms.

If the operating partnership is unable to obtain new financing or refinance or extend principal payments due at maturity or pay them with proceeds from other capital transactions, then its cash flow may be insufficient to pay its distributions to the parent company, which will have, as a result, insufficient funds to pay cash dividends to the parent company's stockholders. 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 operating partnership's interest expense relating to that refinanced indebtedness would increase. This increased interest expense of the operating partnership would adversely affect the parent company's ability to pay cash dividends to its stockholders and the market price of its stock.

The operating partnership may, from time to time, seek to retire or purchase its outstanding debt through cash purchases and/or exchanges for the parent company's equity securities in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, the parent company's liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

For the parent company to maintain its qualification as a real estate investment trust, it must pay dividends to its stockholders aggregating annually at least 90% of its REIT taxable income. While historically the parent company has satisfied this distribution requirement by making cash distributions to its stockholders, it may choose to satisfy this requirement by making distributions of cash or other property, including, in limited circumstances, the parent company's own stock. As a result of this distribution requirement, the operating partnership cannot rely on retained earnings to fund its on-going operations to the same extent that other companies whose parent companies are not real estate investment trusts can. The parent company may need to continue to raise capital in the equity markets to fund the operating partnership's working capital needs, acquisitions and developments.

As circumstances warrant, the parent company may issue equity securities from time to time on an opportunistic basis, dependent upon market conditions and available pricing. The parent company would contribute any such proceeds to the operating partnership, which would then use the proceeds to repay debt, including borrowings under its lines of credit, to make acquisitions of properties, portfolios of properties or U.S. or foreign property-owning or real estate-related entities or platforms, to invest in existing or newly created joint ventures or for general corporate purposes.

Dividends. The following table sets forth the parent company's dividends paid or payable per share for the three and six months ended June 30, 2010 and 2009:

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Paying Entity	**Security**	**2010**	**2009**	**2010**	**2009**
AMB Property Corporation	Common stock	$ 0.280	$ 0.280	$0.560	$0.560
AMB Property Corporation	Series L preferred stock	$ 0.406	$ 0.406	$0.813	$0.813
AMB Property Corporation	Series M preferred stock	$ 0.422	$ 0.422	$0.844	$0.844
AMB Property Corporation	Series O preferred stock	$ 0.438	$ 0.438	$0.875	$0.875
AMB Property Corporation	Series P preferred stock	$ 0.428	$ 0.428	$0.856	$0.856

The parent company anticipates that the operating partnership will be required to use proceeds from debt and equity financings (including the issuance of equity by the parent company) and the divestiture of properties, in addition to cash from its operations, to make its distribution payments and repay its maturing debt as it comes due. However, the parent company and the operating partnership may not be able to issue such securities on favorable terms or at all. The parent company's or the operating partnership's inability to issue securities on favorable terms or at all would adversely affect the operating partnership's financial condition, results of operations and cash flow and its ability to pay distributions to the parent company, which will, in turn, adversely affect the market price of the parent company's stock and the parent company's ability to pay cash dividends to its stockholders.

Cash flows generated by the operating partnership were sufficient to cover the operating partnership's distributions for the six months ended June 30, 2010 and 2009, including its distributions to the parent company, which were, in turn, paid to the parent company's stockholders as dividends. Cash flows from the operating partnership's real estate operations and private capital businesses, which are included in "Net cash provided by operating activities" in the parent company's Cash Flows from Operating Activities and cash flows from the operating partnership's real estate development and operations businesses which are included in "Net proceeds from divestiture of real estate and securities" in the parent company's Cash Flows from Investing Activities in its Consolidated Statements of Cash Flows, were sufficient to pay dividends on the parent company's common stock and preferred stock, distributions on common and preferred limited partnership units of the operating partnership and AMB Property II, L.P. and distributions to noncontrolling interests for the six months ended June 30, 2010 and 2009. The parent company uses proceeds from the operating partnership included in Cash Flows from Investing Activities (specifically, the proceeds from sales and contributions of properties as part of its real estate development and operations businesses) to fund dividends and distributions not covered by Cash Flows from Operating Activities, if any.

The following table sets forth the summary of the parent company's dividends and the operating partnership's distributions paid or payable for the six months ended June 30, 2010 and 2009:

Summary of Dividends and Distributions Paid	For the Six Months Ended June 30, 2010	2009
	(dollars in thousands)	
Net cash provided by operating activities	$ 114,748	$ 121,128
Dividends paid to common and preferred stockholders(1)	(91,492)	(47,410)
Distributions to noncontrolling interests, including preferred units	(6,273)	(11,695)
Excess of net cash provided by operating activities over dividends and distributions paid	$ 16,983	$ 62,023
Net proceeds from divestiture of real estate and securities	$ 39,652	$ 278,580
Excess of net cash provided by operating activities and net proceeds from divestiture of real estate over dividends and distributions paid	$ 56,635	$ 340,603

(1) Partnership unit distributions paid to the parent company by the operating partnership are, in turn, paid by the parent company as dividends to its stockholders.

Debt guarantees. The parent company is the guarantor of the operating partnership's obligations with respect to its unsecured senior debt securities. As of June 30, 2010, the operating partnership had outstanding an aggregate of $1.2 billion in unsecured senior debt securities, which bore a weighted average interest rate of 6.4% and had an average term of 5.6 years. The indenture for the senior debt securities contains limitation on mergers or consolidations of the parent company.

The parent company guarantees the operating partnership's obligations with respect to certain of its other debt obligations related to its $425.0 million multi-currency senior unsecured term loan facility, which includes Euro and Yen tranches. Using the exchange rates in effect on June 30, 2010, the facility had an outstanding balance of approximately $413.2 million in U.S. dollars, which bore a weighted average interest rate of 3.9% and matures in October 2012. This facility contains limitations on the incurrence of liens and limitations on mergers or consolidations of the parent company.

The parent company is a guarantor of the operating partnership's obligations under its $550.0 million (includes Euros, Yen, British pounds sterling or U.S. dollar denominated borrowings) unsecured revolving credit facility, which, as of June 30, 2010, had a balance of $23.5 million using the exchange rate in effect at June 30, 2010 and bore a weighted average interest rate of 0.86%. This facility had an original maturity date of June 2010. During the second quarter of 2010, the operating partnership exercised its option to extend the maturity date to June 2011. This extension is subject to certain conditions.

The parent company, along with the operating partnership, guarantees the obligations of AMB Japan Finance Y.K., a subsidiary of the operating partnership, under its credit facility, as well as the obligations of any other entity in which the operating partnership directly or indirectly owns an ownership interest and which is selected from time to time to be a borrower under and pursuant to the credit agreement. This credit facility has an initial borrowing limit of 55.0 billion Yen, which, using the exchange rate in effect at June 30, 2010, equaled approximately $621.9 million U.S. dollars. As of June 30, 2010, this facility had a balance of $309.1 million using the exchange rate in effect at June 30, 2010 and bore a weighted average interest rate of 0.65%. This facility had an original maturity date of June 2010. During the second quarter of 2010, the operating partnership exercised its option to extend the maturity date to June 2011. This extension is subject to certain conditions.

The parent company and the operating partnership guarantee the obligations for such subsidiaries and other entities controlled by the operating partnership that are selected by the operating partnership from time to time to be borrowers under and pursuant to a $500.0 million unsecured revolving credit facility. The operating partnership and certain of its wholly owned subsidiaries, each acting as a borrower, with the parent company and the operating partnership as guarantors, entered into this credit facility, which has an option to further increase the facility to $750.0 million. As of June 30, 2010, this facility had a balance of $89.9 million using the exchange rate in effect at June 30, 2010 and bore a weighted average interest rate of 1.14%.

The credit agreements related to the above facilities contain limitations on the incurrence of liens and limitations on mergers or consolidations of the parent company.

Potential Contingent and Unknown Liabilities. Contingent and unknown liabilities may include claims for indemnification by officers and directors and tax, legal and regulatory liabilities.

LIQUIDITY AND CAPITAL RESOURCES OF THE OPERATING PARTNERSHIP

Balance Sheet Strategy. In general, the operating partnership uses unsecured lines of credit, unsecured notes, common and preferred equity (issued by the parent company, the operating partnership and their subsidiaries, as applicable) to capitalize its wholly owned assets. Over time, the operating partnership plans to retire non-recourse, secured debt encumbering its wholly owned assets and replace that debt with unsecured notes where practicable. In managing the co-investment ventures, in general, the operating partnership uses non-recourse, secured debt to capitalize its co-investment ventures.

The operating partnership currently expects that its principal sources of working capital and funding for debt service, development, acquisitions, expansion and renovation of properties will include:

- cash on hand and cash flow from operations;
- borrowings under its unsecured credit facilities;
- other forms of secured or unsecured financing;
- assumption of debt related to acquired properties;
- proceeds from limited partnership unit offerings (including issuances of limited partnership units by the operating partnership's subsidiaries);
- proceeds from debt securities offerings by the operating partnership;
- proceeds from equity offerings by the parent company;
- net proceeds from divestitures of properties;
- private capital from co-investment partners;
- net proceeds from contributions of properties and completed development projects to its co-investment ventures; and
- net proceeds from the sales of development projects, value-added conversion projects and land to third parties.

The operating partnership currently expects that its principal funding requirements will include:

- debt service;
- distributions on outstanding common, preferred and general partnership units;
- working capital;
- acquisitions of properties, portfolios of properties, interests in real-estate related entities or platforms;
- investments in existing or newly formed joint vetures; and
- development, expansion and renovation of properties.

Capital Resources of the Operating Partnership

The operating partnership believes its sources of working capital, specifically its cash flow from operations, and borrowings available under its unsecured credit facilities, are adequate for it to meet its current liquidity requirements. However, there can be no assurance that the operating partnership's sources of capital will continue to be available at all or in amounts sufficient to meet its needs. The unavailability of capital could adversely affect the operating partnership's financial condition, results of operations, cash flow and the ability to pay cash distributions to its unitholders and make payments to its noteholders.

For the parent company to maintain its qualification as a real estate investment trust, it must pay dividends to its stockholders aggregating annually at least 90% of its taxable income. As a result of this distribution requirement, the operating partnership cannot rely on retained earnings to fund its on-going operations to the same extent that other corporations whose parent companies are not real estate investment trusts can. The operating partnership may need to continue to raise capital in both the debt and equity markets to fund its working capital needs, acquisitions and developments.

Cash Flows. For the six months ended June 30, 2010, cash provided by operating activities was $114.7 million as compared to $121.1 million for the same period in 2009. This change is primarily due to changes in the operating partnership's accounts receivable and other assets and accounts payable and other liabilities. Cash used in investing activities was $331.9 million for the six months ended June 30, 2010, as compared to cash used in investing activities of $3.6 million for the same period in 2009. This change is primarily due to a decrease in net proceeds from divestiture of real estate and securities and an increase in additions to interests in unconsolidated joint ventures, partially offset by a decrease in additions to land, buildings, development costs, building improvements and lease costs. Cash provided by financing activities was $188.9 million for the six months ended June 30, 2010, as compared to cash used in financing activities of $117.3 million for the same period in 2009. This change is due primarily to an increase in net borrowings on unsecured credit facilities and a decrease in payments on senior debt. This activity was partially offset by a decrease in the issuance of common units and an increase in net payments on secured debt.

Partners' Capital. As of June 30, 2010, the operating partnership had outstanding 168,050,539 common general partnership units; 2,070,657 common limited partnership units; 2,000,000 6.50% series L cumulative redeemable preferred units; 2,300,000 6.75% series M cumulative redeemable preferred units; 3,000,000 7.00% series O cumulative redeemable preferred units; and 2,000,000 6.85% series P cumulative redeemable preferred units.

Development Completions. Development completions are generally defined as properties that are 90% occupied or pre-leased, or that have been substantially complete for at least 12 months. Development completions on a consolidated basis, during the three and six months ended June 30, 2010 and 2009 were as follows, excluding value-added acquisitions (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Placed in Operations:				
Number of projects	—	2	—	5
Square feet	—	522,081	—	2,555,844
Estimated investment(1)	$ —	$ 55,047	$ —	$ 198,929
Sold:				
Number of projects	—	1	—	2
Square feet	—	318,850	—	706,850
Estimated investment(1)	$ —	$ 28,441	$ —	$ 50,968
Available for Sale or Contribution:				
Number of projects	2	8	7	14
Square feet	530,181	2,169,293	1,908,221	3,743,267
Estimated investment(1)	$ 42,873	$ 206,906	$ 187,210	$ 332,116
Total:				
Number of projects	2	11	7	21
Square feet	530,181	3,010,224	1,908,221	7,005,961
Estimated investment(1)	$ 42,873	$ 290,394	$ 187,210	$ 582,013

(1) Estimated investment is before the impact of cumulative real estate impairment losses.

Development sales to third parties during the three and six months ended June 30, 2010 and 2009 were as follows, excluding value-added acquisitions (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010(1)	2009
Square feet	19,144	976,450	331,247	1,525,941
Gross sales price	$ 2,574	$ 70,993	$ 25,467	$ 112,801
Net proceeds	$ 2,381	$ 58,900	$ 24,317	$ 98,610
Development profits, net of taxes	$ 370	$ —	$ 5,173	$ 4,698

(1) Includes the installment sale of 0.2 million square feet for $12.5 million gross sales price ($12.0 million net proceeds) with development gains of $3.9 million recognized in the six months ended June 30, 2010, which was initiated in the fourth quarter of 2009 and completed in the first quarter of 2010.

Development contributions to co-investment ventures during the three and six months ended June 30, 2010 and 2009 were as follows, excluding value-added acquisitions (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Number of projects contributed to AMB Europe Fund I, FCP-FIS	2	—	2	—
Square Feet	179,693	—	179,693	—
Number of projects contributed to AMB Japan Fund I, L.P.	—	—	—	1
Square Feet	—	—	—	981,162
Total number of contributed development assets	2	—	2	1
Total square feet	179,693	—	179,693	981,162
Gross contribution price	$ 22,391	$ —	$ 22,391	$ 184,793
Net proceeds	$ 22,391	$ —	$ 22,391	$ 56,822
Development (losses) profits, net of taxes	$ (171)	$ —	$ (171)	$ 28,588

Properties Held for Sale or Contribution, Net. As of June 30, 2010, the operating partnership held for sale three properties with an aggregate net book value of $23.0 million. These properties either are not in the operating partnership's core markets, do not meet its current investment objectives, or are included as part of its development-for-sale or value-added conversion programs. The sales of the properties are subject to negotiation of acceptable terms and other customary conditions. Properties held for sale are stated at the lower of cost or estimated fair value less costs to sell. As of December 31, 2009, the operating partnership held for sale three properties with an aggregate net book value of $13.9 million.

