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 March 31, 2011

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.)**	**94-3281941 (AMB Property Corporation)** **94-3285362 (AMB Property, L.P.)**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
Pier 1, Bay 1, San Francisco, California	**94111**
(Address of Principal Executive Offices)	*(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 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 May 5, 2011, there were 169,576,043 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 March 31, 2011 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 March 31, 2011, the parent company owned an approximate 98.2% general partnership interest in the operating partnership, excluding preferred units. The remaining approximate 1.8% common limited partnership interests are owned by non-affiliated investors and certain current and former directors and officers of the parent company. As of March 31, 2011, 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;
  - 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 Part I, Item 4. Controls and Procedures sections and separate Exhibits 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 March 31, 2011 and December 31, 2010

	March 31, 2011	December 31, 2010
	(Unaudited, dollars in thousands)	
ASSETS		
Investments in real estate:		
Land	$ 1,395,140	$ 1,396,321
Land held for development	680,278	672,883
Buildings and improvements	4,721,059	4,808,667
Construction in progress	44,812	28,305
Total investments in properties	6,841,289	6,906,176
Accumulated depreciation and amortization	(1,313,547)	(1,268,093)
Net investments in properties	5,527,742	5,638,083
Investments in unconsolidated joint ventures	911,003	883,241
Properties held for sale or contribution, net	346,242	242,098
Net investments in real estate	6,784,987	6,763,422
Cash and cash equivalents	203,626	198,424
Restricted cash	31,662	29,991
Accounts receivable, net of allowance for doubtful accounts of $8,735 and $9,551, respectively	170,867	167,735
Deferred financing costs, net	34,931	38,079
Other assets	194,690	175,244
Total assets	$ 7,420,763	$ 7,372,895
LIABILITIES AND EQUITY		
Liabilities:		
Debt:		
Secured debt	$ 961,264	$ 962,434
Unsecured senior debt	1,639,823	1,685,956
Unsecured credit facilities	402,784	268,933
Other debt	422,180	413,976
Total debt	3,426,051	3,331,299
Security deposits	56,420	57,555
Dividends payable	3,330	51,400
Accounts payable and other liabilities	234,869	230,519
Total liabilities	3,720,670	3,670,773
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, 169,550,704 and 168,736,081 issued and outstanding, respectively	1,692	1,684
Additional paid-in capital	3,034,593	3,071,134
Retained deficit	(9,519)	(17,695)
Accumulated other comprehensive income	52,554	42,188
Total stockholders' equity	3,302,732	3,320,723
Noncontrolling interests:		
Joint venture partners	342,514	325,590
Limited partnership unitholders	54,847	55,809
Total noncontrolling interests	397,361	381,399
Total equity	3,700,093	3,702,122
Total liabilities and equity	$ 7,420,763	$ 7,372,895

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

AMB PROPERTY CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months Ended March 31, 2011 and 2010

	2011	2010
	(Unaudited, dollars in thousands, except share and per share amounts)	
REVENUES		
Rental revenues	$ 158,085	$ 146,645
Private capital revenues	7,683	7,445
Total revenues	165,768	154,090
COSTS AND EXPENSES		
Property operating costs	(31,256)	(28,093)
Real estate taxes	(20,806)	(20,025)
Depreciation and amortization	(54,986)	(47,381)
General and administrative	(30,661)	(31,951)
Restructuring charges	—	(2,973)
Merger transaction costs	(3,697)	—
Fund costs	(241)	(314)
Other expenses	(946)	(1,191)
Total costs and expenses	(142,593)	(131,928)
OTHER INCOME AND EXPENSES		
Development profits, net of taxes	—	4,803
Equity in earnings of unconsolidated joint ventures, net	7,800	3,875
Other income	1,238	289
Interest expense, including amortization	(34,942)	(32,589)
Total other income and expenses, net	(25,904)	(23,622)
Loss from continuing operations	(2,729)	(1,460)
Discontinued operations:		
Income attributable to discontinued operations	870	840
Development profits, net of taxes	1,637	—
Gains from sale of real estate interests, net of taxes	14,544	—
Total discontinued operations	17,051	840
Net income (loss)	14,322	(620)
Noncontrolling interests' share of net (income) loss:		
Joint venture partners' share of net (income) loss	(2,049)	375
Joint venture partners' and limited partnership unitholders' share of development profits, net of taxes	(29)	(106)
Limited partnership unitholders	(116)	200
Total noncontrolling interests' share of net (income) loss	(2,194)	469
Net income (loss) attributable to AMB Property Corporation	12,128	(151)
Preferred stock dividends	(3,952)	(3,952)
Allocation to participating securities	(355)	(344)
Net income (loss) available to common stockholders	$ 7,821	$ (4,447)
Basic income (loss) per common share attributable to common stockholders		
Loss from continuing operations (after preferred stock dividends)	$ (0.05)	$ (0.04)
Discontinued operations	0.10	0.01
Net income (loss) available to common stockholders	$ 0.05	$ (0.03)
Diluted income (loss) per common share attributable to common stockholders		
Loss from continuing operations (after preferred stock dividends)	$ (0.05)	$ (0.04)
Discontinued operations	0.10	0.01
Net income (loss) available to common stockholders	$ 0.05	$ (0.03)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	168,099,995	148,666,418
Diluted	168,099,995	148,666,418

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

AMB PROPERTY CORPORATION

CONSOLIDATED STATEMENT OF EQUITY
For the Three Months Ended March 31, 2011
(Unaudited, Dollars in thousands)

	Preferred Stock	Common Stock		Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
		Number of Shares	Amount					
Balance as of December 31, 2010	$ 223,412	168,736,081	$ 1,684	$ 3,071,134	$ (17,695)	$ 42,188	$ 381,399	$ 3,702,122
Net income	3,952	—	—	—	8,176	—	2,194	
Unrealized gain (loss) on securities and derivatives	—	—	—	—	—	8,802	(281)	
Currency translation adjustment	—	—	—	—	—	1,564	—	
Total comprehensive income								24,407
Contributions	—	—	—	—	—	—	18,381	18,381
Distributions and allocations	—	—	—	—	—	—	(3,225)	(3,225)
Stock-based compensation amortization and issuance of restricted stock, net	—	519,408	5	6,616	—	—	—	6,621
Exercise of stock options	—	493,986	5	11,754	—	—	—	11,759
Conversion of partnership units	—	18,750	—	—	—	—	—	—
Forfeiture of stock	—	(217,521)	(2)	(7,890)	—	—	—	(7,892)
Reallocation of partnership interest	—	—	—	261	—	—	(261)	—
Dividends	(3,952)	—	—	(47,282)	—	—	(846)	(52,080)
Balance as of March 31, 2011	$ 223,412	169,550,704	$ 1,692	$ 3,034,593	$ (9,519)	$ 52,554	$ 397,361	$ 3,700,093

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

AMB PROPERTY, CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2011 and 2010

	2011	2010
	(Unaudited, dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 14,322	$ (620)
Adjustments to net income (loss):		
Straight-line rents and amortization of lease intangibles	(5,972)	(4,289)
Depreciation and amortization	54,986	47,381
Foreign exchange losses	928	2,837
Stock-based compensation amortization	6,621	6,812
Equity in earnings of unconsolidated joint ventures	(7,800)	(3,875)
Operating distributions received from unconsolidated joint ventures	7,838	5,316
Development profits, net of taxes	—	(4,803)
Debt premiums, discounts and finance cost amortization, net	3,887	3,341
Discontinued operations:		
Depreciation and amortization	28	1,279
Development profits, net of taxes	(1,637)	—
Gains from sale of real estate interests, net of taxes	(14,544)	—
Changes in assets and liabilities:		
Accounts receivable and other assets	1,240	(1,369)
Accounts payable and other liabilities	1,830	18,055
Net cash provided by operating activities	61,727	70,065
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in restricted cash	(2,072)	(3,085)
Cash paid for property acquisitions	—	(160)
Additions to land, buildings, development costs, building improvements and lease costs	(111,927)	(53,361)
Net proceeds from divestiture of real estate and securities	93,657	22,408
Additions to interests in unconsolidated joint ventures	(25,543)	(153,211)
Repayments from affiliates	—	4,157
Net cash used in investing activities	(45,885)	(183,252)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock option exercises	7,990	1,548
Borrowings on secured debt	831	4,903
Payments on secured debt	(4,719)	(134,070)
Borrowings on other debt	—	4,300
Payments on other debt	—	(4,183)
Borrowings on unsecured credit facilities	325,015	308,252
Payments on unsecured credit facilities	(189,074)	(67,443)
Payment of financing fees	(195)	(431)
Payments on senior debt	(44,000)	—
Forfeiture of stock	(4,123)	—
Contributions from noncontrolling interests	18,192	3,509
Dividends paid to common and preferred stockholders	(99,304)	(45,644)
Distributions to noncontrolling interests, including preferred units	(2,988)	(3,361)
Net cash provided by financing activities	7,625	67,380
Net effect of exchange rate changes on cash	(18,265)	12,027
Net increase (decrease) in cash and cash equivalents	5,202	(33,780)
Cash and cash equivalents at beginning of period	198,424	187,169
Cash and cash equivalents at end of period	$ 203,626	$ 153,389
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest, net of capitalized interest	$ 21,230	$ 15,994
Non-cash transactions:		
Proceeds receivable for insured real estate loss	$ 1,549	$ —
Non-cash stock option exercises	$ 3,769	$ —

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

AMB PROPERTY, L.P.

CONSOLIDATED BALANCE SHEETS
As of March 31, 2011 and December 31, 2010

	March 31, 2011	December 31, 2010
	(Unaudited, dollars in thousands)	
ASSETS		
Investments in real estate:		
Land	$ 1,395,140	$ 1,396,321
Land held for development	680,278	672,883
Buildings and improvements	4,721,059	4,808,667
Construction in progress	44,812	28,305
Total investments in properties	6,841,289	6,906,176
Accumulated depreciation and amortization	(1,313,547)	(1,268,093)
Net investments in properties	5,527,742	5,638,083
Investments in unconsolidated joint ventures	911,003	883,241
Properties held for sale or contribution, net	346,242	242,098
Net investments in real estate	6,784,987	6,763,422
Cash and cash equivalents	203,626	198,424
Restricted cash	31,662	29,991
Accounts receivable, net of allowance for doubtful accounts of $8,735 and $9,551, respectively	170,867	167,735
Deferred financing costs, net	34,931	38,079
Other assets	194,690	175,244
Total assets	$ 7,420,763	$ 7,372,895
LIABILITIES AND CAPITAL		
Liabilities:		
Debt:		
Secured debt	$ 961,264	$ 962,434
Unsecured senior debt	1,639,823	1,685,956
Unsecured credit facilities	402,784	268,933
Other debt	422,180	413,976
Total debt	3,426,051	3,331,299
Security deposits	56,420	57,555
Distributions payable	3,330	51,400
Accounts payable and other liabilities	234,869	230,519
Total liabilities	3,720,670	3,670,773
Commitments and contingencies (Note 14)		
Capital:		
Partners' capital:		
General partner, 169,321,293 and 168,506,670 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	3,302,732	3,320,723
Limited partners, 2,058,730 and 2,058,730 units outstanding, respectively	37,352	37,773
Total partners' capital	3,340,084	3,358,496
Noncontrolling interests:		
Joint venture partners	342,514	325,590
Class B limited partnership unitholders	17,495	18,036
Total noncontrolling interests	360,009	343,626
Total capital	3,700,093	3,702,122
Total liabilities and capital	$ 7,420,763	$ 7,372,895

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

AMB PROPERTY, L.P.