As of June 30, 2010, the operating partnership held for contribution to co-investment ventures six properties with an aggregate net book value of $108.2 million, which, when contributed, will reduce its average ownership interest in these projects from approximately 94% to an expected range of less than 40%. As of December 31, 2009, the operating partnership held for contribution to co-investment ventures 11 properties with an aggregate net book value of $200.5 million.

As of June 30, 2010, no properties were reclassified from held for contribution to investments in real estate as a result of the change in management's intent to hold these assets. In accordance with the operating partnership's policies of accounting for the impairment or disposal of long-lived assets, during the six months ended June 30, 2010, the operating partnership recognized $1.2 million of additional depreciation expense and related accumulated depreciation from the reclassification of assets from properties held for sale and contribution to investments in real estate. During the six months ended June 30, 2009, the operating partnership recognized additional depreciation expense and related accumulated depreciation of $3.2 million as a result of similar reclassifications, as well as impairment charges of $55.8 million on real estate assets held for divestiture or contribution for which it was determined that the carrying value was greater than the estimated fair value.

Gains from Sale of Real Estate Interests, Net of Taxes. During the three and six months ended June 30, 2010, the operating partnership sold approximately 0.1 million square feet of industrial operating properties for an aggregate sales price of $10.0 million, with a resulting gain of $4.2 million. During the three months ended June 30, 2009, the operating partnership sold approximately 1.0 million square feet of industrial operating properties for an aggregate sales price of $48.0 million, with a resulting gain of $8.5 million. In addition, during the three and six months ended June 30, 2009, the company recognized a deferred gain of $1.6 million, which was deferred as part of the contribution of AMB Partners II, L.P. to AMB U.S. Logistics Fund, L.P. in July 2008. During the six months ended June 30, 2009, the operating partnership sold approximately 1.7 million square feet of industrial operating properties for an aggregate sales price of $106.4 million, with a resulting gain of $27.1 million. These gains are presented in gains from sale of real estate interests, net of taxes, as discontinued operations in the statements of operations.

Co-investment Ventures. The operating partnership enters into co-investment ventures with institutional investors, which are managed by the operating partnership's private capital group and provide it with an additional source of capital to fund certain acquisitions, development projects and renovation projects, as well as private capital income. The operating partnership holds interests in both consolidated and unconsolidated joint ventures.

Third-party equity interests in the consolidated co-investment ventures are reflected as noncontrolling interests in the consolidated financial statements. As of June 30, 2010, the operating partnership owned approximately 78.4 million square feet of its properties (50.2% of the total operating and development portfolio) through its consolidated and unconsolidated co-investment ventures. The operating partnership may make additional investments through these co-investment ventures or new co-investment ventures in the future and presently plans to do so.

The following table summarizes the operating partnership's significant consolidated co-investment ventures at June 30, 2010 (dollars in thousands):

Consolidated Co-investment Venture	Co-investment Venture Partner	Approximate Ownership Percentage	Original Planned Capitalization(1)
AMB Institutional Alliance Fund II, L.P.	AMB Institutional Alliance REIT II, Inc.	20%	$ 490,000
AMB-SGP, L.P.	Industrial JV Pte. Ltd.	50%	$ 420,000
AMB-AMS, L.P.	PMT, SPW and TNO	39%	$ 228,000

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

Please see Part I, Item 1: Note 8 of the "Notes to Consolidated Financial Statements" for a discussion of the operating partnership's significant consolidated co-investment ventures.

The following table summarizes the operating partnership's significant unconsolidated co-investment ventures at June 30, 2010 (dollars in thousands):

Unconsolidated Co-investment Venture	Co-Investment Venture Partner	Approximate Ownership Percentage	Operating Partnership's Net Equity Investment	Estimated Investment Capacity
AMB U.S. Logistics Fund, L.P.(1)	AMB U.S. Logistics REIT, Inc.	34%	$ 364,968	$175,000(2)
AMB Europe Fund I, FCP-FIS	Institutional investors	35%	$ 127,377	$325,000(2)
AMB Japan Fund I, L.P.	Institutional investors	20%	$ 81,764	$ —
AMB-SGP Mexico, LLC	Industrial (Mexico) JV Pte. Ltd.	22%	$ 18,329	$245,000
AMB DFS Fund I, LLC	Strategic Realty Ventures, LLC	15%	$ 14,590	$ —(3)

(1) Effective January 1, 2010, the name of AMB Institutional Alliance Fund III, L.P. was changed to AMB U.S. Logistics Fund, L.P.

(2) The investment capacity of AMB U.S. Logistics Fund, L.P. and AMB Europe Fund I, FCP-FIS, as open-ended funds, is not limited. Investment capacity is estimated based on the cash of the fund and additional leverage and may change.

(3) The investment period for AMB DFS Fund I, LLC ended in June 2009, and as of June 30, 2010, the remaining estimated investment is $6.0 million to complete the existing development assets held by the fund.

Through its investment in AMB Property Mexico, the operating partnership held equity interests in various other unconsolidated ventures totaling approximately $15.5 million and $18.7 million as of June 30, 2010 and December 31, 2009, respectively.

Please see Part I, Item 1: Note 9 of the "Notes to Consolidated Financial Statements" for a discussion of the operating partnership's significant unconsolidated co-investment ventures.

Debt. In order to maintain financial flexibility and facilitate the deployment of capital through market cycles, the operating partnership presently intends over the long term to operate with an operating partnership's share of total debt-to-operating partnership's share of total market capitalization ratio or operating partnership's share of total debt-to-operating partnership's share of total assets of approximately 45% or less. In order to operate at this targeted ratio over the long term, the operating partnership is currently exploring various options to monetize its development assets through possible contribution to funds where capacity is available, the formation of joint ventures and the sale to third parties. The operating partnership is also exploring the potential sale of operating assets to further enhance liquidity. As of June 30, 2010, the operating partnership's share of total debt-to-operating partnership's share of total assets ratio was 40.5%. (See footnote 1 to the Capitalization Ratios table below for the definitions of "operating partnership's share of total market capitalization," "market capital," "operating partnership's share of total debt" and "operating partnership's share of total assets.") The operating partnership typically finances its co-investment ventures with secured debt at a loan-to-value ratio of 50-65% per its co-investment venture agreements. Additionally, the operating partnership currently intends to manage its capitalization in order to maintain an investment grade rating on its senior unsecured debt. Regardless of these policies, however, the operating partnership's organizational documents do not limit the amount of indebtedness that it may incur. Accordingly, management could alter or eliminate these policies without unitholder approval or circumstances could arise that could render it unable to comply with these policies. For example, decreases in the market price of the parent company's common stock have caused an increase in the ratio of operating partnership's share of total debt-to-operating partnership's share of total market capitalization.

As of June 30, 2010, the aggregate principal amount of the operating partnership's secured debt was $0.9 billion, excluding $0.2 million of unamortized net premiums. Of the $0.9 billion of secured debt, $738.8 million, excluding unamortized discounts, is secured by properties in the operating partnership's joint ventures. Such secured debt is generally non-recourse and, as of June 30, 2010, bore interest at rates varying from 0.8% to 9.4% per annum (with a weighted average rate of 4.9%) and had final maturity dates ranging from August 2010 to November 2022. As of June 30, 2010, $643.9 million of the secured debt obligations bore interest at fixed rates (with a weighted average interest rate of 6.2%), while the remaining $300.7 million bore interest at variable rates (with a weighted average interest rate of 2.2%). As of June 30, 2010, $597.2 million of the secured debt before unamortized premiums was held by co-investment ventures.

On February 14, 2007, seven subsidiaries of AMB-SGP, L.P., a Delaware limited partnership, which is a subsidiary of the Operating Partnership, entered into a loan agreement for a $305.0 million secured financing. On the same day, pursuant to the loan agreement, the same seven subsidiaries delivered four promissory notes to the two lenders, each of which mature in March 2012. One note has a principal of $160.0 million and an interest rate that is fixed at 5.29%. The second note has an initial principal borrowing of $40.0 million with a variable interest rate of 81.0 basis points above the one-month LIBOR rate. The third note has an initial principal borrowing of $84.0 million and a fixed interest rate of 5.90%. The fourth note has an initial principal borrowing of $21.0 million and bears interest at a variable rate of 135.0 basis points above the one-month LIBOR rate.

As of June 30, 2010, the operating partnership had outstanding an aggregate of $1.2 billion in unsecured senior debt securities, which bore a weighted average interest rate of 6.4% and had an average term of 5.6 years. The unsecured senior debt securities are subject to various covenants. The covenants contain affirmative covenants, including compliance with financial reporting requirements and maintenance of specified financial ratios, and negative covenants, including limitations on the incurrence of liens and limitations on mergers or consolidations.

As of June 30, 2010, the operating partnership had $471.0 million outstanding in other debt which bore a weighted average interest rate of 4.1% and had an average term of 2.3 years. Other debt includes a $70.0 million credit facility obtained on August 24, 2007 by AMB Institutional Alliance Fund II, L.P., a subsidiary of the operating partnership, which had a $54.3 million balance outstanding as of June 30, 2010. Of the remaining $416.7 million outstanding in other debt, $413.2 million is related to the loan facility described below.

In October 2009, the operating partnership refinanced its $325.0 million unsecured term loan facility, which was set to mature in September 2010, with a $345.0 million multi-currency facility, maturing October 2012. In December 2009, the operating partnership exercised its option and increased the facility to $425.0 million, in accordance with the terms set forth in the credit facility. As of June 30, 2010, the facility had an outstanding balance of $413.2 million, using the exchange rates in effect at June 30, 2010. The parent company guarantees the operating partnership's obligations with respect to certain of its unsecured debt. These covenants contain affirmative covenants, including compliance with financial reporting requirements and maintenance of specified financial ratios, and negative covenants, including limitations on the incurrence of liens and limitations on mergers or consolidations. The operating partnership was in compliance with its financial covenants under its unsecured credit facilities at June 30, 2010.

If the operating partnership is unable to refinance or extend principal payments due at maturity or pay them with proceeds from other capital transactions, then its cash flow may be insufficient to pay cash distributions to the operating partnership's unitholders 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 its financial condition, results of operations, cash flow and ability to pay cash distributions to its unitholders and make payments to its noteholders.

The operating partnership may from time to time, seek to retire or purchase its outstanding debt through cash purchases and/or exchanges for equity securities in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, its liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

A downgrade in the operating partnership's credit ratings on its long term debt could adversely affect its business and financial condition. A decrease in the operating partnership's credit ratings could cause a negative reaction in the public and private markets for the parent company's and the operating partnership's securities, increase difficulty in accessing optimally priced financing and damage public perception of the company's business. Also, if the long-term debt ratings of the operating partnership fall below current levels, the borrowing cost of debt under the operating partnership's unsecured credit facilities and certain term loans will increase. In addition, if the long-term debt ratings of the operating partnership fall below investment grade, the operating partnership may be unable to request borrowings in currencies other than U.S. dollars or Japanese Yen, as applicable. However, the lack of other currency borrowings does not affect the operating partnership's ability to fully draw down under the credit facilities or term loans. Also, the operating partnership's lenders will not be able to terminate its credit facilities or certain term loans in the event that its credit rating falls below investment grade status. None of the operating partnership's credit facilities contain covenants regarding the parent company's stock price or market capitalization, thus a decrease in the parent company's stock price is not expected to impact the operating partnership's ability to borrow under its existing lines of credit. While the operating partnership currently does not expect its long-term debt ratings to fall below investment grade, in the event that the ratings do fall below those levels, it may be unable to exercise its options to extend the term of its credit facilities and the loss of the operating partnership's ability to borrow in foreign currencies could affect its ability to optimally hedge its borrowings against foreign currency exchange rate changes.

In addition, based on publicly available information regarding its lenders, the operating partnership currently does not expect to lose borrowing capacity under its existing lines of credit as a result of a dissolution, bankruptcy, consolidation, merger or other business combination among its lenders. The operating partnership's access to funds under its credit facilities is dependent on the ability of the lenders that are parties to such facilities to meet their funding commitments to the operating partnership. If the operating partnership does not have sufficient cash flows and income from its operations to meet its financial commitments and lenders are not able to meet their funding commitments to the operating partnership, the operating partnership's business, results of operations, cash flows and financial condition could be adversely affected.

The operating partnership's primary financial covenants with respect to its credit facilities generally relate to fixed charge or debt service coverage, liabilities to asset value, debt to asset value and unencumbered cash flow. As of June 30, 2010, the operating partnership was in compliance with its financial covenants under its credit facilities. There can be no assurance, however, that if the financial markets and economic conditions worsen, the operating partnership will be able to continue to comply with its financial covenants.

Certain of the operating partnership's third party indebtedness is held by its consolidated or unconsolidated joint ventures. In the event that a joint venture partner is unable to meet its obligations under the operating partnership's joint venture agreements or the third party debt agreements, the operating partnership may elect to pay its joint venture partner's portion of debt to avoid foreclosure on the mortgaged property or permit the lender to foreclose on the mortgaged property to meet the joint venture's debt obligations. In either case, the operating partnership would lose income and asset value on the property.

In addition, increases in the cost of credit and difficulty in accessing the capital and credit markets may adversely impact the occupancy of the operating partnership's properties, the disposition of its properties, private capital raising and contribution of properties to its co-investment ventures. If it is unable to contribute completed development properties to its co-investment ventures or sell its completed development projects to third parties, the operating partnership will not be able to recognize gains from the contribution or sale of such properties and, as a result, the net income available to its common unitholders and its funds from operations will decrease. Additionally, business layoffs, downsizing, industry slowdowns and other similar factors that affect the operating partnership's customers may adversely impact the operating partnership's business and financial condition such as occupancy levels of its properties. Furthermore, general uncertainty in the real estate markets has resulted in conditions where the pricing of certain real estate assets may be difficult due to uncertainty with respect to capitalization rates and valuations, among other things, which may add to the difficulty of buyers or the operating partnership's co-investment ventures to obtain financing on favorable terms to acquire such properties or cause potential buyers to not complete acquisitions of such properties. The market uncertainty with respect to capitalization rates and real estate valuations also adversely impacts the operating partnership's net asset value.

While the operating partnership believes that it has sufficient working capital and capacity under its credit facilities to continue its business operations as usual in the near term, continued turbulence in the global markets and economies and prolonged declines in business and consumer spending may adversely affect its liquidity and financial condition, as well as the liquidity and financial condition of its customers. If these market conditions persist, recur or worsen in the long term, they may limit the operating partnership's ability, and the ability of its customers, to timely replace maturing liabilities and access the capital markets to meet liquidity needs. In the event that it does not have sufficient cash available to it through its operations to continue operating its business as usual, the operating partnership may need to find alternative ways to increase its liquidity. Such alternatives may include, without limitation, divesting the operating partnership of properties, whether or not they otherwise meet its strategic objectives in the long term, at less than optimal terms; issuing and selling the operating partnership's debt and equity in public or private transactions under less than optimal conditions; entering into leases with the operating partnership's customers at lower rental rates or less than optimal terms; entering into lease renewals with the operating partnership's existing customers with a decrease in rental rates at turnover or on suboptimal terms; or paying a portion of the parent company's dividends in stock rather than cash. There can be no assurance, however, that such alternative ways to increase its liquidity will be available to the operating partnership. Additionally, taking such measures to increase its liquidity may adversely affect the operating partnership's business, results of operations and financial condition.

As circumstances warrant, the operating partnership may issue debt securities from time to time on an opportunistic basis, dependent upon market conditions and available pricing. The operating partnership would use the proceeds to repay debt, including borrowings under its lines of credit, to make acquisitions of properties, portfolios of properties or U.S. or foreign property-owning or real estate-related entities or platforms, to invest in newly formed or existing joint ventures, or for general corporate purposes.

Credit Facilities. The operating partnership has a $550.0 million (includes Euros, Yen, British pounds sterling or U.S. dollar denominated borrowings) unsecured revolving credit facility. The parent company is a guarantor of the operating partnership's obligations under the credit facility. The facility can be increased to up to

$700.0 million upon certain conditions. The rate on the borrowings is generally LIBOR plus a margin, which was 42.5 basis points as of June 30, 2010, based on the operating partnership's long-term debt rating, with an annual facility fee of 15.0 basis points. If the operating partnership's long-term debt ratings fall below investment grade, it will be unable to request money market loans and borrowings in Euros, Yen or British pounds sterling. The four-year credit facility includes a multi-currency component, under which up to $550.0 million can be drawn in Euros, Yen, British pounds sterling or U.S. dollars. The operating partnership uses the credit facility principally for acquisitions, funding development activity and general working capital requirements. As of June 30, 2010, the outstanding balance on this credit facility was $23.5 million, which bore a weighted average interest rate of 0.86%, and the remaining amount available was $516.3 million, net of outstanding letters of credit of $10.2 million, using the exchange rate in effect on June 30, 2010. This facility matures in June 2011.

AMB Japan Finance Y.K., a subsidiary of the operating partnership, has a Yen-denominated unsecured revolving credit facility with an initial borrowing limit of 55.0 billion Yen, which, using the exchange rate in effect at June 30, 2010, equaled approximately $621.9 million U.S. dollars and bore a weighted average interest rate of 0.65%. The parent company, along with the operating partnership, guarantees the obligations of AMB Japan Finance Y.K. under the credit facility, as well as the obligations of any other entity in which the operating partnership directly or indirectly owns an ownership interest and which is selected from time to time to be a borrower under and pursuant to the credit agreement. The borrowers intend to use the proceeds from the facility to fund the acquisition and development of properties and for other real estate purposes in Japan, China and South Korea. Generally, borrowers under the credit facility have the option to secure all or a portion of the borrowings under the credit facility with certain real estate assets or equity in entities holding such real estate assets. The credit facility matures in June 2011. The rate on the borrowings is generally TIBOR plus a margin, which was 42.5 basis points as of June 30, 2010, based on the credit rating of the operating partnership's long-term debt. In addition, there is an annual facility fee, payable in quarterly amounts, which is based on the credit rating of the operating partnership's long-term debt, and was 15.0 basis points of the outstanding commitments under the facility as of June 30, 2010. As of June 30, 2010, the outstanding balance on this credit facility, using the exchange rate in effect on June 30, 2010, was $309.1 million, and the remaining amount available was $312.8 million.

The operating partnership and certain of its wholly owned subsidiaries, each acting as a borrower, with the parent company and the operating partnership as guarantors, have a $500.0 million unsecured revolving credit facility. The parent company, along with the operating partnership, guarantees the obligations for such subsidiaries and other entities controlled by the operating partnership that are selected by the operating partnership from time to time to be borrowers under and pursuant to this credit facility. Generally, borrowers under the credit facility have the option to secure all or a portion of the borrowings under the credit facility. The credit facility includes a multi-currency component under which up to $500.0 million can be drawn in U.S. dollars, Hong Kong dollars, Singapore dollars, Canadian dollars, British pounds sterling and Euros. The line, which matures in July 2011, carries a one-year extension option, which the operating partnership may exercise at its sole option so long as the operating partnership's long-term debt rating is investment grade, among other things, and can be increased to up to $750.0 million upon certain conditions and the payment of an extension fee equal to 0.15% of the outstanding commitments. The rate on the borrowings is generally LIBOR plus a margin, which was 60.0 basis points as of June 30, 2010, based on the credit rating of the operating partnership's senior unsecured long-term debt, with an annual facility fee based on the credit rating of the operating partnership's senior unsecured long-term debt. If the operating partnership's long-term debt ratings fall below investment grade, it will be unable to request borrowings in any currency other than U.S. dollars. The borrowers intend to use the proceeds from the facility to fund the acquisition and development of properties and general working capital requirements. As of June 30, 2010, the outstanding balance on this credit facility, using the exchange rates in effect at June 30, 2010, was approximately $89.9 million with a weighted average interest rate of 1.14%, and the remaining amount available was $410.1 million.

The above credit facilities contain affirmative covenants, including compliance with financial reporting requirements and maintenance of specified financial ratios, and negative covenants of the operating partnership, including limitations on the incurrence of liens and limitations on mergers or consolidations. The operating partnership was in compliance with its financial covenants under each of these credit agreements as of June 30, 2010.

The tables below summarize the operating partnership's debt maturities, principal payments and capitalization and reconcile operating partnership's share of total debt to total consolidated debt as of June 30, 2010 (dollars in thousands):

	Wholly Owned					Consolidated Joint Venture				
	Unsecured									
	Senior Debt	Credit Facilities(1)	Other Debt	Secured Debt	Total Wholly Owned Debt	Secured Debt	Other Debt	Total Consolidated Debt	Unconsolidated Joint Venture Debt	Total Debt
2010	$ 65,000	$ —	$ 590	$ 66,354	$ 131,944	$ 51,919	$ —	$ 183,863	$ 150,761	$ 334,624
2011	69,000	422,483	1,179	92,063	584,725	133,654	—	718,379	605,085	1,323,464
2012	—	—	414,955	27,765	442,720	413,102	50,000	905,822	455,799	1,361,621
2013	293,897	—		19,686	313,583	68,090	4,300	385,973	701,348	1,087,321
2014	—	—		—	—	9,071	—	9,071	722,787	731,858
2015	112,491	—		—	112,491	16,943	—	129,434	264,175	393,609
2016	250,000	—	—	—	250,000	15,499	—	265,499	72,737	338,236
2017	—	—	—	—	—	490	—	490	351,253	351,743
2018	125,000	—	—	—	125,000	595	—	125,595	183,194	308,789
2019	250,000	—	—	—	250,000	26,298	—	276,298	803	277,101
Thereafter	—	—	—	—	—	3,095	—	3,095	5,041	8,136
Subtotal	$ 1,165,388	$ 422,483	$ 416,724	$ 205,868	$ 2,210,463	$ 738,756	$ 54,300	$ 3,003,519	$ 3,512,983	$ 6,516,502
Unamortized net (discounts) premiums	(9,027)	—	—	406	(8,621)	(243)	—	(8,864)	(5,325)	(14,189)
Subtotal	$ 1,156,361	$ 422,483	$ 416,724	$ 206,274	$ 2,201,842	$ 738,513	$ 54,300	$ 2,994,655	$ 3,507,658	$ 6,502,313
Joint venture partners' share of debt	—	—	—	—	—	(422,234)	(43,440)	(465,674)	(2,446,042)	(2,911,716)
Operating partnership's share of total debt(2)	**$ 1,156,361**	**$ 422,483**	**$ 416,724**	**$ 206,274**	**$ 2,201,842**	**$ 316,279**	**$ 10,860**	**$ 2,528,981**	**$ 1,061,616**	**$ 3,590,597**
Weighted average interest rate	6.4%	0.8%	4.0%	4.6%	4.7%	5.0%	5.5%	4.8%	4.7%	4.7%
Weighted average maturity (years)	5.6	1.0	2.3	1.0	3.6	2.3	2.3	3.3	3.6	3.5

(1) Represents three credit facilities with total capacity of approximately $1.7 billion. Includes $309.1 million, $65.8 million, $23.5 million and $24.1 million in Yen, Canadian dollar, Euro and Singapore dollar-based borrowings outstanding at June 30, 2010, respectively, translated to U.S. dollars using the foreign exchange rates in effect on June 30, 2010.

(2) Operating partnership's share of total debt represents the operating partnership's pro rata portion of the total debt based on the operating partnership's percentage of equity interest in each of the consolidated or unconsolidated joint ventures holding the debt. The operating partnership believes that operating partnership's share of total debt is a meaningful supplemental measure, which enables both management and investors to analyze its leverage and to compare its leverage to that of other companies. In addition, it allows for a more meaningful comparison of the operating partnership's debt to that of other companies that do not consolidate their joint ventures. Operating partnership's share of total debt is not intended to reflect the operating partnership's actual liability should there be a default under any or all of such loans or a liquidation of the co-investment ventures. The above table reconciles operating partnership's share of total debt to total consolidated debt, a GAAP financial measure.

As of June 30, 2010, the operating partnership had debt maturing in 2010 through 2013, assuming extension options are exercised, as follows (dollars in thousands):

	After Extension Options(1)(2)			
Wholly owned debt	**2010**	**2011**	**2012**	**2013**
Unsecured Senior Debt	$ 65,000	$ 69,000	$ —	$ 293,897
Credit Facilities	—	332,565	89,918	—
Other Debt	—	—	416,724	—
Operating Partnership Secured Debt	65,798	91,318	28,358	20,400
Subtotal	130,798	492,883	535,000	314,297
Consolidated Joint Ventures				
AMB-AMS, L.P.	—	—	—	39,543
AMB Institutional Alliance Fund II, L.P.	1,064	—	3,926	202,194
AMB-SGP, L.P.	—	41,663	291,433	—
Other Industrial Operating Joint Ventures	—	54,601	30,218	18,607
Subtotal	1,064	96,264	325,577	260,344
Unconsolidated Joint Ventures				
AMB- SGP Mexico	—	58,825	165,499	—
AMB Japan Fund I, L.P.	117,792	214,384	187,607	360,223
AMB-Europe Fund I	—	—	5,217	4,127
AMB U.S. Logistics Fund	—	163,767	76,720	284,786
Other Industrial Operating Joint Ventures	9,059	31,545	—	58,048
Subtotal	126,851	468,521	435,043	707,184
Total Consolidated	131,862	589,147	860,577	574,641
Total Unconsolidated	126,851	468,521	435,043	707,184
Total	$ 258,713	$ 1,057,668	$ 1,295,620	$ 1,281,825
Total Operating Partnership's Share(3)	**$ 158,912**	**$ 680,357**	**$ 805,663**	**$ 580,945**

(1) Excludes scheduled principal amortization of debt maturing in years subsequent to 2013, as well as debt premiums and discounts.

(2) Subject to certain conditions.

(3) Total operating partnership's share represents the operating partnership's pro-rata portion of total debt maturing in 2010 through 2013 based on its percentage of equity interest in each of the consolidated and unconsolidated joint ventures holding the debt.

Market Capital as of June 30, 2010

Security	Units Outstanding	Market Price(1)	Market Value(2)
Common general partnership units	168,050,539(5)	$ 23.71	$ 3,984,478
Common limited partnership units(3)	3,313,670	$ 23.71	78,567
Total	171,364,209		$ 4,063,045
Total options outstanding			9,329,983
Dilutive effect of stock options(4)			—

(1) Dollars, per unit.

(2) Assumes that the operating partnership's common partnership units are exchanged for the parent company's common stock on a one-for-one basis because there is no public market for the operating partnership's units. Dollars, in thousands.

(3) Includes class B common limited partnership units issued by AMB Property II, L.P.

(4) Computed using the treasury stock method and an average share price for the parent company's common stock of $26.66 for the quarter ended June 30, 2010. All stock options were anti-dilutive as of June 30, 2010.

(5) Includes 1,221,660 shares of unvested restricted stock.

Preferred units as of June 30, 2010 (dollars in thousands)

Security	Distribution Rate	Liquidation Preference	Redemption/Callable Date
Series L preferred units	6.50%	$ 50,000	June 2008
Series M preferred units	6.75%	57,500	November 2008
Series O preferred units	7.00%	75,000	December 2010
Series P preferred units	6.85%	50,000	August 2011
Weighted average/total	6.80%	$ 232,500	

Noncontrolling interests in the operating partnership represent limited partnership interests in AMB Property II, L.P., a Delaware limited partnership, and interests held by third-party partners in joint ventures. Such joint ventures held approximately 21.0 million square feet as of June 30, 2010 and are consolidated for financial reporting purposes.

Please see "Explanatory Note" on page 1 and Part I, Item 1: Note 8 of the "Notes to Consolidated Financial Statements" for a discussion of the noncontrolling interests of the operating partnership.

Capitalization Ratios as of June 30, 2010

Operating partnership's share of total debt-to-operating partnership's share of total market capitalization(1)	45.5%
Operating partnership's share of total debt plus preferred-to-operating partnership's share of total market capitalization(1)	48.5%
Operating partnership's share of total debt-to-operating partnership's share of total assets(1)	40.5%
Operating partnership's share of total debt plus preferred-to-operating partnership's share of total assets(1)	43.2%

(1) The operating partnership's definition of "total market capitalization" for the operating partnership is total debt plus preferred equity liquidation preferences plus market capital. The definition of "operating partnership's share of total market capitalization" is the operating partnership's share of total debt plus preferred equity liquidation preferences plus market capital. The operating partnership's definition of "market capital" is the total number of outstanding common general partnership units of the operating partnership and common limited partnership units of AMB Property II, L.P. multiplied by the closing price per share of the parent company's common stock as of June 30, 2010. The definition of "preferred" is preferred equity liquidation preferences. "Operating partnership's share of total debt" is the operating partnership's pro rata portion of the total debt based on its percentage of equity interest in each of the consolidated and unconsolidated joint ventures holding the debt. "Operating partnership's share of total assets" is the operating partnership's pro rata portion of the gross book value of real estate interests plus cash and other assets. The operating partnership believes that operating partnership's share of total debt is a meaningful supplemental measure, which enables both management and investors to analyze its leverage and to compare its leverage to that of other companies. In addition, it allows for a more meaningful comparison of the operating partnership's debt to that of other companies that do not consolidate their joint ventures. Operating partnership's share of total debt is not intended to reflect the operating partnership's 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 operating partnership's share of total debt to total consolidated debt, a GAAP financial measure, please see the table of debt maturities and capitalization above.