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months Ended March 31, 2011 and 2010

	2011	2010
	(Unaudited, dollars in thousands, except unit and per unit amounts)	
REVENUES		
Rental revenues	$ 158,085	$ 146,645
Private capital revenues	7,683	7,445
Total revenues	165,768	154,090
COSTS AND EXPENSES		
Property operating expenses	(31,256)	(28,093)
Real estate taxes	(20,806)	(20,025)
Depreciation and amortization	(54,986)	(47,381)
General and administrative	(30,661)	(31,951)
Restructuring charges	—	(2,973)
Merger transaction costs	(3,697)	—
Fund costs	(241)	(314)
Other expenses	(946)	(1,191)
Total costs and expenses	(142,593)	(131,928)
OTHER INCOME AND EXPENSES		
Development profits, net of taxes	—	4,803
Equity in earnings of unconsolidated joint ventures, net	7,800	3,875
Other income	1,238	289
Interest expense, including amortization	(34,942)	(32,589)
Total other income and expenses, net	(25,904)	(23,622)
Loss from continuing operations	(2,729)	(1,460)
Discontinued operations:		
Income attributable to discontinued operations	870	840
Development profits, net of taxes	1,637	—
Gains from sale of real estate interests, net of taxes	14,544	—
Total discontinued operations	17,051	840
Net income (loss)	14,322	(620)
Noncontrolling interests' share of net (income) loss:		
Joint venture partners' share of net (income) loss	(2,049)	375
Joint venture partners' and Class B limited partnership unitholders' share of development profits, net of taxes	(9)	(39)
Class B limited partnership unitholders	(37)	74
Total noncontrolling interests' share of net (income) loss	(2,095)	410
Net income (loss) attributable to AMB Property, L.P.	12,227	(210)
Series L, M, O and P preferred unit distributions	(3,952)	(3,952)
Allocation to participating securities	(355)	(344)
Net income (loss) available to common unitholders	$ 7,920	$ (4,506)
Income (loss) available to common unitholders attributable to:		
General partner	$ 7,821	$ (4,447)
Limited partners	99	(59)
Net income (loss) available to common unitholders	$ 7,920	$ (4,506)
Basic income (loss) per common unit attributable to common unitholders		
Loss from continuing operations (after preferred unit distributions)	$ (0.05)	$ (0.04)
Discontinued operations	0.10	0.01
Net income (loss) available to common unitholders	$ 0.05	$ (0.03)
Diluted income (loss) per common unit attributable to common unitholders		
Loss from continuing operations (after preferred unit distributions)	$ (0.05)	$ (0.04)
Discontinued operations	0.10	0.01
Net income (loss) available to common unitholders	$ 0.05	$ (0.03)
WEIGHTED AVERAGE COMMON UNITS OUTSTANDING		
Basic	170,173,425	150,786,346
Diluted	170,173,425	150,786,346

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

AMB PROPERTY, L.P.

CONSOLIDATED STATEMENT OF CAPITAL
For the Three Months Ended March 31, 2011
(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, 2010	9,300,000	$ 223,412	168,506,670	$ 3,097,311	2,058,730	$ 37,773	$ 343,626	$ 3,702,122
Net income	—	3,952	—	8,176	—	99	2,095	
Unrealized gain (loss) on securities and derivatives	—	—	—	8,802	—	—	(281)	
Currency translation adjustment	—	—	—	1,564	—	—	—	
Total comprehensive income								24,407
Contributions	—	—	—	—	—	—	18,381	18,381
Distributions and allocations	—	—	—	—	—	—	(3,225)	(3,225)
Stock-based compensation amortization and issuance of common limited partnership units in connection with the issuance of restricted stock, net	—	—	519,408	6,621	—	—	—	6,621
Issuance of common limited partnership units in connection with the exercise of stock options	—	—	493,986	11,759	—	—	—	11,759
Conversion of Operating Partnership units to common stock	—	—	18,750	—	—	—	—	—
Forfeiture of common limited partnership units in connection with the forfeiture of stock	—	—	(217,521)	(7,892)	—	—	—	(7,892)
Reallocation of interests	—	—	—	261	—	56	(317)	—
Distributions	—	(3,952)	—	(47,282)	—	(576)	(270)	(52,080)
Balance as of March 31, 2011	9,300,000	$ 223,412	169,321,293	$ 3,079,320	2,058,730	$ 37,352	$ 360,009	$ 3,700,093

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

AMB PROPERTY, L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2011 and 2010

	2011	2010
	(Unaudited, dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 14,322	$ (620)
Adjustments to net income (loss):		
Straight-line rents and amortization of lease intangibles	(5,972)	(4,289)
Depreciation and amortization	54,986	47,381
Foreign exchange losses	928	2,837
Stock-based compensation amortization	6,621	6,812
Equity in earnings of unconsolidated joint ventures	(7,800)	(3,875)
Operating distributions received from unconsolidated joint ventures	7,838	5,316
Development profits, net of taxes	—	(4,803)
Debt premiums, discounts and finance cost amortization, net	3,887	3,341
Discontinued operations:		
Depreciation and amortization	28	1,279
Development profits, net of taxes	(1,637)	—
Gains from sale of real estate interests, net of taxes	(14,544)	—
Changes in assets and liabilities:		
Accounts receivable and other assets	1,240	(1,369)
Accounts payable and other liabilities	1,830	18,055
Net cash provided by operating activities	61,727	70,065
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in restricted cash	(2,072)	(3,085)
Cash paid for property acquisitions	—	(160)
Additions to land, buildings, development costs, building improvements and lease costs	(111,927)	(53,361)
Net proceeds from divestiture of real estate and securities	93,657	22,408
Additions to interests in unconsolidated joint ventures	(25,543)	(153,211)
Repayments from affiliates	—	4,157
Net cash used in investing activities	(45,885)	(183,252)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock option exercises	7,990	1,548
Borrowings on secured debt	831	4,903
Payments on secured debt	(4,719)	(134,070)
Borrowings on other debt	—	4,300
Payments on other debt	—	(4,183)
Borrowings on unsecured credit facilities	325,015	308,252
Payments on unsecured credit facilities	(189,074)	(67,443)
Payment of financing fees	(195)	(431)
Payments on senior debt	(44,000)	—
Forfeiture of units	(4,123)	—
Contributions from noncontrolling interests	18,192	3,509
Distributions paid to partners	(99,880)	(46,238)
Distributions to noncontrolling interests, including preferred units	(2,412)	(2,767)
Net cash provided by financing activities	7,625	67,380
Net effect of exchange rate changes on cash	(18,265)	12,027
Net increase (decrease) in cash and cash equivalents	5,202	(33,780)
Cash and cash equivalents at beginning of period	198,424	187,169
Cash and cash equivalents at end of period	$ 203,626	$ 153,389
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest, net of capitalized interest	$ 21,230	$ 15,994
Non-cash transactions:		
Proceeds receivable for insured real estate loss	$ 1,549	$ —
Non-cash stock option exercises	$ 3,769	$ —

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
March 31, 2011
(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 March 31, 2011, the Parent Company owned an approximate 98.2% general partnership interest in the Operating Partnership, excluding preferred units. The remaining approximate 1.8% 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.

On January 30, 2011, the Parent Company and the Operating Partnership entered into an Agreement and Plan of Merger (the "merger agreement") with ProLogis, a Maryland real estate investment trust, New Pumpkin Inc., a Maryland corporation and a wholly owned subsidiary of ProLogis, Upper Pumpkin LLC, a Delaware limited liability company and a wholly owned subsidiary of New Pumpkin, Inc., and Pumpkin LLC, a Delaware limited liability company and a wholly owned subsidiary of Upper Pumpkin, LLC. The merger agreement provides for a merger of equals, in which through a series of transactions, ProLogis and its newly formed subsidiaries will be merged with and into the Parent Company (the "merger"), with the Parent Company continuing as the surviving corporation with its corporate name changed to "ProLogis Inc." As a result of the merger, each outstanding common share of beneficial interest of ProLogis will be converted into the right to receive 0.4464 of a newly issued share of common stock of the Parent Company. The merger is subject to customary closing conditions, including receipt of approval of Parent Company stockholders and ProLogis shareholders. See Part I, Item 2, "The Company" section of Management's Discussion and Analysis of Financial Condition and Results of Operations for a more detailed discussion of the proposed merger.

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 March 31, 2011, the Company had twelve co-investment ventures, including the co-investment ventures discussed below.

On March 3, 2011, the Company announced the formation of AMB Europe Logistics JV, FCP-FIS, an unconsolidated co-investment venture with Allianz Real Estate whose strategy is to acquire, own and operate logistics properties primarily within major seaport, airport and distribution markets in the Eurozone. The initial third-party equity investment will be approximately 400.0 million Euros (approximately $566.3 million in U.S. dollars using the exchange rate in effect at March 31, 2011) and the venture's overall equity commitment is 470.0 million Euros (approximately $665.4 million in U.S. dollars using the same exchange rate), including the Company's 15% co-investment. The co-investment venture is not expected to utilize leverage on its investments. As of March 31, 2011, no investments had been made in real estate properties within this co-investment venture.

On March 16, 2011, the Company announced the formation of AMB China Logistics Venture I, L.P., an unconsolidated co-investment venture with HIP China Logistics Investments Limited, whose strategy is to develop, acquire, own, operate and manage logistics properties primarily within key markets in China. The venture's overall equity commitment is $588.0 million, of which the Company will contribute $88.0 million for an approximate 15% ownership. The co-investment venture is expected to utilize 50% leverage on its investments. As of March 31, 2011, no investments had been made in real estate properties within this co-investment venture.

Effective October 29, 2010, the name of the Company's unconsolidated co-investment venture AMB Europe Fund I, FCP-FIS was changed to AMB Europe Logistics Fund, FCP-FIS.

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 March 31, 2011, 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 161.0 million square feet (15.0 million square meters) in 49 markets within 15 countries.