Liquidity of the Operating Partnership

As of June 30, 2010, the operating partnership had $214.5 million in cash and cash equivalents and $26.2 million in restricted cash. During the six months ended June 30, 2010, the operating partnership increased the availability under its lines of credit by approximately $88 million while increasing its share of outstanding debt by approximately $10 million. As of June 30, 2010, the operating partnership had $1.2 billion available for future borrowings under its three multi-currency lines of credit, representing line utilization of 26%.

The operating partnership's available cash and cash equivalents are held in accounts managed by third party financial institutions and consist of invested cash and cash in its operating accounts. The invested cash is invested in money market funds that invest solely in direct obligations of the government of the United States or in time deposits with certain financial institutions. To date, the operating partnership has experienced no loss or lack of access to its invested cash or cash equivalents; however, the operating partnership can provide no assurances that access to its invested cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

At any point in time, the operating partnership also has a significant amount of cash deposits in its operating accounts that are with third party financial institutions, which was, as of June 30, 2010, approximately $115.9 million on a consolidated basis. These balances exceed the Federal Deposit Insurance Corporation insurance limits. While the operating partnership monitors daily the cash balances in its operating accounts and adjusts the cash balances as appropriate, these cash balances could be impacted if the underlying financial institutions fail or be subject to other adverse conditions in the financial markets. To date, the operating partnership has experienced no loss or lack of access to cash in its operating accounts.

The following table sets forth the operating partnership's distributions paid or payable per unit for the three and six months ended June 30, 2010 and 2009:

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Paying Entity	**Security**	**2010**	**2009**	**2010**	**2009**
AMB Property, L.P.	Common limited partnership units	$ 0.280	$ 0.280	$ 0.560	$ 0.560
AMB Property, L.P.	Series L preferred stock	$ 0.406	$ 0.406	$ 0.813	$ 0.813
AMB Property, L.P.	Series M preferred stock	$ 0.422	$ 0.422	$ 0.844	$ 0.844
AMB Property, L.P.	Series O preferred stock	$ 0.438	$ 0.438	$ 0.875	$ 0.875
AMB Property, L.P.	Series P preferred stock	$ 0.428	$ 0.428	$ 0.856	$ 0.856
AMB Property II, L.P.	Class B common limited partnership units	$ 0.280	$ 0.280	$ 0.560	$ 0.560
AMB Property II, L.P.	Series D preferred units(1)	$ —	$ 0.898	$ —	$ 1.795

(1) On November 10, 2009, the parent company purchased all 1,595,337 outstanding series D preferred units of AMB Property II, L.P. in exchange for 2,880,281 shares of its common stock at a discount of $9.8 million. The operating partnership issued 2,880,281 general partnership units to the parent company in exchange for the 1,595,337 series D preferred units the parent company purchased.

The operating partnership anticipates that it will be required to use proceeds from debt and equity financings and the divestitures of properties, in addition to cash from its operations, to make its distribution payments and repay its maturing debt as it comes due. However, the operating partnership may not be able to obtain future financings on favorable terms or at all. The operating partnership's inability to obtain future financings on favorable terms or at all would adversely affect its financial condition, results of operations, cash flow and ability to pay cash distributions to its unitholders and make payments to its noteholders. The operating partnership is currently exploring various options to monetize its development assets including contribution to funds where investment capacity is available, the formation of joint ventures and the sale of assets to third parties. The operating partnership is also exploring the potential sale of operating assets to further enhance liquidity. There can be no assurance, however, that the operating partnership will choose to or be able to monetize any of its assets.

Cash flows generated by the operating partnership's business were sufficient to cover its distributions for the six months ended June 30, 2010 and 2009, including its distributions to the parent company, which are, in turn, paid to the parent company's stockholders as dividends and distributions. Cash flows from the operating partnership's real estate operations and private capital businesses, which are included in "Net cash provided by operating activities" in its Cash Flows from Operating Activities and cash flows from its real estate development and operations businesses which are included in "Net proceeds from divestiture of real estate and securities" in its Cash Flows from Investing Activities in its Consolidated Statements of Cash Flows, were sufficient to pay distributions on common and preferred limited partnership units of the operating partnership and AMB Property II, L.P. and distributions to noncontrolling interests for the six months ended June 30, 2010 and 2009. The operating partnership uses proceeds from its businesses included in Cash Flows from Investing Activities (specifically, the proceeds from sales and contributions of properties as part of its real estate development and operations businesses) to fund distributions not covered by Cash Flows from Operating Activities.

The following table sets forth the summary of the operating partnership's distributions paid or payable for the six months ended June 30, 2010 and 2009:

Summary of Distributions Paid	For the Six Months Ended June 30, 2010	For the Six Months Ended June 30, 2009
	(Dollars in thousands)	
Net cash provided by operating activities	$ 114,748	$ 121,128
Distributions paid to partners	(92,665)	(48,629)
Distributions to noncontrolling interests, including preferred units	(5,100)	(10,476)
Excess of net cash provided by operating activities over distributions paid	$ 16,983	$ 62,023
Net proceeds from divestiture of real estate	$ 39,652	$ 278,580
Excess of net cash provided by operating activities and net proceeds from divestiture of real estate over distributions paid	$ 56,635	$ 340,603

Capital Commitments of the Operating Partnership

Development starts, generally defined as projects where the operating partnership has obtained building permits and has begun physical construction, during the three and six months ended June 30, 2010 and 2009 on an owned and managed basis were as follows, excluding value-added acquisitions (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
The Americas:				
Number of new development projects	—	1	—	2
Square feet	—	96,250	—	285,587
Estimated total investment(1)	$ —	$ 7,248	$ —	$ 19,364
Europe:				
Number of new development projects	—	1	—	2
Square feet	—	125,227	—	400,029
Estimated total investment(1)	$ —	$ 24,121	$ —	$ 41,239
Total:				
Number of new development projects	—	2	—	4
Square feet	—	221,477	—	685,616
Estimated total investment(1)	$ —	$ 31,369	$ —	$ 60,603
Total construction-in-progress estimated investment(1)(2)	$ 245,312	$ 758,141	$ 245,312	$ 758,141
Total construction-in-progress invested to date(3)	$ 229,384	$ 645,190	$ 229,384	$ 645,190
Total construction-in-progress remaining to invest(3)(4)	$ 15,928	$ 112,951	$ 15,928	$ 112,951

(1) Includes total estimated cost of development, renovation, or expansion, including initial acquisition costs, prepaid ground leases, buildings, and associated carry costs. Estimated total investments are based on current forecasts and are subject to change. Non-U.S. dollar investments are translated into U.S. dollars using the exchange rate as of June 30, 2010 or 2009, as applicable.

(2) Excludes the impact of real estate impairment losses and includes value-added conversions.

(3) Amounts include capitalized interest and overhead costs, as applicable.

(4) Calculated using estimated total investment before the impact of real estate impairment losses.

Development Portfolio. As of June 30, 2010, the operating partnership had seven construction-in-progress development projects, on an owned and managed basis, which are expected to total approximately 3.2 million square feet and have an aggregate estimated investment of $234.5 million upon completion, net of $10.8 million of cumulative real estate impairment losses to date. One of these projects totaling approximately 0.6 million square feet with an aggregate estimated investment of $66.3 million was held in an unconsolidated co-investment venture. Construction-in-progress, at June 30, 2010, included projects expected to be completed through the third quarter of 2011.

On an owned and managed basis, the operating partnership had an additional 30 development projects available for sale or contribution totaling approximately 8.3 million square feet, with an aggregate estimated investment of $876.8 million, net of $70.8 million of cumulative real estate impairment losses to date, and an aggregate net book value of $852.2 million.

As of June 30, 2010, on an owned and managed basis, the operating partnership and its development joint venture partners have funded an aggregate of $1.2 billion, or 97%, of the total estimated investment before the impact of real estate investment losses and will need to fund an estimated additional $40.6 million, or 3%, in order to complete its development portfolio.

In addition to its committed development pipeline, the operating partnership held a total of 2,601 acres of land for future development or sale, on an owned and managed basis, approximately 86% of which was located in the Americas. This included 196 acres that were held in an unconsolidated joint venture. The operating partnership currently estimates that these 2,601 acres of land could support approximately 47.4 million square feet of future development.

Lease Commitments. The operating partnership has entered into operating ground leases on certain land parcels, primarily on-tarmac facilities and office space with remaining lease terms from 1 to 79 years. These buildings and improvements subject to ground leases are amortized ratably over the lesser of the terms of the related leases or 40 years.

Co-Investment Ventures. The operating partnership enters into co-investment ventures with institutional investors, acting as the general partner or manager of such ventures. These co-investment ventures are managed by the operating partnership's private capital group and provide the company with an additional source of capital to fund acquisitions, development projects and renovation projects, as well as private capital income. As of June 30, 2010, the operating partnership had investments in co-investment ventures with a gross book value of $1.2 billion, which are consolidated for financial reporting purposes, and net equity investments in five unconsolidated co-investment ventures of $607.0 million and a gross book value of $6.6 billion. In the six months ended June 30, 2010, the operating partnership made a $150 million investment in AMB U.S. Logistics Fund, L.P. and a $50 million investment in AMB Europe Fund, FCP-FIS. Additionally, third party investors contributed $79 million to AMB U.S. Logistics Fund, L.P. during the six months ended June 30, 2010. As of June 30, 2010, the operating partnership may make additional capital contributions to current and planned co-investment ventures of up to $24.6 million pursuant to the terms of the co-investment venture agreements. From time to time, the operating partnership may raise additional equity commitments for AMB U.S. Logistics Fund, L.P., an open-ended unconsolidated co-investment venture formed in 2004 with institutional investors, most of whom invest through a private real estate investment trust, and for AMB Europe Fund I, FCP-FIS, an open-ended unconsolidated co-investment venture formed in 2007 with institutional investors. This could increase the operating partnership's obligation to make additional capital commitments to these ventures. Pursuant to the terms of the partnership agreement of AMB U.S. Logistics Fund, L.P., and the management regulations of AMB Europe Fund I, FCP-FIS, the operating partnership is obligated to contribute 20% of the total equity commitments until such time when its total equity commitment is greater than $150.0 million or 150.0 million Euros, respectively, at which time, its obligation is reduced to 10% of the total equity commitments. The operating partnership expects to fund these contributions with cash from operations, borrowings under its credit facilities, debt or equity issuances or net proceeds from property divestitures, which could adversely affect its cash flow.

Captive Insurance Company. In December 2001, the operating partnership 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 attachment point of the operating partnership's third-party insurance policies. The captive insurance company is one element of the operating partnership's overall risk management program. The company capitalized Arcata in accordance with the applicable regulatory requirements. Arcata establishes annual premiums based on projections derived from the past loss experience of the operating partnership's properties. Like premiums paid to third-party insurance companies, premiums paid to Arcata may be reimbursed by customers pursuant to specific lease terms. Through this structure, the operating partnership believes that it has more comprehensive insurance coverage at an overall lower cost than would otherwise be available in the market.

Potential Contingent and Unknown Liabilities. Contingent and unknown liabilities may include the following:

- liabilities for environmental conditions;
- losses in excess of insured coverage;
- claims of customers, vendors or other persons dealing with the company's predecessors prior to the company's formation or acquisition transactions that had not been asserted or were unknown prior to the operating partnership's formation or acquisition transactions;
- claims for indemnification by the general partners, officers and directors and others indemnified by the former owners of the operating partnership's properties;
- accrued but unpaid liabilities incurred in the ordinary course of business; and
- tax, legal and regulatory liabilities.

Capital Deployment

Land acquisitions during the three and six months ended June 30, 2010 and 2009 were as follows, excluding value-added acquisitions (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
The Americas:				
Acres	48	—	106	4
Estimated build out potential (square feet)	728,791	—	1,890,894	—
Investment(1)	$ 15,391	$ —	$ 36,712	$ 1,539
Europe:				
Acres	11	—	11	—
Estimated build out potential (square feet)	377,479	—	377,479	—
Investment(1)	$ 37,384	$ —	$ 37,384	$ —
Asia:				
Acres	—	22	—	38
Estimated build out potential (square feet)	—	619,290	—	1,075,819
Investment(1)	$ —	$ 13,519	$ —	$ 17,032
Total:				
Acres	59	22	117	42
Estimated build out potential (square feet)	1,106,270	619,290	2,268,373	1,075,819
Investment(1)	$ 52,775	$ 13,519	$ 74,096	$ 18,571

(1) Represents actual cost incurred to date including initial acquisition, associated closing costs, infrastructure and associated capitalized interest and overhead costs.

Acquisition activity, including value-added acquisitions, during the three and six months ended June 30, 2010 and 2009 was as follows (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Number of properties acquired by AMB U.S. Logistics Fund, L.P.	—	—	2	—
Square feet	—	—	687,932	—
Expected investment(1)	$ —	$ —	$ 45,552	$ —
Number of properties acquired by AMB Europe Fund I, FCP-FIS	1	—	1	—
Square feet	140,264	—	140,264	—
Expected investment(1)	$ 29,388	$ —	$ 29,388	$ —
Number of properties acquired by AMB Property, L.P.	1	—	1	—
Square feet	467,345	—	467,345	—
Expected investment(1)	$ 13,338	$ —	$ 13,338	$ —
Total number of properties acquired	2	—	4	—
Total square feet	607,609	—	1,295,541	—
Total acquisition cost	$ 42,367	$ —	$ 87,767	$ —
Total acquisition capital	359	—	511	—
Total expected investment(1)	$ 42,726	$ —	$ 88,278	$ —

(1) Includes total estimated cost of development, renovation, or expansion, including initial acquisition costs, prepaid ground leases, buildings, tenant improvements and associated capitalized interest and overhead costs. Estimated total investments are based on current forecasts and are subject to change. Non-U.S. dollar investments are translated into U.S. dollars using the exchange rate as of June 30, 2010 or 2009, as applicable.

OFF-BALANCE SHEET ARRANGEMENTS

Standby Letters of Credit. As of June 30, 2010, the company had provided approximately $12.6 million in letters of credit, of which $10.2 million were provided under the operating partnership's $550.0 million unsecured credit facility. The letters of credit were required to be issued under certain ground lease provisions, bank guarantees and other commitments.

Guarantees and Contribution Obligations. Excluding parent guarantees associated with debt or contribution obligations as discussed in Part I, Item 1: Notes 5, 6 and 9 of the "Notes to Consolidated Financial Statements," as of June 30, 2010, the company had outstanding guarantees and contribution obligations in the aggregate amount of $388.2 million as described below.

As of June 30, 2010, the company had outstanding bank guarantees in the amount of $0.3 million used to secure contingent obligations, primarily obligations under development and purchase agreements. As of June 30, 2010, the company also guaranteed $42.7 million and $84.6 million on outstanding loans on five of its consolidated joint ventures and four of its unconsolidated joint ventures, respectively.

Also, the company has entered into contribution agreements with certain of its unconsolidated co-investment ventures. These contribution agreements require the company to make additional capital contributions to the applicable co-investment venture fund upon certain defaults by the co-investment venture of certain of its debt obligations to the lenders. Such additional capital contributions will cover all or part of the applicable co-investment venture's debt obligation and may be greater than the company's share of the co-investment venture's debt obligation or the value of the company's share of any property securing such debt. The company's contribution obligations under these agreements will be reduced by the amounts recovered by the lender and the fair market value of the property, if any, used to secure the debt and obtained by the lender upon default. The company's potential obligations under these contribution agreements totaled $260.6 million as of June 30, 2010.

Performance and Surety Bonds. As of June 30, 2010, the company had outstanding performance and surety bonds in an aggregate amount of $5.0 million. These bonds were issued in connection with certain of the company's development projects and were posted to guarantee certain property tax obligations and the construction of certain real property improvements and infrastructure. Performance and surety bonds are renewable and expire upon the payment of the property taxes due or the completion of the improvements and infrastructure.

Promote 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 its joint venture partners pursuant to the terms and provisions of their contractual agreements with the company. From time to time in the normal course of its business, the company enters into various contracts with third parties that may obligate the company to make payments, pay promotes, or perform other obligations upon the occurrence of certain events.

SUPPLEMENTAL EARNINGS MEASURES

Funds From Operations, as adjusted ("FFO, as adjusted") and Funds From Operations Per Share and Unit, as adjusted ("FFOPS, as adjusted")

The company believes that net (loss) income, as defined by U.S. GAAP, is the most appropriate earnings measure. However, the company considers funds from operations, as adjusted (or FFO, as adjusted) and FFO, as adjusted, per share and unit (or FFOPS, as adjusted) to be useful supplemental measures of its operating performance. The company defines FFOPS, as adjusted, as FFO, as adjusted, per fully diluted weighted average share of the parent company's common stock and operating partnership units. The company calculates FFO, as adjusted, as net income (or loss) available to common stockholders, calculated in accordance with U.S. GAAP, less gains (or losses) from dispositions of real estate held for investment purposes and real estate-related depreciation, and adjustments to derive the company's pro rata share of FFO, as adjusted, of consolidated and unconsolidated joint ventures. This calculation also includes adjustments for items as described below.

Unless otherwise stated, the company includes the gains from development, including those from value-added conversion projects, before depreciation recapture, as a component of FFO, as adjusted. The company believes gains from development should be included in FFO, as adjusted, to more completely reflect the performance of one of its lines of business. The company believes that value-added conversion dispositions are in substance land sales and as such should be included in FFO, as adjusted, consistent with the real estate investment trust industry's long standing practice to include gains on the sale of land in funds from operations. However, the company's interpretation of FFO, as adjusted, or FFOPS, as adjusted, may not be consistent with the views of others in the real estate investment trust industry, who may consider it to be a divergence from the National Association of Real Estate Investment Trusts ("NAREIT") definition, and may not be comparable to funds from operations or funds from operations per share and unit reported by other real estate investment trusts that interpret the current NAREIT definition differently than the company does. In connection with the formation of a joint venture, the company may warehouse assets that are acquired with the intent to contribute these assets to the newly formed venture. Some of the properties held for contribution may, under certain circumstances, be required to be depreciated under U.S. GAAP. If this circumstance arises, the company intends to include in its calculation of FFO, as adjusted, gains or losses related to the contribution of previously depreciated real estate to joint ventures. Although such a change, if instituted, will be a departure from the current NAREIT definition, the company believes such calculation of FFO, as adjusted, will better reflect the value created as a result of the contributions. To date, the company has not included gains or losses from the contribution of previously depreciated warehoused assets in FFO, as adjusted.

In addition, the company calculates FFO, as adjusted, to exclude impairment and restructuring charges, debt extinguishment losses and the Series D preferred unit redemption discount. The impairment charges were principally a result of increases in estimated capitalization rates and deterioration in market conditions that adversely impacted values. The restructuring charges reflected costs associated with the company's reduction in global headcount and cost structure. Debt extinguishment losses generally included the costs of repurchasing debt securities. The company repurchased certain tranches of senior unsecured debt to manage its debt maturities in response to the current financing environment, resulting in greater debt extinguishment costs. The Series D preferred unit redemption discount reflects the gain associated with the discount to liquidation preference in the Series D preferred unit redemption price less costs incurred as a result of the redemption. Although difficult to predict, these items may be recurring given the uncertainty of the current economic climate and its adverse effects on the real estate and financial markets. While not infrequent or unusual in nature, these items result from market fluctuations that can have inconsistent effects on the company's results of operations. The economics underlying these items reflect market and financing conditions in the short-term but can obscure the company's performance and the value of the company's long-term investment decisions and strategies. Management believes FFO, as adjusted, is significant and useful to both it and its investors. FFO, as adjusted, more appropriately reflects the value and strength of the company's business model and its potential performance isolated from the volatility of the current economic environment and unobscured by costs (or gains) resulting from the company's management of its financing profile in response to the tightening of the capital markets. However, in addition to the limitations of FFO, as adjusted, and FFOPS, as adjusted, generally discussed below, FFO, as adjusted, does not present a comprehensive measure of the company's financial condition and operating performance. This measure is a modification of the NAREIT definition of funds from operations and should not be used as an alternative to net income or cash as defined by U.S. GAAP.

The company believes that FFO, as adjusted, and FFOPS, as adjusted, are meaningful supplemental measures of its operating performance because historical cost accounting for real estate assets in accordance with U.S. 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, FFO, as adjusted, and FFOPS, as adjusted, are supplemental measures of operating performance for real estate investment trusts that exclude historical cost depreciation and amortization, among other items, from net income (or loss) available to common stockholders, as defined by U.S. GAAP. The company believes that the use of FFO, as adjusted, and FFOPS, as adjusted, combined with the required U.S. 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. The company considers FFO, as adjusted, and FFOPS, as adjusted, to be useful measures for reviewing 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, as adjusted, and FFOPS, as adjusted, can help the investing public compare the operating performance of a company's real estate between periods or as compared to other companies. While funds from operations and funds from operations per share are relevant and widely used measures of operating performance of real estate investment trusts, FFO, as adjusted, and FFOPS, as adjusted, do not represent cash flow from operations or net income (or loss) as defined by U.S. GAAP and should not be considered as alternatives to those measures in evaluating the company's liquidity or operating performance. FFO, as adjusted, and FFOPS, as adjusted, also do not consider the costs associated with capital expenditures related to the company's real estate assets nor are FFO, as adjusted, and FFOPS, as adjusted, necessarily indicative of cash available to fund the company's future cash requirements. Management compensates for the limitations of FFO, as adjusted, and FFOPS, as adjusted, by providing investors with financial statements prepared according to U.S. GAAP, along with this detailed discussion of FFO, as adjusted, and FFOPS, as adjusted, and a reconciliation of FFO, as adjusted, and FFOPS, as adjusted, to net income (or loss) available to common stockholders, a U.S. GAAP measurement.

The following table reflects the calculation of FFO, as adjusted, reconciled from net income (loss) available to common unitholders of the operating partnership and common stockholders of the parent company for the three and six months ended June 30, 2010 and 2009 (dollars in thousands, except share and per share amounts):

	For the Three Months Ended June 30, 2010	For the Three Months Ended June 30, 2009	For the Six Months Ended June 30, 2010	For the Six Months Ended June 30, 2009
Net income (loss) available to common unitholders of the operating partnership	$ 2,943	$ 17,973	$ (1,561)	$ (107,308)
Net (loss) income available to common unitholders of the operating partnership attributable to limited partners of the operating partnership	(46)	(811)	13	1,859
Net income (loss) available to common stockholders of the parent company	2,897	17,162	(1,548)	(105,449)
Gains from sale or contribution of real estate interests, net	(4,248)	(10,090)	(4,248)	(28,704)
Depreciation and amortization:				
Total depreciation and amortization	48,278	38,523	96,667	80,427
Discontinued operations' depreciation	243	793	514	2,348
Non-real estate depreciation	(2,012)	(1,953)	(4,557)	(4,090)
Adjustment for depreciation on development profits	—	—	(1,546)	—
Adjustments to derive FFO, as adjusted, from consolidated joint ventures:				
Joint venture partners' noncontrolling interests (Net loss)	2,068	4,949	1,693	2,771
Limited partnership unitholders' noncontrolling interests (Net loss)	75	1,279	(125)	(4,041)
Limited partnership unitholders' noncontrolling interests (Development profits)	(2)	—	104	1,108
FFO, as adjusted, attributable to noncontrolling interests	(7,562)	(7,151)	(12,942)	(15,739)
Adjustments to derive FFO, as adjusted, from unconsolidated joint ventures:				
The company's share of net (income) loss	(5,193)	(4,284)	(9,068)	(4,250)
The company's share of FFO, as adjusted	15,444	11,786	29,897	23,921
Adjustments for impairments, restructuring charges and debt extinguishment:				
Real estate impairment losses	—	—	—	175,887
Discontinued operations' real estate impairment losses	—	—	—	5,966
Restructuring charges	872	3,824	3,845	3,824
Loss on early extinguishment of debt	579	657	579	657
Allocation to participating securities(1)	(31)	(86)	(73)	(474)
Funds from operations, as adjusted	$ 51,408	$ 55,409	$ 99,192	$ 134,162
Basic FFO, as adjusted, per common share and unit	$ 0.31	$ 0.37	$ 0.62	$ 1.07
Diluted FFO, as adjusted, per common share and unit	$ 0.30	$ 0.37	$ 0.62	$ 1.07
Weighted average common shares and units:				
Basic	168,149,577	148,753,886	160,155,441	125,427,313
Diluted	169,006,330	148,815,329	160,940,606	125,451,132

(1) To be consistent with the company's policies of determining whether instruments granted in share-based payment transactions are participating securities and accounting for earnings per share, the FFO, as adjusted, per common share and unit is adjusted for FFO, as adjusted, distributed through declared dividends and allocated to all participating securities (weighted average common shares and units outstanding and unvested restricted shares outstanding) under the two-class method. Under this method, allocations were made to 1,221,660 unvested restricted shares outstanding for both the three and six months ended June 30, 2010.

Allocations were made to 930,321 unvested restricted shares outstanding for both the three and six months ended June 30, 2009.

Same Store Net Operating Income ("SS NOI")

The company defines net operating income, or NOI, as rental revenues, including reimbursements, less property operating expenses. NOI excludes depreciation, amortization, general and administrative expenses, restructuring charges, real estate impairment losses, development profits (losses), gains (losses) from sale or contribution of real estate interests, and interest expense. The company believes that net income, as defined by GAAP, is the most appropriate earnings measure. However, NOI is a useful supplemental measure calculated to help investors understand the company's operating performance, excluding the effects of costs and expenses which are not related to the performance of the assets. NOI is widely used by the real estate industry as a useful supplemental measure, which helps investors compare the company's operating performance with that of other companies. Real estate impairment losses have been excluded in deriving NOI because the company does not consider its impairment losses to be a property operating expense. The company believes that the exclusion of impairment losses from NOI is a common methodology used in the real estate industry. Real estate impairment losses relate to the changing values of the company's assets but do not reflect the current operating performance of the assets with respect to their revenues or expenses. The company's real estate impairment losses are non-cash charges which represent the write down in the value of assets when estimated fair value over the holding period is lower than current carrying value. The impairment charges were principally a result of increases in estimated capitalization rates and deterioration in market conditions that adversely impacted underlying real estate values. Therefore, the impairment charges are not related to the current performance of the company's real estate operations and should be excluded from its calculation of NOI.

The company considers same store net operating income, or SS NOI, and cash-basis SS NOI to be useful supplemental measures of its operating performance for properties that are considered part of the same store pool. The company defines SS NOI as NOI on a same store basis. The company defines cash-basis SS NOI as SS NOI excluding straight-line rents and amortization of lease intangibles. The same store pool includes all properties that are owned as of the end of both the current and prior year reporting periods and excludes development properties for both the current and prior reporting periods. The same store pool is set annually and excludes properties purchased and developments stabilized after December 31, 2008. The company considers cash-basis SS NOI to be an appropriate and useful supplemental performance measure because it reflects the operating performance of the real estate portfolio excluding effects of certain adjustments and provides a better measure of actual cash-basis rental growth for a year-over-year comparison. In addition, the company believes that SS NOI and cash-basis SS NOI help investors compare the operating performance of its real estate as compared to other companies. While SS NOI and cash-basis SS NOI are relevant and widely used measures of operating performance of real estate investment trusts, they do not represent cash flow from operations or net income as defined by GAAP and should not be considered as alternatives to those measures in evaluating the company's liquidity or operating performance. SS NOI and cash-basis SS NOI also do not reflect general and administrative expenses, restructuring charges, interest expenses, real estate impairment losses, 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 computation of SS NOI and cash-basis SS NOI may not be comparable to that of other real estate companies, as they may use different methodologies for calculating SS NOI and cash-basis SS NOI.