Of the approximately 161.0 million square feet as of March 31, 2011:

- 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 140.2 million square feet (principally, warehouse distribution buildings) that were 92.8% leased; the Company had investments in 12 development projects, which are expected to total approximately 5.3 million square feet upon completion; the Company owned 25 projects, totaling approximately 6.8 million square feet, which are available for sale or contribution; and the Company had three value-added acquisitions, totaling approximately 1.2 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 months ended March 31, 2011 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, 2010.

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. The Company did not recognize any real estate impairment losses during the three months ended March 31, 2011 or 2010. Impairments may be necessary in the future in the event that market conditions deteriorate and impact the factors used to estimate fair value.

In the first quarter of 2011, the Company incurred $3.8 million of losses on properties in the Company's Japan markets associated with the March 2011 earthquake and tsunami, which were partially offset by approximately $1.5 million of expected insurance proceeds. The $2.3 million of net uninsured losses were treated as accelerated real estate depreciation and recorded in depreciation expense and accumulated depreciation.

The Company did not recognize restructuring charges during the three months ended March 31, 2011. The Company recognized restructuring charges of approximately $3.0 million in the three months ended March 31, 2010 associated with severance and the termination of certain contractual obligations. The majority of the restructuring charges were cash-related expenses.

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. 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.

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. No impairment charge was recognized for the three months ended March 31, 2011 and 2010.

Fair Value of Financial Instruments. Due to their short-term nature, the estimated fair value for cash and cash equivalents, restricted cash, accounts receivable, dividends and distributions payable, and accounts payable and other liabilities approximate their book value. Based on borrowing rates available to the Company at March 31, 2011, the book value and the estimated fair value of total debt (both secured and unsecured) were $3.4 billion and $3.5 billion, respectively. Refer to Note 15 below entitled “Derivatives and Hedging Activities” for the related fair value disclosures.

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 for which instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. In addition, Level 1 assets and liabilities related to the

Company's deferred compensation plan are valued based upon transactions in active exchange markets involving assets identical to the underlying investments contained within the plan.

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 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 where applicable, such as equity prices, interest rate yield curves, option volatility, currency rates and counterparty credit risk.

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. For the real estate assets included in Level 3, the Company used the market participant pricing approach, which estimates what a potential buyer would pay today. The key inputs used in the model included capitalization and rental growth rate assumptions, estimated costs to complete and expected lease up and holding periods. When available, current market information, like comparative sales price, was used to determine capitalization and rental growth rates. When market information was not readily available, the inputs were based on the Company's understanding of market conditions and the experience of the management team.

Fair Value Measurements on a Recurring or Nonrecurring Basis as of March 31, 2011
(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)	$ —	$ —	$ 89,430	$89,430
Deferred compensation plan	21,183	—	—	21,183
Derivative assets	—	6,927	—	6,927
Liabilities:				
Derivative liabilities	$ —	$ (1,204)	$ —	$ (1,204)
Deferred compensation plan	21,183	—	—	21,183

Fair Value Measurements on a Recurring or Nonrecurring Basis as of December 31, 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)	$ —	$ —	$ 100,283	$100,283
Deferred compensation plan	19,123	—	—	19,123
Derivative assets	—	1,664	—	1,664
Investment securities	1,797	—	—	1,797
Liabilities:				
Derivative liabilities	$ —	$ 2,746	$ —	$ 2,746
Deferred compensation plan	19,123	—	—	19,123

(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 March 31, 2011 and December 31, 2010, respectively, as a result of real estate impairment losses, net of recoveries.

3. Real Estate Acquisition and Development Activity

During the three months ended March 31, 2011 and 2010, the Company did not acquire any properties, on a consolidated basis. Within the Company's owned and managed portfolio, during the three months ended March 31, 2011, 0.3 million square feet was acquired by AMB U.S. Logistics Fund, L.P. for an aggregate purchase price of $17.3 million, and less than 0.1 million square feet was acquired by AMB Europe Logistics Fund, FCP-FIS for an aggregate purchase price of $5.2 million, both of which are unconsolidated co-investment ventures.

As of March 31, 2011, the Company had 12 construction-in-progress development projects, on an owned and managed basis, which are expected to total approximately 5.3 million square feet and have an aggregate estimated investment of $470.6 million upon completion, net of $1.0 million of cumulative real estate impairment losses to date. Five of these projects totaling approximately 1.8 million square feet with an aggregate estimated investment of $183.4 million were held in an unconsolidated co-investment venture. Construction-in-progress, at March 31, 2011, included projects expected to be completed through the third quarter of 2013.

On a consolidated basis, as of March 31, 2011, the Company had an additional 24 pre-stabilized development projects totaling approximately 6.6 million square feet, with an aggregate estimated investment of $681.2 million, net of $68.6 million of cumulative real estate impairment losses to date, and an aggregate gross book value of $668.5 million, net of cumulative real estate impairment losses.

On a consolidated basis, as of March 31, 2011, the Company and its development joint venture partners had funded an aggregate of $814.3 million, or 78%, of the total estimated investment before the impact of real estate impairment losses and will need to fund an estimated additional $223.7 million, or 22%, in order to complete the Company's development portfolio.

In addition to its committed construction-in-progress, the Company held a total of 2,361 acres of land for future development or sale, on a consolidated basis, approximately 86% of which was located in the Americas. The Company currently estimates that these 2,361 acres of land could support approximately 42.7 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 March 31, 2011, the Company did not sell any projects held within the development portfolio to third parties and, as a result, recognized no development profits from continuing operations. During the three months ended March 31, 2010, the Company recognized development profits of approximately $4.8 million 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 $22.9 million. This included 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 March 31, 2011 and 2010, the Company made no contributions of completed development projects to unconsolidated co-investment ventures.

Properties Held for Sale or Contribution, Net. As of March 31, 2011, the Company held for sale one property with an aggregate net book value of $1.4 million. Properties held for sale 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 such properties are generally 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, 2010, the Company held for sale ten properties with an aggregate net book value of $55.9 million.

As of March 31, 2011, the Company held for contribution to co-investment ventures 18 properties with an aggregate net book value of $344.8 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, 2010, the Company held for contribution to co-investment ventures eight properties with an aggregate net book value of $186.2 million.

During the three months ended March 31, 2011, no properties were reclassified from held for sale or 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 three months ended March 31, 2011, the Company did not recognize any 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 three months ended March 31, 2010, the Company recognized additional depreciation expense and related accumulated depreciation of $1.2 million as a result of similar reclassifications.

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 months ended March 31, 2011, the Company sold industrial operating properties aggregating approximately 1.9 million square feet for an aggregate sales price of $77.2 million. Of these sales, 0.1 million square feet with a sales price of $7.4 million, resulting in a gain of $1.6 million, related to properties held in the operating portfolio which had previously undergone development by the Company. These gains are presented in development profits, net of taxes, as discontinued operations in the consolidated statements of operations. The remaining $69.8 million of operating property sales resulted in gains of $14.5 million which were presented in gains from sale of real estate interests, net of taxes as discontinued operations in the consolidated statements of operations. During the three months ended March 31, 2010, the Company did not sell any industrial operating properties.

During the three months ended March 31, 2011 and 2010, the Company did not sell any value-added conversion projects.

AMB PROPERTY CORPORATION AND AMB PROPERTY, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	For the Three Months Ended March 31,	
	2011	2010
Rental revenues	$ 2,385	$ 3,812
Straight-line rents and amortization of lease intangibles	13	72
Property operating expenses	(765)	(838)
Real estate taxes	(778)	(901)
Depreciation and amortization	(28)	(1,279)
Other income and (expenses), net	43	1
Interest, including amortization	—	(27)
Income attributable to discontinued operations	870	840
Development profits, net of taxes	1,637	—
Gains from sale of real estate interests, net of taxes	14,544	—
Discontinued operations attributable to the Parent Company and the Operating Partnership	$ 17,051	$ 840
Parent Company:		
Discontinued operations	$ 17,051	$ 840
Noncontrolling interests:		
Joint venture partners’ and limited partnership unitholders’ share of (income) loss attributable to discontinued operations	(6)	1
Joint venture partners’ and limited partnership unitholders’ share of gains from sale of real estate interests, net of taxes	(285)	—
Discontinued operations attributable to the Parent Company	$ 16,760	$ 841
Operating Partnership:		
Discontinued operations	$ 17,051	$ 840
Noncontrolling interests:		
Joint venture partners’ and Class B limited partnership unitholders’ share of loss (income) attributable to discontinued operations	5	13
Class B limited partnership unitholders’ share of development profits attributable to discontinued operations	20	—
Joint venture partners’ and Class B limited partnership unitholders’ share of gains from sale of real estate interests, net of taxes	(90)	—
Discontinued operations attributable to the Operating Partnership	$ 16,986	$ 853

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.

AMB PROPERTY CORPORATION AND AMB PROPERTY, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As of March 31, 2011 and December 31, 2010, assets and liabilities attributable to properties held for sale by the Company consisted of the following (dollars in thousands):

	March 31, 2011	December 31, 2010
Cash and cash equivalents	$ —	$ 355
Accounts receivable, deferred financing costs and other assets	$ 9	$ 1,561
Accounts payable and other liabilities	$ 8	$ 831

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 March 31, 2011, the Operating Partnership had outstanding an aggregate of $1.7 billion in unsecured senior debt securities, before unamortized net discounts, which bore a weighted average interest rate of 5.5% and had an average term of 6.0 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 the Operating Partnership's obligations with respect to certain of its other debt obligations related to the following two facilities. In November 2010, the Operating Partnership paid off the outstanding Euro tranche balance of its original $425.0 million multi-currency term loan, which has a maturity of October 2012. As of March 31, 2011, only the Japanese Yen tranche of the term loan had an outstanding balance, which was approximately $150.3 million in U.S. dollars, using the exchange rate in effect on that date, and bore a weighted average interest rate of 3.4%. Additionally, in November 2010, the Operating Partnership entered into a 153.7 million Euro senior unsecured term loan, maturing in November 2015. Using the exchange rate in effect on March 31, 2011, the term loan had an outstanding balance of approximately $217.6 million in U.S. dollars, which bore a weighted average interest rate of 1.2%. These term loans contain limitations on the incurrence of liens and limitations on mergers or consolidations of the Parent Company.

Unsecured Credit Facility Guarantees

The Parent Company is a guarantor of the Operating Partnership's obligations under its $600.0 million (includes Euro, Yen, British pounds sterling, Canadian dollar or U.S. dollar denominated borrowings) unsecured revolving credit facility. In November 2010, the Operating Partnership refinanced its $550.0 million multi-currency facility, increasing the facility by $50.0 million and extending the maturity to March 2014. This facility can be increased to up to $800.0 million upon certain conditions. This facility had no outstanding balance as of March 31, 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 by the Operating Partnership from time to time to be a borrower under and pursuant to the credit agreement. This credit facility has an initial borrowing limit of 45.0 billion Yen, which, using the exchange

rate in effect on March 31, 2011, equaled approximately $541.3 million U.S. dollars and bore a weighted average interest rate of 2.00%. Prior to its early renewal in December 2010, this credit facility had a borrowing limit of 55.0 billion Yen. Additionally, upon renewal, the credit facility maturity was extended to March 2014. As of March 31, 2011, this facility had a balance of $172.3 million, using the exchange rate in effect on that date.

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 up to $750.0 million and to extend the maturity date by one year. As of March 31, 2011, this facility, which matures in July 2011, had a balance of $230.5 million using the exchange rate in effect on that date and bore a weighted average interest rate of 1.09%.

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.

6. Debt of the Operating Partnership

As of March 31, 2011 and December 31, 2010, debt of the Operating Partnership consisted of the following (dollars in thousands):

	March 31, 2011	December 31, 2010
Wholly owned secured debt, varying interest rates from 2.0% to 7.6%, due December 2011 to July 2017 (weighted average interest rates of 2.9% and 2.9% at March 31, 2011 and December 31, 2010, respectively)	$ 227,316	$ 231,162
Consolidated joint venture secured debt, varying interest rates from 1.1% to 8.3%, due July 2011 to November 2022 (weighted average interest rates of 4.8% and 4.8% at March 31, 2011 and December 31, 2010, respectively)	733,882	731,183
Unsecured senior debt securities, varying interest rates from 3.3% to 7.5%, due September 2011 to July 2020 (weighted average interest rates of 5.5% and 5.6% at March 31, 2011 and December 31, 2010, respectively)	1,651,682	1,698,601
Other debt, varying interest rates from 1.2% to 5.8%, due September 2012 to November 2015 (weighted average interest rates of 2.5% and 3.3% at March 31, 2011 and December 31, 2010, respectively)	422,180	413,976
Unsecured credit facilities, variable interest rates, due July 2011 and March 2014 (weighted average interest rates of 1.5% and 1.7% at March 31, 2011 and December 31, 2010, respectively)	402,784	268,933
Total debt before unamortized net discounts	3,437,844	3,343,855
Unamortized net discounts	(11,793)	(12,556)
Total consolidated debt	$ 3,426,051	$ 3,331,299

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 March 31, 2011 and December 31, 2010, the total gross investment book value of those properties securing the debt was $1.9 billion and $1.8 billion, respectively, including $1.5 billion held in consolidated joint ventures as of both balance sheet dates. As of March 31, 2011, $691.1 million of the secured debt obligations before unamortized net discounts bore interest at

fixed rates (with a weighted average interest rate of 5.1%), while the remaining $270.1 million bore interest at variable rates (with a weighted average interest rate of 2.4%). As of March 31, 2011, $583.6 million of the secured debt before unamortized net discounts was held by the Operating Partnership's co-investment ventures, including the AMB-SGP, L.P. loan agreement discussed below.

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, and pursuant to the loan agreement, 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. The aggregate principal amount outstanding under this loan agreement as of March 31, 2011 was $287.9 million.

Unsecured Senior Debt

As of March 31, 2011, the Operating Partnership had outstanding an aggregate of $1.7 billion in unsecured senior debt securities, before unamortized net discounts, which bore a weighted average interest rate of 5.5% and had an average term of 6.0 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 March 31, 2011.

Other Debt

As of March 31, 2011, the Operating Partnership had $422.2 million outstanding in other debt which bore a weighted average interest rate of 2.5% and had an average term of 3.1 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 March 31, 2011. The $367.9 million remaining outstanding balance of other debt, in U.S. dollars using the exchange rates in effect on March 31, 2011, is related to the Operating Partnership's unsecured term loans discussed below.

In November 2010, the Operating Partnership paid off the outstanding Euro tranche balance of its original $425.0 million multi-currency term loan, which matures in October 2012. As of March 31, 2011, only the Japanese Yen tranche of the term loan had an outstanding balance, which was approximately $150.3 million in U.S. dollars, using the exchange rate in effect on that date, and bore a weighted average interest rate of 3.4%.

Additionally, in November 2010, the Operating Partnership entered into a 153.7 million Euro senior unsecured term loan, maturing in November 2015. Using the exchange rate in effect on March 31, 2011, the term loan had an outstanding balance of approximately $217.6 million in U.S. dollars, which bore a weighted average interest rate of 1.2%.

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 March 31, 2011.

Unsecured Credit Facilities

As of March 31, 2011, the Operating Partnership had three credit facilities with total capacity of approximately $1.6 billion, of which approximately $1.2 billion was available for future borrowings.

The Operating Partnership has a $600.0 million (includes Euro, Yen, British pounds sterling, Canadian dollars or U.S. dollar denominated borrowings) unsecured revolving credit facility, guaranteed by the Parent Company. In November 2010, the Operating Partnership refinanced its $550.0 million multi-currency facility, increasing the facility by $50.0 million and extending the maturity to March 2014. This facility can be increased to up to $800.0 million upon certain conditions. As of March 31, 2011, there was no outstanding balance on this credit facility, and the remaining amount available was $589.3 million, net of outstanding letters of credit of $10.7 million, using the exchange rate in effect on that date.

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 45.0 billion Yen, which, using the exchange rate in effect on March 31, 2011, equaled approximately $541.3 million U.S. dollars and bore a weighted average interest rate of 2.00%. Prior to its early renewal in December 2010, this credit facility had a borrowing limit of 55.0 billion Yen. Additionally, upon renewal, the credit facility maturity was extended to March 2014 and is guaranteed by both the Parent Company and the Operating Partnership. As of March 31, 2011, the outstanding balance on this credit facility, using the exchange rate in effect on that date, was $172.3 million, and the remaining amount available was $369.0 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, which has an option to further increase the facility to up to $750.0 million and to extend the maturity date by one year. The credit facility matures in July 2011. As of March 31, 2011, the outstanding balance on this credit facility, using the exchange rates in effect on that date, was approximately $230.5 million with a weighted average interest rate of 1.09%, and the remaining amount available was $269.5 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 March 31, 2011.

AMB PROPERTY CORPORATION AND AMB PROPERTY, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As of March 31, 2011, the scheduled maturities and principal payments of the Operating Partnership's total debt were as follows (dollars in thousands):

	Wholly Owned						
		Unsecured					
	Senior Debt	Credit Facilities(1)	Other Debt	Secured Debt	Total Wholly Owned Debt	Consolidated Joint Venture Debt	Total Consolidated Debt
2011	$ 25,000	$ 230,512	$ —	$ 15,203	$ 270,715	$ 138,854	$ 409,569
2012	—	—	150,256	29,598	179,854	469,805	649,659
2013	293,897	—	—	23,710	317,607	104,852	422,459
2014	—	172,272	—	4,787	177,059	8,637	185,696
2015	112,491	—	217,624	7,721	337,836	16,943	354,779
2016	250,000	—	—	79,994	329,994	15,499	345,493
2017	300,000	—	—	66,303	366,303	490	366,793
2018	300,000	—	—	—	300,000	595	300,595
2019	250,000	—	—	—	250,000	29,412	279,412
2020	120,294	—	—	—	120,294	645	120,939
Thereafter	—	—	—	—	—	2,450	2,450
Subtotal	$ 1,651,682	$ 402,784	$ 367,880	$ 227,316	$ 2,649,662	$ 788,182(2)	$ 3,437,844
Unamortized net (discounts) premiums	(11,859)	—	—	34	(11,825)	32	(11,793)
Total	$ 1,639,823	$ 402,784	$ 367,880	$ 227,350	$ 2,637,837	$ 788,214	$ 3,426,051

(1) Represents three credit facilities with total borrowing capacity of approximately $1.6 billion. Includes $142.0 million in U.S. dollar borrowings and $172.3 million, $64.9 million, $4.2 million and $19.4 million in Yen, Canadian dollar, Euro and Singapore dollar-based borrowings outstanding at March 31, 2011, respectively, translated to U.S. dollars using the foreign exchange rates in effect on that date.

(2) Includes an outstanding balance of $54.3 million of other debt on a $70.0 million credit facility held by AMB Institutional Alliance Fund II, L.P.

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 20.9 million square feet and are consolidated for financial reporting purposes.

The Parent Company's consolidated joint ventures' total investment and property debt at March 31, 2011 and December 31, 2010 were as follows (dollars in thousands):

		Parent Company's	Total Investment in Real Estate		Property Debt		Other Debt	
Consolidated Joint Ventures	Co-investment Venture Partner	Ownership Percentage	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Co-investment Ventures								
AMB Institutional Alliance Fund II, L.P.(1)	AMB Institutional Alliance REIT II, Inc.	24%	$ 521,227	$ 518,516	$ 182,849	$ 184,292	$ 54,300	$ 54,300
AMB-SGP, L.P.(2)	Industrial JV Pte. Ltd.	50%	480,302	479,635	325,876	327,301	—	—
AMB-AMS, L.P.(3)	PMT, SPW and TNO	39%	161,205	160,985	75,244	75,650	—	—
Other Industrial Operating Joint Ventures		83%	348,690	372,536	57,435	62,210	—	—
Other Industrial Development Joint Ventures		41%	224,609	181,600	92,510	81,776	—	—
Total Consolidated Joint Ventures			$ 1,736,033	$ 1,713,272	$ 733,914	$ 731,229	$ 54,300	$ 54,300

(1) AMB Institutional Alliance Fund II, L.P. is a co-investment partnership, comprised of 13 institutional investors, which invest through a private real estate investment trust, and one third-party limited partner as of March 31, 2011. During the third quarter of 2010, the Company purchased additional shares from one of the existing institutional investors, increasing the Company's ownership in the partnership to approximately 24%.

(2) AMB-SGP, L.P. is a co-investment partnership 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.

On August 2, 2010, the Company announced the formation of AMB Mexico Fondo Logistico, a publicly traded co-investment venture with a 10-year term whose investment strategy is to develop, acquire, own, operate and manage industrial distribution facilities primarily within the Company's target markets in Mexico. Approximately 3.3 billion Pesos was raised from the third party investors in the venture, comprised of institutional investors in Mexico, primarily private pension plans. These contributions, net of offering costs, held partially in Pesos and U.S. dollars, totaled approximately $252.5 million using the exchange rate in effect on March 31, 2011. These contributions, excluding amounts transferred as detailed below, are held by a third party trustee, which is not consolidated by the Company, and, as such, the cash investment and equity interest of the third party investors related to this portion of the contributions are not reflected on the Company's consolidated financial statements. During the three months ended March 31, 2011, $4.1 million of the contributions made by third party investors were transferred from the third party trustee to the co-investment venture. The Company will contribute 20% of the total equity, or approximately $63.1 million, at full deployment, for total equity of $315.6 million available for future investments. During the three months ended March 31, 2011, the Company contributed $1.0 million to this co-investment venture. As of March 31, 2011, no investments had been made in real estate properties within this co-investment venture.