The following table reconciles SS NOI, cash-basis SS NOI and cash-basis SS NOI, excluding lease termination fees from net loss for the three and six months ended June 30, 2010 and 2009 (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Net income (loss)	$ 9,313	$ 29,034	$ 8,693	$ (94,322)
Private capital revenues	(6,845)	(7,795)	(14,290)	(19,490)
Depreciation and amortization	48,278	38,523	96,667	80,427
Real estate impairment losses	—	—	—	175,887
General and administrative and fund costs	30,246	25,963	62,511	57,538
Restructuring charges	872	3,824	3,845	3,824
Total other income and expenses	26,094	20,824	50,931	26,778
Total discontinued operations	(4,659)	(12,549)	(4,904)	(31,418)
Net operating income	103,299	97,824	203,453	199,224
Less non same-store NOI	(17,894)	(9,562)	(33,440)	(20,293)
Less non-cash adjustments(1)	(2,698)	77	(5,219)	(350)
Cash-basis same-store NOI	$ 82,707	$ 88,339	$ 164,794	$ 178,581
Less lease termination fees	(596)	(478)	(1,233)	(1,261)
Cash-basis same-store NOI, excluding lease termination fees	$ 82,111	$ 87,861	$ 163,561	$ 177,320

(1) Non-cash adjustments include straight-line rents and amortization of lease intangibles for the same store pool only.

OWNED AND MANAGED OPERATING AND LEASING STATISTICS

Owned and Managed Operating and Leasing Statistics (1)

The following table summarizes key operating and leasing statistics for all of the company's owned and managed operating properties for the quarter ended June 30, 2010:

Operating Portfolio	
Square feet owned(2)(3)	136,703,087
Occupancy percentage(3)	91.8%
Average occupancy percentage	90.1%
Weighted average lease terms (years):	
Original	6.3
Remaining	3.5
Trailing four quarters tenant retention	66.2%
Trailing four quarters rent change on renewals and rollovers:(4)	
Percentage	(11.2)%
Same space square footage commencing (millions)	26.2
Trailing four quarters second generation leasing activity:(5)	
Tenant improvements and leasing commissions per sq. ft.:	
Retained	$ 1.20
Re-tenanted	$ 2.81
Weighted average	$ 1.96
Square footage commencing (millions)	32.4

(1) Schedule includes owned and managed operating properties. This excludes development and renovation projects, recently completed development projects available for sale or contribution and value-added acquisitions.

(2) As of June 30, 2010, the company had investments in 7.3 million square feet of operating properties through its investments in non-managed unconsolidated joint ventures and 152,000 square feet, which is the location of its global headquarters.

(3) On a consolidated basis, the company had approximately 76.7 million rentable square feet with an occupancy rate of 90.7 at June 30, 2010.

(4) Rent changes on renewals and rollovers are calculated as the difference, weighted by square feet, of the net annualized base rent (ABR) due the first month of a term commencement and the net ABR due the last month of the former customer's term. If free rent is granted, then the first positive full rent value is used as a point of comparison. The rental amounts exclude base stop amounts, holdover rent and premium rent charges. If either the previous or current lease terms are under 12 months, then they are excluded from this calculation. If the lease is first generation or there is no prior lease for comparison, then it is excluded from this calculation.

(5) Second generation tenant improvements and leasing commissions per square foot are the total cost of tenant improvements, leasing commissions and other leasing costs incurred during leasing of second generation space divided by the total square feet leased. Costs incurred prior to leasing available space are not included until such space is leased. Second generation space excludes newly developed square footage or square footage vacant at acquisition.

The table below summarizes key operating and leasing statistics for the company's owned and managed operating properties for the quarter ended June 30, 2010:

Owned and Managed Property Data(1)	The Americas	Europe	Asia	Total/Weighted Average
For the quarter ended June 30, 2010:				
Rentable square feet	112,989,798	11,634,959	12,078,330	136,703,087
Occupancy percentage at period end(2)	91.4%	92.8%	93.9%	91.8%
Trailing four quarters same space square footage leased	22,568,984	1,449,465	2,139,592	26,158,041
Trailing four quarters rent change on renewals and rollovers(2)(3)	(12.7)%	(9.8)%	(3.7)%	(11.2)%

(1) Schedule includes owned and managed operating properties which the company defines as properties in which it has at least a 10% ownership interest, for which the company is the property or asset manager and which the company currently intends to hold for the long term. This excludes development and renovation projects, recently completed development projects available for sale or contribution and value-added acquisitions.

(2) On a consolidated basis, for the Americas, Europe and Asia, occupancy percentage at period end for 2010 was 90.5%, 97.7% and 91.2%, respectively, and trailing four quarters rent change on renewals and rollovers at period end for 2010 was (12.6)%, (4.3)% and 3.0% respectively. Properties in Europe are primarily held in the unconsolidated co-investment venture AMB Europe Fund I, FCP-FIS.

(3) Rent changes on renewals and rollovers are calculated as the difference, weighted by square feet, of the net ABR due the first month of a term commencement and the net ABR due the last month of the former customer's term. If free rent is granted, then the first positive full rent value is used as a point of comparison. The rental amounts exclude base stop amounts, holdover rent and premium rent charges. If either the previous or current lease terms are under 12 months, then they are excluded from this calculation. If the lease is first generation or there is no prior lease for comparison, then it is excluded from this calculation.

Owned and Managed Same Store Operating Statistics (1)

The following table summarizes key operating and leasing statistics for the company's owned and managed same store operating properties as of and for the three months ended June 30, 2010:

Same Store Pool(2)	
Square feet in same store pool(3)	127,522,980
% of total square feet	93.3%
Occupancy percentage(3)	91.4%
Average occupancy percentage	89.7%
Weighted average lease terms (years):	
Original	6.3
Remaining	3.4
Trailing four quarters tenant retention	65.6%
Trailing four quarters rent change on renewals and rollovers:(4)	
Percentage	(11.2)%
Same space square footage commencing (millions)	26.1
Growth % increase (decrease) (including straight-line rents):	
Revenues(5)	(3.7)%
Expenses(5)	1.2%
Net operating income, excluding lease termination fees(5)(6)	(5.5)%
Growth % increase (decrease) (excluding straight-line rents):	
Revenues(5)	(4.1)%
Expenses(5)	1.2%
Net operating income, excluding lease termination fees(5)(6)	(6.0)%

(1) Schedule includes owned and managed operating properties. This excludes development and renovation projects, recently completed development projects available for sale or contribution and value-added acquisitions.

(2) Same store pool includes all properties that are owned as of both the current and prior year reporting periods and excludes development properties for both the current and prior reporting years. The same store pool is set annually and excludes properties purchased and developments stabilized after December 31, 2008 (generally defined as properties that are 90% leased or properties that have been substantially complete for at least 12 months).

(3) On a consolidated basis, the company had approximately 69.1 million square feet with an occupancy rate of 90.1% at June 30, 2010.

(4) Rent changes on renewals and rollovers are calculated as the difference, weighted by square feet, of the net ABR due the first month of a term commencement and the net ABR due the last month of the former customer's term. If free rent is granted, then the first positive full rent value is used as a point of comparison. The rental amounts exclude base stop amounts, holdover rent and premium rent charges. If either the previous or current lease terms are under 12 months, then they are excluded from this calculation. If the lease is first generation or there is no prior lease for comparison, then it is excluded from this calculation.

(5) For the three months ended June 30, 2010, on a consolidated basis, the percentage change was (0.9)%, 5.9% and (3.7)%, respectively, for revenues, expenses and net operating income (including straight-line rents) and (2.9)%, 5.9% and (6.5)%, respectively, for revenues, expenses and net operating income (excluding straight-line rents).

(6) See "Supplemental Earnings Measures" above for a discussion of same store net operating income and cash-basis same store net operating income and a reconciliation of same store net operating income and cash-basis same store net operating income and net income.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Market risk is the risk of loss from adverse changes in market prices, interest rates and international exchange rates. The company's future earnings and cash flows are dependent upon prevailing market rates. Accordingly, the company manages its 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, payments to noteholders, and other cash requirements. The majority of the company's outstanding debt has fixed interest rates, which minimize the risk of fluctuating interest rates. The company's exposure to market risk includes interest rate fluctuations in connection with its credit facilities and other variable rate borrowings and its ability to incur more debt without stockholder and unitholder approval, thereby increasing its debt service obligations, which could adversely affect its cash flows. As of June 30, 2010, the company had eight outstanding interest rate swaps, four outstanding foreign exchange forward contracts and two interest rate caps with an aggregate notional amount of $961.2 million (in U.S. dollars). See "Financial Instruments" below.

The table below summarizes the maturities and interest rates associated with the company's fixed and variable rate debt outstanding at book value and estimated fair value before unamortized net discounts of $8.9 million as of June 30, 2010 (dollars in thousands):

	2010	2011	2012	2013	2014	Thereafter	Total	Fair Value
Fixed rate debt(1)	$171,817	$142,534	$670,399	$361,987	$9,071	$774,713	$2,130,521	$2,211,871
Average interest rate	7.6%	6.5%	5.2%	6.1%	6.7%	6.4%	6.1%	n/a
Variable rate debt(2)	$ 12,046	$575,845	$235,423	$ 23,986	$ —	$ 25,698	$ 872,998	$ 844,949
Average interest rate	2.9%	1.2%	2.7%	2.1%	—%	1.8%	1.7%	n/a
Interest payments(3)	$ 13,474	$ 16,082	$ 41,469	$ 22,555	$ 612	$ 49,795	$ 143,987	n/a

(1) Represents 70.9% of all outstanding debt at June 30, 2010.

(2) Represents 29.1% of all outstanding debt at June 30, 2010.

(3) Represents interest expense related only to the debt balances maturing in each respective year, based upon interest rates at the balance sheet date.

If market rates of interest on the company's variable rate debt increased or decreased by 10%, then the increase or decrease in interest cost on the company's variable rate debt would be $1.4 million (net of the swap) annually. As of June 30, 2010, the book value and the estimated fair value of the company's total consolidated debt (both secured and unsecured) were $3.0 billion and $3.1 billion, respectively, based on the company's estimate of current market interest rates. As of December 31, 2009, the book value and the estimated fair value of the company's total consolidated debt (both secured and unsecured) both were $3.2 billion, based on our estimate of current market interest rates.

As of June 30, 2010 and December 31, 2009, variable rate debt comprised 29.1% and 38.8%, respectively, of all the company's outstanding debt. Variable rate debt was $0.9 billion and $1.2 billion as of June 30, 2010 and December 31, 2009, respectively.

Financial Instruments. The company records all derivatives on the balance sheet at fair value as an asset or liability. For derivatives that qualify as cash flow hedges, the offset to this entry is to accumulated other comprehensive income as a separate component of stockholders' equity for the parent company, partners' capital for the operating partnership or income. For derivatives which do not qualify as cash flow hedges, the offset to the change in fair value on the derivative asset or liability is recorded directly in earnings as gains or losses through other income (expenses). For revenues or expenses denominated in non-functional currencies, the company may use derivative financial instruments to manage foreign currency exchange rate risk. The company's derivative financial instruments in effect at June 30, 2010 were eight interest rate swaps and two interest rate caps hedging cash flows of variable rate borrowings based on U.S. LIBOR and four foreign exchange forward contracts hedging intercompany loans. The company does not hold or issue derivatives for trading purposes.

The following table summarizes the company's financial instruments as of June 30, 2010 (in thousands):

	2010					2011		2012			2013		
Related Derivatives	**August 1**	**September 4**	**September 30**	**November 1**	**December 15**	**June 1**	**December 1**	**October 1**	**October 15**	**December 1**	**December 1**	**Notional Amount**	**Fair Value**
Interest Rate Swaps (USD)													
Trade Notional Amount		$ 130,000										$ 130,000	
Receive Floating (%)		3 mo. US LIBOR											
Pay Fixed Rate (%)		2.70%											
Fair Market Value		$ (499)											$ (499)
Interest Rate Swap (EUR)													
Notional Amount (USD)	$ 8,138											$ 8,138	
Receive Floating (%)	3 mo. EURIBOR												
Pay Fixed Rate (%)	4.71%												
Fair Market Values (USD)	$ 332												332
Notional Amount (USD)					$ 19,946							$ 19,946	
Receive Floating (%)					3 mo. EURIBOR								
Pay Fixed Rate (%)					4.60%								
Fair Market Values (USD)					$ 842								842
Notional Amount (USD)						$ 23,006						$ 23,006	
Receive Floating (%)						3 mo. EURIBOR							
Pay Fixed Rate (%)						4.45%							
Fair Market Values (USD)						$ 548							548
Notional Amount (USD)							$ 7,036					$ 7,036	
Receive Floating (%)							3 mo. EURIBOR						
Pay Fixed Rate (%)							1.26%						
Fair Market Values (USD)							$ (15)						(15)
Notional Amount (USD)										$ 9,973		$ 9,973	
Receive Floating (%)										3 mo. EURIBOR			
Pay Fixed Rate (%)										1.73%			
Fair Market Values (USD)										$ (73)			(73)
Notional Amount (USD)											$ 11,503	$ 11,503	
Receive Floating (%)											3 mo. EURIBOR		
Pay Fixed Rate (%)											2.22%		
Fair Market Values (USD)											$ (150)		(150)
Interest Rate Swaps (JPY)													
Trade Notional Amount (USD)									$ 141,235			$ 141,235	
Receive Floating (%)									3 mo. JPY TIBOR				
Pay Fixed Rate (%)									0.60%				
Fair Market Value (USD)									$ (389)				(389)
Interest Rate Caps (USD)													
Trade Notional Amount				$ 7,319								$ 7,319	
Underlying Rate				1 mo. US LIBOR									
Strike Price				3.15%									
Fair Market Value				$ —									$ —
Trade Notional Amount								$ 26,145				$ 26,145	
Underlying Rate								1 mo. US LIBOR					
Strike Price								4.25%					
Fair Market Value								$ 18					$ 18
Foreign Exchange Forward Contracts													
FX Forward Contract, Euro													
Trade Notional Amount (USD)			$ 290,192									$ 290,192	
Forward Strike Rate			1.2260										
Valuation Key Rate			1.2239										
Fair Market Value (USD)			$ 498										$ 498
FX Forward Contract, CAD													
Trade Notional Amount (USD)			$ 188,005									$ 188,005	
Forward Strike Rate			1.0612										
Valuation Key Rate			1.0650										
Fair Market Value (USD)			$ 669										$ 669
FX Forward Contract, CAD													
Trade Notional Amount (USD)			$ 73,322									$ 73,322	
Forward Strike Rate			1.0612										
Valuation Key Rate			1.0650										
Fair Market Value (USD)			$ 261										$ 261
FX Forward Contract, GBP													
Trade Notional Amount (USD)			$ 25,407									$ 25,407	
Forward Strike Rate			1.4982										
Valuation Key Rate			1.4941										
Fair Market Value (USD)			$ 69										$ 69
												$ 961,227	$ 2,111

International Operations. The company's exposure to market risk also includes foreign currency exchange rate risk. The U.S. dollar is the functional currency for the company's subsidiaries operating in the United States, Mexico and certain subsidiaries in Europe. The functional currency for the company's subsidiaries operating outside the United States, other than Mexico and certain subsidiaries in Europe, is generally the local currency of the country in which the entity or property is located, mitigating the effect of foreign exchange gains and losses. 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. The gains (losses) resulting from the translation are included in accumulated other comprehensive income as a separate component of stockholders' equity for the parent company or partners' capital for the operating partnership and totaled $10.8 million and $(34.5) million for the six months ended June 30, 2010 and 2009, respectively.