The following table reconciles the change in the Parent Company's noncontrolling interests for the three months ended March 31, 2010 (dollars in thousands):

Balance as of December 31, 2009	$ 351,304
Net loss	(469)
Contributions	3,769
Distributions and allocations	(2,173)
Dividends	(946)
Balance as of March 31, 2010	$ 351,485

The following table details the noncontrolling interests of the Parent Company as of March 31, 2011 and December 31, 2010 (dollars in thousands):

	March 31, 2011	December 31, 2010	Redemption/Callable Date
Joint venture partners	$ 342,514	$ 325,590	N/A
Limited partners in the Operating Partnership	37,352	37,773	N/A
Held through AMB Property II, L.P.:			
Class B limited partners	17,495	18,036	N/A
Total noncontrolling interests	$ 397,361	$ 381,399	

The following table distinguishes the Parent Company's noncontrolling interests' share of net income, including noncontrolling interests' share of development profits, for the three months ended March 31, 2011 and 2010 (dollars in thousands):

	For the Three Months Ended March 31,	
	2011	2010
Joint venture partners' share of net income (loss)	$ 2,049	$ (375)
Joint venture partners' and common limited partners' share of development profits	20	67
Common limited partners in the Operating Partnership's share of net income (loss)	79	(126)
Held through AMB Property II, L.P.:		
Class B common limited partnership units' share of development profits	9	39
Class B common limited partnership units' share of net income (loss)	37	(74)
Total noncontrolling interests' share of net income (loss)	$ 2,194	$ (469)

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 20.9 million square feet, which are consolidated for financial reporting purposes.

The Operating Partnership's consolidated joint ventures' total investment and property debt at March 31, 2011 and December 31, 2010 were as follows (dollars in thousands):

			Total Investment in Real Estate		Property Debt		Other Debt	
Consolidated Joint Ventures	Co-investment Venture Partner	Operating Partnership's Ownership Percentage	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Co-investment Ventures								
AMB Institutional Alliance Fund II, L.P.	AMB Institutional Alliance REIT II, Inc.	24%	$ 521,227	$ 518,516	$ 182,849	$ 184,292	$ 54,300	$ 54,300
AMB-SGP, L.P.	Industrial JV Pte. Ltd.	50%	480,302	479,635	325,876	327,301	—	—
AMB-AMS, L.P.	PMT, SPW and TNO	39%	161,205	160,985	75,244	75,650	—	—
Other Industrial Operating Joint Ventures		83%	348,690	372,536	57,435	62,210	—	—
Other Industrial Development Joint Ventures		41%	224,609	181,600	92,510	81,776	—	—
Total Consolidated Joint Ventures			$ 1,736,033	$ 1,713,272	$ 733,914	$ 731,229	$ 54,300	$ 54,300

As of March 31, 2011, no investments had been made in real estate properties within the AMB Mexico Fondo Logistico co-investment venture.

The following table reconciles the change in the Operating Partnership's noncontrolling interests for the three months ended March 31, 2010 (dollars in thousands):

Balance as of December 31, 2009	$ 312,743
Net loss	(410)
Contributions	3,769
Distributions and allocations	(2,067)
Distributions	(352)
Balance as of March 31, 2010	$ 313,683

The following table details the noncontrolling interests of the Operating Partnership as of March 31, 2011 and December 31, 2010 (dollars in thousands):

	March 31, 2011	December 31, 2010	Redemption/Callable Date
Joint venture partners	$ 342,514	$ 325,590	N/A
Held through AMB Property II, L.P.:			
Class B limited partners	17,495	18,036	N/A
Total noncontrolling interests	$ 360,009	$ 343,626	

AMB PROPERTY CORPORATION AND AMB PROPERTY, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table distinguishes the Operating Partnership's noncontrolling interests' share of net income, including noncontrolling interests' share of development profits, for the three months ended March 31, 2011 and 2010 (dollars in thousands):

	For the Three Months Ended March 31, 2011	For the Three Months Ended March 31, 2010
Joint venture partners' share of net income (loss)	$ 2,049	$ (375)
Held through AMB Property II, L.P.:		
Class B common limited partnership units' share of development profits	9	39
Class B common limited partnership units' share of net income (loss)	37	(74)
Total noncontrolling interests' share of net income (loss)	$ 2,095	$ (410)

The Operating Partnership has consolidated joint ventures that have finite lives under the terms of the joint venture agreements. As of March 31, 2011, the aggregate book value of the joint venture noncontrolling interests in the accompanying consolidated balance sheets was approximately $342.5 million. The Operating Partnership believes that the aggregate settlement value of these interests was approximately $453.5 million at March 31, 2011. 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 March 31, 2011 and December 31, 2010 were (dollars in thousands):

	March 31, 2011		The Company's Net Equity Investments		
Unconsolidated Joint Ventures	The Company's Ownership Percentage	Square Feet	March 31, 2011	December 31, 2010	Estimated Investment Capacity
Co-investment Ventures					
AMB U.S. Logistics Fund, L.P.(1)	33%	38,431,931	$ 406,329	$ 409,377	$ 150,000
AMB Europe Logistics Fund, FCP-FIS(2)	37%	10,887,361	174,127	172,903	300,000
AMB Japan Fund I, L.P.(3)	20%	7,263,090	83,644	82,482	—
AMB-SGP Mexico, LLC(4)	22%	6,352,103	20,193	20,646	—
AMB DFS Fund I, LLC(5)	15%	195,210	14,303	14,426	—
AMB Brazil Logistics Partners Fund I, L.P.(6)	25%	639,264	57,975	32,910	350,000
Other Industrial Operating Joint Ventures(7)	51%	7,419,049	51,682	51,043	n/a
Total Unconsolidated Joint Ventures(8)		71,188,008	$ 808,253	$ 783,787	$ 800,000

(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.

(2) A Euro-denominated open-ended co-investment venture with institutional investors. The institutional investors have committed approximately 263.0 million Euros (approximately $372.4 million in U.S. dollars, using the exchange rate at March 31, 2011) for an approximate 63% equity interest. Effective October 29, 2010, the name of AMB Europe Fund I, FCP-FIS was changed to AMB Europe Logistics Fund, FCP-FIS.

(3) A Yen-denominated co-investment venture with 13 institutional investors. The 13 institutional investors have committed 49.5 billion Yen (approximately $595.5 million in U.S. dollars, using the exchange rate at March 31, 2011) 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 March 31, 2011 was the estimated investment of $5.9 million to complete the existing development assets held by the fund. Since inception, the Company has contributed $28.9 million of equity to the fund. During each of the three months ended March 31, 2011 and 2010, the Company contributed $0.1 million to this co-investment venture.

(6) A Brazilian Real denominated co-investment venture with a third-party university endowment partner, which is consolidated for accounting purposes. The third-party investor has committed approximately 360.0 million Brazilian Reais for a 50% equity interest (with a remaining uncalled commitment of approximately $188.9 million in U.S. dollars, using the exchange rate at March 31, 2011). This consolidated co-investment venture does not hold any properties directly, but holds a 50% equity interest in the unconsolidated joint venture previously established with the Company’s joint venture partner Cyrela Commercial Properties. This structure results in an effective 25% equity interest for the Company in the venture’s underlying development assets. During the three months ended March 31, 2011, this joint venture commenced development on 0.6 million square feet of properties.

(7) Other Industrial Operating 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.

(8) In addition to the equity investment in the table, the Company, through its investment in AMB Property Mexico, held equity interests in various other unconsolidated ventures totaling approximately $14.0 million and $13.3 million as of March 31, 2011 and December 31, 2010, respectively. Additionally, in December 2010, the Company entered into a mortgage debt investment joint venture with a third-party partner, in which it held an equity interest of $87.6 million and $86.2 million as of March 31, 2011 and December 31, 2010, respectively.

On March 3, 2011, the Company announced the formation of AMB Europe Logistics JV, FCP-FIS, a co-investment venture with Allianz Real Estate whose strategy is to acquire, own and operate logistics properties primarily within major seaport, airport and distribution markets in the Eurozone. The initial third-party equity investment will be approximately 400.0 million Euros (approximately $566.3 million in U.S. dollars using the exchange rate in effect at March 31, 2011) and the venture’s overall equity commitment is 470.0 million Euros (approximately $665.4 million in U.S. dollars using the same exchange rate), including the Company’s 15% co-investment. As of March 31, 2011, no investments had been made in real estate properties within this co-investment venture.

On March 16, 2011, the Company announced the formation of AMB China Logistics Venture I, L.P., a co-investment venture with HIP China Logistics Investments Limited, whose strategy is to develop, acquire, own, operate and manage logistics properties primarily within key markets in China. The venture’s overall equity

commitment is $588.0 million, of which the Company will contribute $88.0 million for an approximate 15% ownership. As of March 31, 2011, no investments had been made in real estate properties within this co-investment venture.

For both the three months ended March 31, 2011 and 2010, the Company received no distributions 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 months ended March 31, 2011 and 2010 (dollars in thousands):

	AMB U.S. Logistics Fund, L.P.		AMB Europe Logistics Fund, FCP-FIS		AMB DFS Fund I, LLC	
	For the Three Months Ended March 31,					
	2011	2010	2011	2010	2011	2010
Number of properties acquired	1	2	1	—	—	—
Square feet	278,365	687,932	29,956	—	—	—
Acquisition cost(1)	$ 17,300	$ 45,552	$ 5,202	$ —	$ —	$—
Development properties sold:						
Square feet	—	—	—	—	4,817	—
Gross Sales Price	$ —	$ —	$ —	$ —	$ 578	$—

(1) Includes estimated total acquisition expenditures of approximately $0.1 million for properties acquired by AMB Europe Logistics Fund, FCP-FIS during the three months ended March 31, 2011. Includes estimated total acquisition expenditures of approximately $0.2 million for properties acquired by AMB U.S. Logistics Fund, L.P. during the three months ended March 31, 2010.

The following table presents summarized income statement information for the Company's unconsolidated joint ventures for the three months ended March 31, 2011 and 2010 (dollars in thousands):

	For the Three Months Ended March 31, 2011				For the Three Months Ended March 31, 2010			
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.	$ 71,051	$ (22,002)	$ 4,034	$ 4,153	$ 68,521	$ (19,228)	$ 1,663	$ 1,663
AMB Europe Logistics Fund, FCP-FIS	26,369	(5,708)	3,130	3,130	23,301	(5,257)	339	339
AMB Japan Fund I, L.P.	29,185	(6,192)	4,037	4,037	25,468	(5,433)	5,246	5,246
AMB-SGP Mexico, LLC	8,922	(1,014)	(1,881)(1)	(1,881)(1)	8,142	(1,555)	(4,789)(1)	(4,789)(1)
AMB DFS Fund I, LLC	33	(431)	(503)	(420)	—	(201)	(283)	(281)
AMB Brazil Logistics Partners Fund I, L.P.(2)	—	—	38	38	—	—	—	—
Total Co-investment Ventures	135,560	(35,347)	8,855	9,057	125,432	(31,674)	2,176	2,178
Other Industrial Operating Joint Ventures	8,534	(2,114)	1,892	1,892	8,181	(1,978)	1,503	1,503
Other Industrial Development Joint Ventures	—	—	—	—	—	—	(2)	(2)
Total Unconsolidated Joint Ventures	$ 144,094	$ (37,461)	$ 10,747	$ 10,949	$ 133,613	$ (33,652)	$ 3,677	$ 3,679

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(1) Includes $3.8 million of interest expense on loans from co-investment venture partners for each of the three months ended March 31, 2011 and 2010.