The company's international 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. 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. For the three months ended June 30, 2010 and 2009, total unrealized and realized gains from remeasurement and translation included in the company's results of operations were $2.6 million and $1.5 million, respectively. For the six months ended June 30, 2010 and 2009, total unrealized and realized gains from remeasurement and translation included in the company's results of operations were $1.6 million and $6.2 million, respectively.

Item 4.

Controls and Procedures (AMB Property Corporation)

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

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

There have been no changes in the parent company's internal control over financial reporting during its most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Controls and Procedures (AMB Property, L.P.)

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

As required by Rule 13a-15(b) or Rule 15d-15(b) of the Securities Exchange Act of 1934, as amended, management of the operating partnership carried out an evaluation, under the supervision and with participation of the chief executive officer and chief financial officer of its general partner, of the effectiveness of the design and operation of its disclosure controls and procedures that were in effect as of the end of the quarter covered by this report. Based on the foregoing, the chief executive officer and chief financial officer of the operating partnership's general partner each concluded that its disclosure controls and procedures were effective at the reasonable assurance level.

There have been no changes in the operating partnership's internal control over financial reporting during its most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II

Item 1. ***Legal Proceedings***

As of June 30, 2010, there were no material pending legal proceedings to which the parent company, the operating partnership or the company is a party or of which any of its properties is the subject, the determination of which the company anticipates would have a material effect upon its financial condition and results of operations.

Item 1A. ***Risk Factors***

The risk factors discussed under the heading "Risk Factors" and elsewhere in the Annual Report on Form 10-K for the parent company and the operating partnership for the year ended December 31, 2009, and any amendments thereto, continue to apply to the company's business.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

None.

Item 3. ***Defaults Upon Senior Securities***

None.

Item 4. ***(Removed and Reserved)***

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

Unless otherwise indicated below, the Commission file number to the exhibit is No. 001-13545.

Exhibit Number	Description
4.1	Registration Rights Agreement dated November 26, 1997 among AMB Property Corporation and the persons named therein.
31.1	Rule 13a-14(a)/15d-14(a) Certifications dated August 3, 2010 for AMB Property Corporation.
31.2	Rule 13a-14(a)/15d-14(a) Certifications dated August 3, 2010 for AMB Property, L.P.
32.1	18 U.S.C. § 1350 Certifications dated August 3, 2010 for AMB Property Corporation. The certifications in this exhibit are being furnished solely to accompany this report pursuant to 18 U.S.C. § 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any of the parent company's filings, whether made before or after the date hereof, regardless of any general incorporation language in such filing.
32.2	18 U.S.C. § 1350 Certifications dated August 3, 2010 for AMB Property, L.P. The certifications in this exhibit are being furnished solely to accompany this report pursuant to 18 U.S.C. § 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any of the operating partnership's filings, whether made before or after the date hereof, regardless of any general incorporation language in such filing.
101	The following materials from the Quarterly Reports on Form 10-Q of AMB Property Corporation and AMB Property, L.P. for the period ended June 30, 2010 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statement of Equity, (iv) the Consolidated Statement of Capital, (v) the Consolidated Statements of Cash Flows, and (vi) related notes to these financial statements, tagged as blocks of text.

AMB PROPERTY CORPORATION

SIGNATURES

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

AMB PROPERTY CORPORATION

Registrant

By: /s/ Hamid R. Moghadam
Hamid R. Moghadam
Chairman of the Board and
Chief Executive Officer
(Duly Authorized Officer and
Principal Executive Officer)

By: /s/ Thomas S. Olinger
Thomas S. Olinger
Chief Financial Officer
(Duly Authorized Officer and Principal
Financial Officer)

By: /s/ Nina A. Tran
Nina A. Tran
Senior Vice President and
Chief Accounting Officer
(Duly Authorized Officer and Principal
Accounting Officer)

Date: August 3, 2010

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AMB PROPERTY, L.P.

SIGNATURES

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

AMB PROPERTY, L.P., REGISTRANT

By: AMB Property Corporation,
its general partner

By: /s/ Hamid R. Moghadam

Hamid R. Moghadam
Chairman of the Board and
Chief Executive Officer
(Duly Authorized Officer and
Principal Executive Officer)

By: /s/ Thomas S. Olinger

Thomas S. Olinger
Chief Financial Officer
(Duly Authorized Officer and Principal
Financial Officer)

By: /s/ Nina A. Tran

Nina A. Tran
Senior Vice President and
Chief Accounting Officer
(Duly Authorized Officer and Principal
Accounting Officer)

Date: August 3, 2010

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT, dated as of November 26, 1997, is entered into by and among AMB Property Corporation, a Maryland corporation (the “Company” or the “REIT”), AMB Property, L.P., a Delaware limited partnership (the “Operating Partnership”), and the unit holders whose names are set forth on the signature pages hereto (each, a “Unit Holder” and collectively, the “Unit Holders”).

RECITALS

WHEREAS, in connection with the initial public offering of shares of the Company’s common stock, par value $.01 per share (the “Common Stock”), the Company, the Operating Partnership and the Unit Holders as the parties which hold ownership interests in certain industrial properties, retail properties and other assets (the “Properties”) will engage in certain formation transactions whereby the Unit Holders will contribute to the Operating Partnership their interests in the Properties;

WHEREAS, the Unit Holders will receive units of limited partnership interests (“OP Units”) in the Operating Partnership in exchange for their respective interests in the Properties and the Company will be the general partner of the Operating Partnership;

WHEREAS, pursuant to the Partnership Agreement (as defined below), OP Units owned by the Unit Holders will be redeemable for cash or exchangeable for shares of Common Stock of the Company upon the terms and subject to the conditions contained therein; and

WHEREAS, the Unit Holders are willing to contribute their respective interests in the Properties in consideration of receiving the registration rights provided for in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.1. Definitions. In addition to the definitions set forth above, the following terms, as used herein, have the following meanings:

“Affiliate” of any Person means any other Person directly or indirectly controlling or controlled by or under common control with such Person. For the purposes of this definition, “control” when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

"Agreement" means this Registration Rights Agreement, as it may be amended, supplemented or restated from time to time.

"Articles of Incorporation" means the Articles of Incorporation of the Company as filed with the Secretary of State of the State of Maryland on November 24, 1997, as the same may be amended, modified or restated from time to time.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York or San Francisco, California are authorized by law to close.

"Code" means the Internal Revenue Code of 1986, as amended from time to time or any successor statute thereto, as interpreted by the applicable regulations thereunder.

"Commission" means the Securities and Exchange Commission.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchangeable OP Units" means OP Units which may be redeemable for cash or exchangeable for Common Stock pursuant to Section 8.6 of the Partnership Agreement (without regard to any limitations on the exercise of such exchange right as a result of the Ownership Limit Provisions, as defined below).

"General Partner" means the Company or its successors as general partner of the Operating Partnership.

"Holder" means any Unit Holder who is the record or beneficial owner of any Registrable Security or any assignee or transferee of such Registrable Security (including assignments or transfers of Registrable Securities to such assignees or transferees as a result of the foreclosure on any loans secured by such Registrable Securities) unless such Registrable Security is acquired in a public distribution pursuant to a registration statement under the Securities Act or pursuant to transactions exempt from registration under the Securities Act, in each such case where securities sold in such transaction may be resold without subsequent registration under the Securities Act.

"Incapacitated" shall have the meaning set forth in the Partnership Agreement.

"Initial Public Offering" means the offering of the Company's Common Stock pursuant to the Form S-11 Registration Statement (No. 333-35915) filed by the Company with the Commission under the Securities Act.

"Ownership Limit Provisions" mean the various provisions of the Articles of Incorporation set forth in Article IV thereof restricting the ownership of Common Stock by certain Persons to specified percentages of the outstanding Common Stock.

"Partnership Agreement" means the amended and restated agreement of limited partnership of the Operating Partnership dated as of November 21, 1997, as the same may be amended, modified or restated from time to time.

"Person" means an individual or a corporation, partnership, limited liability company, association, trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"REIT" means a real estate investment trust under Section 856 through Section 860 of the Code.

"Registrable Securities" means shares of Common Stock of the Company at any time owned, either of record or beneficially, by any Holder issued upon exchange of Exchangeable OP Units until (i) a registration statement covering such securities has been declared effective by the Commission and such shares have been sold or transferred pursuant to such effective registration statement, (ii) such shares are sold under circumstances in which all of the applicable conditions of Rule 144 are met or under which such shares may be sold pursuant to Rule 144(k) under the Securities Act or (iii) such shares have been otherwise transferred in a transaction that would constitute a sale thereof under the Securities Act, the Company has delivered a new certificate or other evidence of ownership for such shares not bearing the Securities Act restricted stock legend and such shares may be resold without subsequent registration under the Securities Act.

"Rule 144" means Rule 144 under the Securities Act, as amended from time to time (or any successor statute).

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

"Selling Holder" means a Holder who is selling Registrable Securities pursuant to a registration statement under the Securities Act pursuant to this Agreement.

"Underwriter" means a securities dealer who purchases any Registrable Securities as principal and not as part of such dealer's market-making activities.

ARTICLE II
REGISTRATION RIGHTS

SECTION 2.1. Shelf Registration. The Company shall prepare and file, and use its reasonable efforts to cause to become effective, on or as soon as practicable after the first anniversary of the date that the Common Stock is first offered to the public in the Initial Public Offering (the "IPO Date") a "shelf" registration statement with respect to shares of Common Stock issuable upon the exchange of Exchangeable OP Units covering the issuance by the Company and the resale thereof by the Holders on an appropriate form for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act (the "Shelf Registration Statement") and shall use its best efforts to cause the Shelf Registration Statement to be declared effective on or as soon as practicable after such first anniversary, and to keep such Shelf Registration Statement continuously effective for a period ending when all Registrable Securities covered by the Shelf Registration Statement have been issued and resold.

SECTION 2.2. Limitation on Resales. Notwithstanding anything contained herein, prior to the date upon which shares of Common Stock issued as of the IPO Date would be eligible for resale under Rule 144(k) under the Securities Act, as such Rule may be amended from time to time (or any similar rule or regulation hereafter adopted by the Commission), each holder agrees to limit resales of Registrable Securities under a Shelf Registration Statement, to the number of shares of Registrable Securities which otherwise would be eligible for resale by such Selling Stockholder pursuant to Rule 144, assuming such Registrable Securities were issued as of the IPO Date.

SECTION 2.3. Registration Procedures; Filings; Information. In connection with any Shelf Registration Statement under Section 2.1 hereof, the Company will use its best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof as quickly as practicable, and in connection with any such request:

(a) The Company will as expeditiously as possible prepare and file with the Commission a registration statement on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and use its best efforts to cause such filed registration statement to become and remain effective for a period of not less than 180 days or in the case of a Shelf Registration Statement as provided in Section 2.1 hereof.

(b) The Company will, if requested, prior to filing a registration statement or prospectus or any amendment or supplement thereto, furnish to each Selling Holder and each Underwriter, if any, of the Registrable Securities covered by such registration statement or prospectus copies of such registration statement or prospectus or any amendment or supplement thereto as proposed to be filed, and thereafter furnish to such Selling Holder and Underwriter, if any, one conformed copy of such registration statement, each amendment thereof and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein; *provided,* that each such exhibit need only be provided once), and such number of copies of the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such Selling Holder or Underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Selling Holder.

(c) After the filing of the registration statement, the Company will promptly notify each Selling Holder of Registrable Securities covered by such registration statement of any stop order issued or threatened by the Commission and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered.

(d) The Company will use its best efforts to (i) register or qualify the Registrable Securities under such other securities or blue sky laws of such jurisdictions in the United States (where an exemption is not available) as any Selling Holder or managing Underwriter or Underwriters, if any, reasonably (in light of such Selling Holder's intended plan of distribution) requests and (ii) cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company and do any and all other acts and things that may be reasonably necessary or advisable to enable such Selling Holder to consummate the disposition of the Registrable Securities owned by such Selling Holder; *provided* that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (d), (B) subject itself to taxation in any such jurisdiction or (C) consent to general service of process in any such jurisdiction.

(e) The Company will promptly notify each Selling Holder of such Registrable Securities, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the occurrence of an event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances then existing, not misleading and promptly make available to each Selling Holder a reasonable number of copies of any such supplement or amendment.

(f) The Company will enter into customary agreements (including an underwriting agreement, if any, in customary form) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities.

(g) The Company will make available for inspection by any Selling Holder of such Registrable Securities, any Underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other professional retained by any such Selling Holder or Underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company (collectively, the "Records") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information reasonably requested by any Inspectors in connection with such registration statement. Records which the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors unless (i) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in such registration statement or (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction. Each Selling Holder of such Registrable Securities agrees that information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any market transactions in the securities of the Company or its Affiliates or otherwise disclosed by it unless and until such is made generally available to the public. Each Selling Holder of such Registrable Securities further agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential.

(h) The Company will otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its securityholders, as soon as reasonably practicable, an earnings statement covering a period of twelve (12) months, beginning within three (3) months after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 of the Commission promulgated thereunder (or any successor rule or regulation hereafter adopted by the Commission).

(i) The Company will use its best efforts to cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed.

The Company may require, as a condition precedent to the obligations of the Company under the Agreement, each Selling Holder of Registrable Securities to promptly furnish in writing to the Company such information regarding such selling Holder, the Registrable Securities held by it and the intended method of distribution of the Registrable Securities as the Company may from time to time reasonably request and such other information as may be legally required in connection with such registration.