(2) This summarized financial information represents the financial position and results of operation of the Company's joint venture with its partner Cyrela Commercial Properties, of which the Company holds a 25% equity interest through its 50% co-investment in AMB Brazil Logistics Partners Fund I, L.P.

In accordance with guidance issued by the FASB related to the consolidation of VIEs, the Company has performed an analysis of all of its joint venture entities to determine whether they would qualify as 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 VIEs based upon the criterion 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. 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 March 31, 2011, in investments in unconsolidated joint ventures in the consolidated balance sheet as of March 31, 2011 (dollars in thousands):

	As of March 31, 2011	
	Equity Investment	Maximum Loss Exposure
Five Ventures	$ 3,426	$ 3,426(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 March 31, 2011, the Company has no commitment to make additional contributions to the Five Ventures.

10. Stockholders' Equity of the Parent Company

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 three months ended March 31, 2011, 18,750 of the Operating Partnership's common limited partnership units were exchanged 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 March 31, 2011: 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 March 31, 2011, 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.

AMB PROPERTY CORPORATION AND AMB PROPERTY, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table reconciles the change in the Parent Company's consolidated stockholders' equity for the three months ended March 31, 2010 (dollars in thousands):

Balance as of December 31, 2009	$ 3,291,320
Net loss	(620)
Unrealized loss on securities and derivatives	(1,700)
Currency translation adjustment	593
Total comprehensive loss	(1,727)
Contributions	3,769
Distributions and allocations	(2,173)
Stock-based compensation amortization and issuance of restricted stock, net	6,812
Exercise of stock options	1,548
Forfeiture of stock	(1,671)
Dividends	(46,783)
Balance as of March 31, 2010	$ 3,251,095

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

Paying Entity	Security	For the Three Months Ended March 31, 2011	2010
AMB Property Corporation	Common stock	$ 0.280	$ 0.280
AMB Property Corporation	Series L preferred stock	$ 0.406	$ 0.406
AMB Property Corporation	Series M preferred stock	$ 0.422	$ 0.422
AMB Property Corporation	Series O preferred stock	$ 0.438	$ 0.438
AMB Property Corporation	Series P preferred stock	$ 0.428	$ 0.428

In September 2010, the Parent Company's board of directors approved a two-year common stock repurchase program for the repurchase of up to $200.0 million of the parent company's common stock. The Parent Company has not repurchased any shares of its common stock under this program.

As of March 31, 2011, the Parent Company's stock incentive plans have approximately 2.7 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 2011:

	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, 2011	3.4% - 5.0%	5.0%	37.9% - 42.6%	38.0%	2.4% - 2.7%	2.4%	6.5	$ 7.61

As of March 31, 2011, approximately 9,103,685 options and 1,382,296 non-vested stock awards were outstanding under the plans. There were 925,979 stock options granted, 493,986 options exercised, and 23,246 options forfeited during the three months ended March 31, 2011. There were 548,389 restricted stock awards made, 452,108 non-vested stock awards that vested and 122 non-vested stock awards that were forfeited during the three months ended March 31, 2011. The grant date fair value of restricted stock awards as of the grant dates of the awards issued during the three months ended March 31, 2011 was $33.00. The unamortized expense for restricted stock as

of March 31, 2011 was $30.9 million which is expected to be recognized over a weighted average period of 2.8 years. As of March 31, 2011, the Parent Company had $10.4 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 1.6 years.

During the three months ended March 31, 2011, the Parent Company did not issue any 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. During the three months ended March 31, 2011, 25,122 RSUs vested, and 58,893 RSUs are outstanding as of March 31, 2011.

11. Partners' Capital of the Operating Partnership

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 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 March 31, 2011, the Operating Partnership had outstanding 169,321,293 common general partnership units; 2,058,730 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 three months ended March 31, 2010 (dollars in thousands):

Balance as of December 31, 2009	$ 3,291,320
Net loss	(620)
Unrealized loss on securities and derivatives	(1,700)
Foreign currency translation adjustments	593
Total comprehensive loss	(1,727)
Contributions	3,769
Distributions and allocations	(2,173)
Stock-based compensation amortization and issuance of common limited partnership units in connection with the issuance of restricted stock, net	6,812
Issuance of common limited partnership units in connection with the exercise of stock options	1,548
Forfeiture of common limited partnership units in connection with the forfeiture of stock	(1,671)
Distributions	(46,783)
Balance as of March 31, 2010	$ 3,251,095

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

Paying Entity	Security	For the Three Months Ended March 31, 2011	For the Three Months Ended March 31, 2010
AMB Property, L.P.	Common limited partnership units	$ 0.280	$ 0.280
AMB Property, L.P.	Series L preferred units	$ 0.406	$ 0.406
AMB Property, L.P.	Series M preferred units	$ 0.422	$ 0.422
AMB Property, L.P.	Series O preferred units	$ 0.438	$ 0.438
AMB Property, L.P.	Series P preferred units	$ 0.428	$ 0.428
AMB Property II, L.P.	Class B common limited partnership units	$ 0.280	$ 0.280

For each share of common stock the Parent Company issues pursuant to the Parent Company's and Operating Partnership's stock incentive plans, the Operating Partnership will issue a corresponding common partnership unit to the Parent Company. As of March 31, 2011, the stock incentive plans have approximately 2.7 million shares of common stock available for issuance as either stock options or restricted stock grants. Note 10 above entitled "Stockholders' Equity of the Parent Company" should be read in conjunction with this Note 11 for a discussion of the activity under the Parent Company's stock incentive plans.

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.

AMB PROPERTY CORPORATION AND AMB PROPERTY, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Parent Company had no dilutive stock options outstanding for either the three months ended March 31, 2011 or 2010. 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 March 31,	
	2011	2010
Numerator		
Loss from continuing operations attributable to common stockholders	$ (4,632)	$ (992)
Preferred stock dividends	(3,952)	(3,952)
Loss from continuing operations (after noncontrolling interests' share of loss from continuing operations, preferred stock dividends and preferred unit redemption discount)	(8,584)	(4,944)
Total discontinued operations attributable to common stockholders after noncontrolling interests	16,760	841
Allocation to participating securities	(355)	(344)
Net income (loss) available to common stockholders	$ 7,821	$ (4,447)
Denominator		
Basic	168,099,995	148,666,418
Stock option dilution(1)	—	—
Diluted weighted average common shares	168,099,995	148,666,418
Basic income (loss) per common share attributable to AMB Property Corporation		
Loss from continuing operations	$ (0.05)	$ (0.04)
Discontinued operations	0.10	0.01
Net income (loss) available to common stockholders(2)	$ 0.05	$ (0.03)
Diluted income (loss) per common share attributable to AMB Property Corporation		
Loss from continuing operations	$ (0.05)	$ (0.04)
Discontinued operations	0.10	0.01
Net income (loss) available to common stockholders(2)	$ 0.05	$ (0.03)

(1) Excludes anti-dilutive stock options of 5,362,851 and 6,410,907 for the three months ended March 31, 2011 and 2010, 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 1,269,422 and 1,228,034 unvested restricted shares outstanding for the three months ended March 31, 2011 and 2010, 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 for either the three months ended March 31, 2011 or 2010. 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 March 31,	
	2011	2010
Numerator		
Loss from continuing operations attributable to common unitholders	$ (4,759)	$ (1,063)
Preferred stock distributions	(3,952)	(3,952)
Loss from continuing operations (after noncontrolling interests' share of loss from continuing operations, preferred unit distributions and preferred unit redemption discount)	(8,711)	(5,015)
Total discontinued operations attributable to common unitholders after noncontrolling interests	16,986	853
Allocation to participating securities	(355)	(344)
Net income (loss) available to common unitholders	$ 7,920	$ (4,506)
Denominator		
Basic	170,173,425	150,786,346
Stock option dilution(1)	—	—
Diluted weighted average common units	170,173,425	150,786,346
Basic income (loss) per common unit attributable to AMB Property, L.P.		
Loss from continuing operations	$ (0.05)	$ (0.04)
Discontinued operations	0.10	0.01
Net income (loss) available to common unitholders(2)	$ 0.05	$ (0.03)
Diluted income (loss) per common unit attributable to AMB Property, L.P.		
Loss from continuing operations	$ (0.05)	$ (0.04)
Discontinued operations	0.10	0.01
Net income (loss) available to common unitholders(2)	$ 0.05	$ (0.03)

(1) Excludes anti-dilutive stock options of 5,362,851 and 6,410,907 for the three months ended March 31, 2011 and 2010, 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 unitholders is adjusted for earnings distributed through declared distributions and allocated to all participating securities (weighted average common units outstanding and unvested restricted units outstanding) under the two-class method. Under this method, allocations were made to 1,269,422 and 1,228,034 unvested restricted units outstanding for the three months ended March 31, 2011 and 2010, 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 17 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, 2010.

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

	Revenues For the Three Months Ended March 31,		Property NOI(2) For the Three Months Ended March 31,		Development Gains (Losses) For the Three Months Ended March 31,	
Segments(1)	2011	2010	2011	2010	2011	2010
U.S. Markets						
Southern California	$ 20,553	$ 19,540	$ 15,738	$ 15,154	$ —	$ 5
No. New Jersey/New York	15,912	14,694	9,191	8,965	—	—
San Francisco Bay Area	21,408	19,936	15,147	13,703	—	566
Chicago	8,922	9,527	5,053	5,930	—	—
On-Tarmac	12,396	12,863	5,673	6,482	—	—
South Florida	9,536	10,405	6,336	7,001	—	—
Seattle	4,658	3,771	3,558	2,713	—	—
Toronto	7,304	7,353	4,801	5,209	—	—
Baltimore/Washington	4,958	5,647	3,546	3,940	—	—
Non — U.S. Markets						
Europe	7,236	5,673	4,334	2,860	—	(122)
Japan	10,484	8,015	7,558	5,456	—	—
Other Markets	31,144	28,816	19,971	18,970	1,637	4,354
Total markets	154,511	146,240	100,906	96,383	1,637	4,803
Straight-line rents and amortization of lease intangibles	5,972	4,289	5,972	4,289	—	—
Discontinued operations	(2,398)	(3,884)	(855)	(2,145)	(1,637)	—
Private capital income	7,683	7,445	—	—	—	—
Total	$ 165,768	$ 154,090	$ 106,023	$ 98,527	$ —	$ 4,803

(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 income (loss), a financial measure under GAAP (dollars in thousands):

	For the Three Months Ended March 31,	
	2011	2010
Property NOI	$ 106,023	$ 98,527
Private capital revenues	7,683	7,445
Depreciation and amortization	(54,986)	(47,381)
General and administrative	(30,661)	(31,951)
Restructuring charges	—	(2,973)
Merger transaction costs	(3,697)	—
Fund costs	(241)	(314)
Other expenses	(946)	(1,191)
Development profits, net of taxes	—	4,803
Equity in earnings of unconsolidated joint ventures, net	7,800	3,875
Other income	1,238	289
Interest expense, including amortization	(34,942)	(32,589)
Total discontinued operations	17,051	840
Net income (loss)	$ 14,322	$ (620)

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

	Total Assets as of	
	March 31, 2011	December 31, 2010
U.S. Markets		
Southern California	$ 642,317	$ 640,329
No. New Jersey/New York	556,126	558,653
San Francisco Bay Area	761,172	754,632
Chicago	294,121	297,081
On-Tarmac	144,359	148,327
South Florida	402,348	401,298
Seattle	144,853	146,275
Toronto	313,649	307,472
Baltimore/Washington	133,118	133,197
Non — U.S. Markets		
Europe	611,551	573,172
Japan	739,218	758,855
Other Markets	1,508,403	1,519,047
Total markets	6,251,235	6,238,338
Investments in unconsolidated joint ventures	911,003	883,241
Non-segment assets	258,525	251,316
Total assets	$ 7,420,763	$ 7,372,895

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 March 31, 2011, the Company had provided approximately $13.2 million in letters of credit, of which $10.7 million was provided under the Operating Partnership's $600.0 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 above, as of March 31, 2011, the Company had outstanding guarantees and contribution obligations in the aggregate amount of $406.2 million as described below.

As of March 31, 2011, 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 March 31, 2011, the Company also guaranteed $61.3 million and $84.0 million on outstanding loans on five of its consolidated joint ventures and three 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 March 31, 2011.

As of March 31, 2011, the Company may make additional capital contributions to current and planned co-investment ventures of up to $464.6 million pursuant to the terms of the co-investment venture agreements.

Performance and Surety Bonds. As of March 31, 2011, the Company had outstanding performance and surety bonds in an aggregate amount of $4.8 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.

The Parent Company and the Operating Partnership have been named as defendants in several pending putative shareholder class actions filed in connection with the combination of the Parent Company and ProLogis (the "Merger").

Three of the actions were filed in the District Court for the City and County of Denver, Colorado. These cases have been consolidated, and on or about April 1, 2011, plaintiffs filed a consolidated class action complaint against ProLogis, the members of the ProLogis board of trustees, the Parent Company, New Pumpkin Inc., Upper Pumpkin LLC, Pumpkin LLC and the Operating Partnership. The complaint alleges that ProLogis' trustees breached their fiduciary duties in connection with entering into the merger agreement and that ProLogis, the Parent Company, New Pumpkin Inc., Upper Pumpkin LLC, Pumpkin LLC and the Operating Partnership aided and abetted the breaches of those fiduciary duties. The complaint further alleges that the registration statement filed on Form S-4 in connection with the special meetings of the shareholders of each of the Parent Company and ProLogis to vote on the transaction (the "Registration Statement") contains material omissions and misstatements. The plaintiffs seek, among other relief, an order to (i) enjoin the defendants from consummating the Merger unless and until ProLogis adopts and implements a procedure or process reasonably designed to enter into a merger agreement providing the best possible value for ProLogis' shareholders, (ii) direct the defendants to exercise their fiduciary duties to obtain a transaction that is in the best interests of ProLogis' shareholders and to refrain from entering into any transaction until the process for the sale or merger of ProLogis is completed and the highest possible value obtained, (iii) rescind the merger agreement, to the extent already implemented, and (iv) award plaintiffs' costs and disbursements of the action. Defendants have moved to stay the Colorado action in favor of the Maryland action described below. Plaintiffs have moved for expedited discovery, and the defendants have opposed that motion.

Two of the actions were filed in the Circuit Court of Maryland for Baltimore City. The actions have been consolidated, and the plaintiffs filed a consolidated class action and derivative complaint on or about March 28, 2011. The Maryland consolidated complaint names the same defendants as the Colorado consolidated complaint. The complaint alleges that the members of the ProLogis board of trustees breached their fiduciary duties in connection with the Merger and that the Parent Company and the Operating Partnership aided and abetted the breaches of those fiduciary duties. The complaint further alleges that the Registration Statement is misleading and incomplete. The plaintiffs in this action seek, among other relief, an order to (i) enjoin, preliminarily and permanently, the Merger, (ii) rescind the Merger in the event it is consummated or award rescissory damages, (iii) direct the defendants to account to plaintiffs and all other members of the class for all damages, profits and any special benefits defendants obtained as a result of their breaches of fiduciary duties, and (iv) award plaintiffs the costs of the action. Defendants moved to dismiss the Maryland action for failure to state a claim and to stay all discovery pending a ruling on their motion to dismiss; the plaintiffs moved for expedited discovery in advance of a preliminary injunction hearing. On April 15, 2011, the parties to the Maryland action executed a memorandum of understanding that embodies their agreement in principle on the structure of a proposed settlement. The proposed settlement, which is subject to confirmatory discovery and court approval following notice to the class of all ProLogis shareholders during the period from January 30, 2011 through the date of the consummation of the proposed merger (the “Class”), would dismiss all causes of action asserted in the Maryland consolidated complaint and release all claims that members of the Class may have arising out of or relating in any manner to the proposed merger, including all claims being asserted in the Colorado action. Pursuant to the terms of the proposed settlement, defendants agreed to make certain supplemental disclosures to shareholders in the Registration Statement. The parties reported to the Maryland court on April 18, 2011 that they had reached agreement on a proposed settlement and executed a memorandum of understanding. On April 27, 2011, the parties to the consolidated action in Colorado reached an agreement in principle on the structure of a proposed settlement. Under the proposed settlement, which is subject to confirmatory discovery and approval of the Maryland court following notice to the Class, defendants agreed to make additional disclosures in the Registration Settlement.

The Parent Company and the Operating Partnership believe that the claims asserted against them in these lawsuits are without merit and intend to defend themselves vigorously against the claims.

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 March 31, 2011 used to manage these exposures and differences were 24 outstanding interest rate swaps and one interest rate cap 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 March 31, 2011, the Company had four foreign exchange 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 months ended ended March 31, 2011, 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 next twelve months from March 31, 2011, the Company estimates that an additional $0.1 million will be reclassified as a decrease to interest expense.

As of March 31, 2011, 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 swaps (EUR)	18	$1,121,109(1)
Interest rate swap (JPY)	5	$ 231,634
Interest rate cap (USD)	1	$ 26,500

(1) Includes five interest rate swaps entered into for the same notional amount with each of three different lenders. See Part 1, Item 3: "Quantitative and Qualitative Disclosures About Market Risk" for a detail of the individual interest rate swaps.

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 March 31, 2011, the Company had four foreign exchange 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 March 31, 2011, 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	$ 26,617
Foreign exchange forward contracts	4	$ 451,446

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 March 31, 2011 and December 31, 2010 (in thousands):

	Fair Value of Derivative Instruments at March 31, 2011			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments				
Interest rate swaps	Other assets	$ 5,607	Other liabilities	$ 727
Interest rate cap	Other assets	4	Other liabilities	—
Total		$ 5,611		$ 727
Derivatives not designated as hedging instruments				
Interest rate swap	Other assets	$ 977	Other liabilities	$ —
Foreign exchange forward contracts	Other assets	339	Other liabilities	477
Total		$ 1,316		$ 477
Total derivative instruments		$ 6,927		$ 1,204

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	Fair Value of Derivative Instruments at December 31, 2010			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments				
Interest rate swap	Other assets	$ 835	Other liabilities	$ 1,730
Interest rate cap	Other assets	8	Other liabilities	—
Total		$ 843		$ 1,730
Derivatives not designated as hedging instruments				
Foreign exchange forward contracts	Other assets	$ 713	Other liabilities	$ —
Interest rate cap	Other assets	108	Other liabilities	1,016
Total		$ 821		$ 1,016
Total derivative instruments		$ 1,664		$ 2,746

The tables below present the effect of the Company's derivative financial instruments on the consolidated statements of operations for the three months ended March 31, 2011 and 2010 (in thousands):

Derivative Instruments Not Designated as Hedging Instruments	Location of (Loss) Gain Recognized in Statement of Operations	Amount of (Loss) Gain Recognized
For the three months ended March 31, 2011		
Foreign exchange forward contracts	Other income (expense)	$ (15,581)
Interest rate swaps	Interest expense	(224)
Interest rate swaps	Other income (expense)	220
Total		$ (15,585)
For the three months ended March 31, 2010		
Foreign exchange forward contracts	Other income (expense)	$ 16,878
Total		$ 16,878

AMB PROPERTY CORPORATION AND AMB PROPERTY, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Derivative Instruments in Cash Flow Hedging Relationships	(Loss) Gain 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)
For the three months ended March 31, 2011			
Interest rate swaps	$ 5,456	Interest expense	$ (318)
Interest rate caps	(19)	Interest expense	(14)
Total	$ 5,437		$ (332)
For the three months ended March 31, 2010			
Interest rate swaps	$ (238)	Interest expense	$ (801)
Interest rate caps	(88)	Interest expense	—
Total	$ (326)		$ (801)

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 April 2011, the Company contributed $168 million of real estate assets to AMB China Logistics Venture I, L.P. Additionally, the Company acquired the joint venture partner’s 50% interest in its AMB-SGP, L.P. co-investment venture.

In April 2011, third party investors committed $87.6 million of equity to AMB U.S. Logistics Fund, L.P., of which $29.6 million was contributed during April.

On April 28, 2011, the Securities and Exchange Commission declared the Company’s registration statement on Form S-4 relating to the proposed merger with ProLogis effective. The special meeting for the Company’s common stockholders to vote on the proposed merger will be June 1, 2011. Subject to receipt of stockholder approval and satisfaction or waiver of the other closing conditions, the anticipated effective date of the merger is June 3, 2011.