Each Selling Holder agrees that, upon receipt of any notice from the Company of, or such Selling Holder obtains knowledge of, the happening of any event of the kind described in Section 2.3(e) hereof, such Selling Holder will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement and prospectus covering such Registrable Securities until such Selling Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.3(e) hereof, and, if so directed by the Company, such Selling Holder will deliver to the Company all copies, other than permanent file copies then in such Selling Holder's possession, of the most recent prospectus and each amendment thereof and supplement thereto covering such Registrable Securities at the time of receipt of such notice. Each Selling Holder of Registrable Securities agrees that it will immediately notify the Company at any time when a prospectus relating to the registration of such Registrable Securities is required to be delivered under the Securities Act of the happening of an event known to such Selling Holder as a result of which information previously furnished by such Selling Holder to the Company in writing for inclusion in such prospectus contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. In the event the Company shall give such notice, the Company shall extend the period during which such registration statement shall be maintained effective (including the period referred to in Section 2.3(a) hereof) by the number of days during the period from and including the date of the giving of notice pursuant to Section 2.3(e) hereof to the date when the Company shall make available to the Selling Holders of Registrable Securities covered by such registration statement a prospectus supplemented or amended to conform with the requirements of Section 2.3(e) hereof.

SECTION 2.4. Registration Expenses. In connection with any registration statement required to be filed hereunder, the Company shall pay the following registration expenses incurred in connection with the registration hereunder (the "Registration Expenses"): (i) all registration and filing fees, (ii) fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), (iii) printing expenses, (iv) internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (v) the fees and expenses incurred in connection with the listing of the Registrable Securities on each securities exchange on which similar securities issued by the Company are then listed, (vi) reasonable fees and disbursements of counsel for the Company and customary fees and expenses for independent certified public accountants retained by the Company and (vii) the reasonable fees and expenses of any special experts retained by the

Company in connection with such registration. The Company shall have no obligation to pay any underwriting fees, discounts or commissions attributable to the sale of Registrable Securities, or any out-of-pocket expenses of the Holders (or the agents who manage their accounts) or any transfer taxes relating to the registration or sale of the Registrable Securities.

SECTION 2.5. Indemnification by the Company. The Company agrees to indemnify and hold harmless each Selling Holder of Registrable Securities, its officers, directors and agents, and each Person, if any, who controls such Selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in any registration statement or prospectus relating to the Registrable Securities (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any preliminary prospectus, 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, in light of the circumstances in which they were made, 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 furnished in writing to the Company by such Selling Holder or on such Selling Holder's behalf expressly for inclusion therein. The Company also agrees to indemnify any Underwriters of the Registrable Securities, their officers and directors and each Person who controls such Underwriters within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act on substantially the same basis as that of the indemnification of the Selling Holders provided in this Section 2.5, *provided* that the foregoing indemnity with respect to any preliminary prospectus shall not inure to the benefit of any Underwriter of the Registrable Securities from whom the person asserting any such losses, claims, damages or liabilities purchased the Registrable Securities which are the subject thereof if such person did not receive a copy of the prospectus (or the prospectus as supplemented) at or prior to the confirmation of the sale of such Registrable Securities to such person in any case where such delivery is required by the Securities Act and the untrue statement or omission of a material fact contained in such preliminary prospectus was corrected in the prospectus (or the prospectus as supplemented).

SECTION 2.6. Indemnification by Holders of Registrable Securities. Each Selling Holder agrees, severally but not jointly, to indemnify and hold harmless the Company, its officers, directors and agents and each Person, if any, who controls the Company 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 indemnity from the Company to such Selling Holder, but only with respect to information relating to such Selling Holder furnished in writing by such Selling Holder or on such Selling Holder's behalf expressly for use in any registration statement or prospectus relating to the Registrable Securities, or any amendment or supplement thereto, or any preliminary prospectus. In case any action or proceeding shall be brought against the Company or its officers, directors or agents or any such controlling person, in respect of which indemnity may be sought against such Selling Holder, such Selling Holder shall have the rights and duties given to the Company, and the Company or its officers, directors or agents or such controlling person shall have the rights and duties given to such Selling Holder, by Section 2.5 hereof. Each Selling Holder also agrees to indemnify and hold harmless Underwriters of the Registrable Securities, their officers and directors and each Person who controls such Underwriters within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act on substantially the same basis as that of the indemnification of the Company provided in this Section 2.6.

SECTION 2.7. Conduct of Indemnification Proceedings. In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Sections 2.5 or 2.6 hereof, such person (an "Indemnified Party") shall promptly notify the person against whom such indemnity may be sought (an "Indemnifying Party") in writing and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party, and shall assume the payment of all fees and expenses. 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 Indemnified Party and the Indemnifying 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 connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for all such Indemnified Parties, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Indemnified Parties, such firm shall be designated in writing by (i) in the case of Persons indemnified pursuant to Section 2.5 hereof, by the Selling Holders which owned a majority of the Registrable Securities sold under the applicable registration statement and (ii) in the case of Persons indemnified pursuant to Section 2.6 hereof, the Company. 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 shall indemnify and hold harmless such Indemnified Parties from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Party shall have requested an Indemnifying Party to reimburse the Indemnified Party for fees and expenses of counsel as contemplated by the third sentence 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 thirty (30) Business 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 the Indemnified Party, effect any settlement of any pending or threatened proceeding in 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 arising out of such proceeding.

SECTION 2.8. Contribution. If the indemnification provided for in Sections 2.5 or 2.6 hereof is unavailable to an Indemnified Party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (i) as between the Company and the Selling Holders on the one hand and the Underwriters on the other, in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Holders on the one hand and the Underwriters on the other from the offering of the securities, or if such allocation is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits but also the relative fault of the Company and the Selling Holders on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations and (ii) as between the Company on the one hand and each Selling Holder on the other, in such proportion as is appropriate to reflect the relative fault of the Company and of each Selling Holder in connection with such statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Holders on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by the Company and the Selling Holders bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the prospectus. The relative fault of the Company and the Selling Holders on the one hand and of the Underwriters on the other 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 Company and the Selling Holders or by the Underwriters. The relative fault of the Company on the one hand and of each Selling Holder on the other 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 Company or such Selling Holder, and the Company's and the Selling Holder's relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Selling Holders agree that it would not be just and equitable if contribution pursuant to this Section 2.8 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in Sections 2.5 and 2.6 hereof 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 2.8, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no Selling Holder shall be required to contribute any amount in excess of the amount by which the total price at which the securities of such Selling Holder were offered to the public exceeds the amount of any damages which such Selling Holder 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 Selling Holder's obligations to contribute pursuant to this Section 2.8 are several in the proportion that the proceeds of the offering received by such Selling Holder bears to the total proceeds of the offering received by all the Selling Holders and not joint.

SECTION 2.9. Participation in Underwritten Registrations. No Person may participate in any underwritten registration hereunder unless such Person (a) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents in customary form and reasonably required under the terms of such underwriting arrangements and these registration rights provided for in this Article II.

SECTION 2.10. Rule 144. The Company covenants that it will file any reports required to be filed by it under the Securities Act and the Exchange Act and that it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable Holders to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144, or (b) any similar rule or regulation hereafter adopted by the Commission. Upon the request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

SECTION 2.11. Holdback Agreements.

(a) If the Company determines in its good faith judgment that the filing of the Shelf Registration Statement under Section 2.1 hereof or the use of any related prospectus would require the disclosure of non-public material information that the Company has a bona fide business purpose for preserving as confidential or the disclosure of which would impede the Company's ability to consummate a material transaction, and that the Company is not otherwise required by applicable securities laws or regulations to disclose, upon written notice of such determination by the Company, the rights of the Holders to offer, sell or distribute any Registrable Securities pursuant to the Shelf Registration Statement or to require the Company to take action with respect to the registration or sale of any Registrable Securities pursuant to the Shelf Registration Statement shall be suspended until the earlier of (i) the date upon which the Company notifies the Holders in writing that suspension of such rights for the grounds set forth in this Section 2.11(b) is no longer necessary and (ii) 180 days. The Company agrees to give such notice as promptly as practicable following the date that such suspension of rights is no longer necessary.

(b) If all reports required to be filed by the Company pursuant to the Exchange Act have not been filed by the required date without regard to any extension, or if the consummation of any business combination by the Company has occurred or is probable for purposes of Rule 3-05 or Article 11 of Regulation S-X under the Act, upon written notice thereof by the Company to the Holders, the rights of the Holders to offer, sell or distribute any Registrable Securities pursuant to the Shelf Registration Statement or to require the Company to take action with respect to the registration or sale of any Registrable Securities pursuant to the Shelf Registration Statement shall be suspended until the date on which the Company has filed such reports or obtained and filed the financial information required by Rule 3-05 or Article 11 of Regulation S-X to be included or incorporated by reference, as applicable, in the Shelf

Registration Statement, and the Company shall notify the Holders as promptly as practicable when such suspension is no longer required.

ARTICLE III
MISCELLANEOUS

SECTION 3.1. New York Stock Exchange Listing. In the event that the Company shall issue any Common Stock in exchange for OP Units pursuant to Section 8.6 of the Partnership Agreement, then in any such case the Company agrees to cause any such shares of Common Stock to be listed on the New York Stock Exchange (or, if the Common Stock is not then listed on the New York Stock Exchange, such other national securities exchange or quotation service upon which such shares are then listed or quoted) prior to or concurrently with the issuance thereof by the Company.

SECTION 3.2. Remedies. In addition to being entitled to exercise all rights provided herein and granted by law, including recovery of damages, the Holders shall be entitled to specific performance of the rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

SECTION 3.3. Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given without the prior written consent of the Company and the Holders or any such Holder’s representative if any such Holder is Incapacitated. No failure or delay by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon any breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

SECTION 3.4. Notices. All notices and other communications in connection with this Agreement shall be made in writing by hand delivery, registered first-class mail, telex, telecopier, or air courier guaranteeing overnight delivery:

(1) if to any Unit Holder, initially c/o AMB Property Corporation, 505 Montgomery Street, San Francisco, California 94111 (Attention: President and Chief Executive Officer), or to such other address and to such other Persons as the Unit Holders may hereafter specify in writing; and

(2) if to the Company, initially at 505 Montgomery Street, San Francisco, California 94111 (Attention: President and Chief Executive Officer), or to such other address as the Company may hereafter specify in writing.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; when received if deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

SECTION 3.5. Successors and Assigns. Except as expressly provided in this Agreement, the rights and obligations of the Holders under this Agreement shall not be assignable by any Holder to any Person that is not a Holder. This Agreement shall be binding upon the parties hereto and their respective successors and assigns.

SECTION 3.6. Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

SECTION 3.7. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California without regard to the choice of law provisions thereof.

SECTION 3.8. Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

SECTION 3.9. Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

SECTION 3.10. Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

SECTION 3.11. No Third Party Beneficiaries. Nothing express or implied herein is intended or shall be construed to confer upon any person or entity, other than the parties hereto and their respective successors and assigns, any rights, remedies or other benefits under or by reason of this Agreement.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

AMB PROPERTY CORPORATION,
a Maryland corporation

By: /s/ S. Davis Carniglia
S. Davis Carniglia
Managing Director, General Counsel,
Chief Financial Officer and Secretary

AMB PROPERTY, L.P., a Delaware limited partnership

By: AMB Property Corporation,
its general partner

By: /s/ S. Davis Carniglia
S. Davis Carniglia
Managing Director, General Counsel, Chief
Financial Officer and Secretary

UNIT HOLDERS

FIRST ALLMERICA LIFE INSURANCE COMPANY
LAUNCE E. GAMBLE
GEORGE F. GAMBLE
HOLBROOK W. GOODALE 1954 TRUST
CHARLES R. WICHMAN 1954 TRUST
FREDERICK B. WICHMAN 1954 TRUST
HOLBROOK W. GOODALE 1957 TRUST
CHARLES R. WICHMAN 1957 TRUST
FREDERICK B. WICHMAN 1957 TRUST
HOLBROOK W. GOODALE 1958 TRUST
CHARLES R. WICHMAN 1958 TRUST
FREDERICK B. WICHMAN 1958 TRUST
DAVID J. BROWN
THE DUNCAN 1982 REVOCABLE TRUST
DATED APRIL 21, 1982
DANIEL M. SARHAD
GP MET PHASE I 95, LTD.
GP MET 4/12, LTD.

By: /s/ S. Davis Carniglia
S. Davis Carniglia
Attorney-In-Fact

AMB PROPERTY CORPORATION

EXHIBIT 31.1

CERTIFICATIONS

I, Hamid R. Moghadam, certify that:

(1) I have reviewed this quarterly report on Form 10-Q 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 officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) 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

d) 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 officer 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: August 3, 2010

By: /s/ HAMID R. MOGHADAM
Hamid R. Moghadam
Chairman of the Board and Chief Executive Officer

AMB PROPERTY CORPORATION

I, Thomas S. Olinger, certify that:

(1) I have reviewed this quarterly report on Form 10-Q 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 officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) 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

d) 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 officer 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: August 3, 2010

By: /s/ THOMAS S. OLINGER
Thomas S. Olinger
Chief Financial Officer

AMB PROPERTY, L.P.

EXHIBIT 31.2

CERTIFICATIONS

I, Hamid R. Moghadam, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of AMB Property, L.P.;

(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 officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) 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

d) 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 officer 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: August 3, 2010

By: /s/ HAMID R. MOGHADAM
Hamid R. Moghadam
Chairman of the Board and
Chief Executive Officer of AMB Property Corporation

AMB PROPERTY, L.P.

I, Thomas S. Olinger, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of AMB Property, L.P.;

(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 officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) 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

d) 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 officer 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: August 3, 2010

By: /s/ THOMAS S. OLINGER
Thomas S. Olinger
Chief Financial Officer of AMB Property Corporation

AMB PROPERTY CORPORATION

EXHIBIT 32.1

Certification of Chief Executive Officer and Chief Financial Officer

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

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2010 (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.

Date: August 3, 2010

/s/ HAMID R. MOGHADAM
Hamid R. Moghadam
Chairman of the Board and
Chief Executive Officer

/s/ THOMAS S. OLINGER
Thomas S. Olinger
Chief Financial Officer

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

AMB PROPERTY, L.P.

EXHIBIT 32.2

Certification of Chief Executive Officer and Chief Financial Officer

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

(i) the accompanying Quarterly Report on Form 10-Q of the Operating Partnership for the quarterly period ended June 30, 2010 (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 Operating Partnership.

Date: August 3, 2010

/s/ HAMID R. MOGHADAM
Hamid R. Moghadam
Chairman of the Board and
Chief Executive Officer

/s/ THOMAS S. OLINGER
Thomas S. Olinger
Chief Financial Officer

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