On May 3, 2011, the Operating Partnership commenced offers to exchange all outstanding notes of certain series issued by ProLogis (the “ProLogis Notes”) for corresponding series of notes to be issued by the Operating Partnership and guaranteed by the Company (the “AMB LP Notes”) in the aggregate principal amount of

approximately $4.6 billion (the "exchange offers"). The closing of the exchange offer transactions are contingent on and conditioned upon the closing of the pending merger transaction with ProLogis. In the event that the pending merger transaction is not completed, the exchange offers will not close. The AMB LP Notes will be issued under and governed by the terms of a new Operating Partnership indenture. The Operating Partnership is making the exchange offers and, on behalf of the combined company, the solicitation of consents to amend the ProLogis indenture governing the ProLogis Notes. A holder who does not validly tender its ProLogis Notes for exchange, or whose notes are not accepted for exchange, will remain a holder of such ProLogis Notes. If the proposed amendments to the ProLogis indenture are adopted, all such ProLogis Notes will be governed by the ProLogis indenture as amended by the proposed amendments, which will have less restrictive terms and afford reduced protections to the holders of such securities compared to those currently in the ProLogis indenture. The Operating Partnership is making the exchange offers and, on behalf of the combined company, the solicitation of consents in anticipation of the pending merger of equals of the Company and ProLogis. For more information on the exchange offers and the solicitation of consents, see the registration statement on Form S-4 filed by the Company and the Operating Partnership with the SEC on May 3, 2011 and a related letter of transmittal and consent that contains a more complete description of the terms and conditions of the exchange offers and the solicitation of consents.

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 proposed merger transaction with ProLogis, including litigation related to the merger, any decreases in the market price of ProLogis stock and the risk that, if completed, the merger may not achieve its intended results;*
- *risks associated with the ability to consummate the proposed merger transaction with ProLogis and the timing of the closing of the merger;*
- *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, 2010, and the Amendment No. 2 to the Registration Statement on Form S-4 for AMB Property Corporation, filed with the SEC on April 28, 2011, 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 company posts and will post announcements and other company information, some of which may be material, in the Investor Relations section of the company's website. Investors should visit the company's website regularly to access such information. 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 March 31, 2011, the company owned, or had investments in, on a consolidated basis or through unconsolidated joint ventures, properties and development projects expected to total approximately 161.0 million square feet (15.0 million square meters) in 49 markets within 15 countries.

Of the approximately 161.0 million square feet as of March 31, 2011:

- 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 140.2 million square feet (principally, warehouse distribution buildings) that were 92.8% leased; the company had investments in 12 development projects, which are expected to total approximately 5.3 million square feet upon completion; the company owned 25 development projects, totaling approximately 6.8 million square feet, which are available for sale or contribution; and the company had three value-added acquisitions, totaling approximately 1.2 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
- 152,000 square feet of office space subject to a ground lease, which is the location of its global headquarters.

The company's business is operated primarily through the operating partnership. As of March 31, 2011, the parent company owned an approximate 98.2% 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.

The parent company was incorporated in the state of Maryland in 1997, and the operating partnership was formed in the state of Delaware in 1997. 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 and logistics 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 that 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 location 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. In the first quarter of 2011, consumption improved as evidenced by container volumes that were above peak levels. Furthermore, real inventories recovered approximately halfway from their trough and are expected to continue building throughout the year. Management believes that the recovery in global trade is on track and is expected to lead to an increase in demand for logistics space globally. Global trade volumes are currently above peak levels and IMF forecasts for 2011 indicate 7% growth in global trade. Management believes that its key hub and gateway markets will continue to lead the recovery in operating fundamentals and that a stronger recovery of fundamentals is expected to take hold later in 2011, with further increases in positive net absorption and declining availabilities.

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 reimbursements, 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 and development 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 and competitive rents at its properties and by controlling expenses, 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. The company leased 8.9 million square feet of its operating portfolio in the first quarter of 2011, which represents the highest level of leasing for a first quarter and the second highest level of leasing for any quarter in the company's history. 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 continue 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 March 31, 2011, more than 58% of the company's owned and managed operating portfolio is held through its 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 industrial properties that are wholly or partially vacant 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. 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 reflect the performance of its core portfolio. 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. In the first quarter of 2011, AMB initiated development projects in Beijing, Hamburg, Sao Paolo and Osaka, markets in which customer demand exceeds existing supply. 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 re-tenanting. 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.

Proposed Merger with ProLogis

On January 30, 2011, the parent company and the operating partnership entered into an Agreement and Plan of Merger (the "merger agreement") with ProLogis, a Maryland real estate investment trust, New Pumpkin Inc., a Maryland corporation and a wholly owned subsidiary of ProLogis, Upper Pumpkin LLC, a Delaware limited liability company and a wholly owned subsidiary of New Pumpkin Inc., and Pumpkin LLC, a Delaware limited liability company and a wholly owned subsidiary of Upper Pumpkin, LLC. The merger agreement provides for a merger of equals, in which through a series of transactions, ProLogis and its newly formed subsidiaries will be merged with and into the parent company (the "merger"), with the parent company continuing as the surviving corporation with its corporate name changed to "ProLogis Inc." As a result of the merger, each outstanding common share of beneficial interest of ProLogis will be converted into the right to receive 0.4464 of a newly issued share of common stock of the parent company. The merger is subject to customary closing conditions, including receipt of approval of parent company stockholders and ProLogis shareholders.

The merger transactions entail the following steps: (1) Pumpkin LLC will be merged with and into ProLogis, with ProLogis continuing as the surviving entity and as a wholly owned subsidiary of Upper Pumpkin, LLC; (2) then, New Pumpkin, Inc. will be merged with and into the parent company with the parent company continuing as the surviving corporation and its corporate name changed, and (3) then, the surviving corporation will contribute all of the outstanding equity interests of Upper Pumpkin, LLC to the operating partnership in exchange for the issuance by the operating partnership of partnership interests to the surviving corporation. As a result of these merger transactions, the combined company will be structured as an umbrella partnership real estate investment

trust, or "UPREIT," which, like the parent company, will own substantially all of its assets and conduct all of its operations through the operating partnership.

Additional Information About the Proposed Transaction and Where to Find it:

In connection with the proposed transaction, the company filed with the SEC a registration statement on Form S-4, which became effective on April 28, 2011, that includes a joint proxy statement of ProLogis and the company and also constitutes a prospectus of the company. ProLogis and the company have also filed other relevant documents with the SEC regarding the proposed transaction. INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS, ANY AMENDMENTS THERETO AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. You may obtain a free copy of the joint proxy statement/prospectus, any amendments thereto and other relevant documents filed by ProLogis and the company with the SEC at the SEC's website at *www.sec.gov*. Copies of the documents filed by ProLogis with the SEC are available free of charge on ProLogis' website at www.prologis.com or by contacting ProLogis Investor Relations at +1-303-567-5690. Copies of the documents filed by the company with the SEC are available free of charge on the company's website at *www.amb.com* or by contacting AMB Investor Relations at +1-415-394-9000.

The company and ProLogis and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. You can find information about the company's executive officers and directors in the company's definitive proxy statement filed with the SEC on March 23, 2011. You can find information about ProLogis' executive officers and directors in ProLogis' Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC on March 28, 2011. Additional information regarding the interests of such potential participants is included in the joint proxy statement/prospectus, any amendments thereto and other relevant documents filed with the SEC. You may obtain free copies of these documents from the company or ProLogis using the sources indicated above.

This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

Management's Overview

From management's perspective, the global economic recovery is continuing and the fundamentals of logistics real estate continue to improve. As such, management expects there to be an increase in demand for industrial real estate globally and management believes that the company has a leading position and competitive advantage in pursuing growth opportunities. To that end, the company's three priorities for 2011 are to:

- increase the utilization of its assets;
- scale the organization and become more profitable; and
- form new co-investment ventures and funds.

Management expects to see earnings growth if the company 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. Management believes real inventories in the U.S. have recovered approximately halfway from their trough and are expected to continue building throughout the year. The company is underway with development projects in Beijing, Hamburg, Sao Paolo and Osaka, markets in which customer demand exceeds existing supply. Furthermore, the company is currently evaluating multiple opportunities in its target markets around the globe and management believes that additional capital deployment opportunities will begin to surface in 2011. 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

As of March 31, 2011 the company's share of liquidity was more than $1.4 billion, consisting of approximately $1.2 billion of availability on its lines of credit and approximately $204 million of unrestricted cash and cash equivalents.

Real Estate Operations

Fundamentals in the U.S. industrial real estate market further improved in the first quarter of 2011. According to CBRE Econometric Advisors, the availability rate declined 20 basis points to 14.1% and net absorption was positive 29.3 million square feet. Over the past four quarters, 66 million square feet has been absorbed, the largest four quarter total since the first quarter of 2008. The recovery continues to be broad-based in the first quarter with over 60% of the markets in the U.S. reflecting positive net absorption. Availabilities in the coastal markets declined 40 basis points to 11.6% after peaking at 12.5% in the first quarter of 2010. The company continues to believe that record-low construction, when met by stronger demand, will drive the availability rate back down and that there will be a substantial improvement in net absorption in 2011.

Cash-basis same-store net operating income ("SS NOI"), without the effects of lease termination fees, increased 0.2 percent during the first quarter of 2011 compared with the same period in 2010, driven by increases in occupancy. This increase in quarterly SS NOI marked the second consecutive quarter of positive year-over-year performance.

Rent changes on rollovers declined 12.6% on a trailing four-quarter basis and decreased 12.1% for the quarter. Rent changes on rollover were negative for the first quarter of 2011, and management believes they will remain negative through 2011, although management also believes net effective rents have bottomed in most of the company's markets today. As such, management does not believe such declines represent a material trend that will impact future operating results in the long-term.

Capital Deployment

The company commenced new development in the quarter totaling approximately 3.1 million square feet (290,720 square meters) in Brazil, China, Japan and Germany, with an estimated total investment of $299.9 million. During the quarter, acquisitions, with a weighted average capitalization rate of 6.2%, totaled $22.5 million, including $17.3 million for AMB U.S. Logistics Fund, L.P. and $5.2 million for AMB Europe Logistics Fund, FCP-FIS. As of March 31, 2011, the company held a total of 2,594 acres of land for future development or sale on an owned and managed basis, approximately 87% of which is located in the Americas. The company currently estimates that these 2,594 acres of land could support approximately 46.5 million square feet of future development.

Private Capital Business

Following a record year in 2010, the company raised approximately $1.1 billion in private capital in the first quarter of 2011, which made it a record quarter of fund raising for AMB. In fact, that figure represents an AMB record for any prior 12-month period, as well. Management believes that private capital continues to be an important driver of the business; with the third party equity raised in the first quarter, the company has $3.2 billion of capacity in its funds that can be used to invest in opportunities around the world. As of March 31, 2011, the company had assets under management in co-investment ventures with a gross book value of approximately $8.3 billion.

On March 3, 2011, the company announced the formation of AMB Europe Logistics JV, FCP-FIS, an unconsolidated co-investment venture with Allianz Real Estate whose strategy is to acquire, own and operate logistics properties primarily within major seaport, airport and distribution markets in the Eurozone. The initial third-party equity investment will be approximately 400.0 million Euros (approximately $566.3 million in U.S. dollars using the exchange rate in effect at March 31, 2011) and the venture's overall equity commitment is 470.0 million Euros (approximately $665.4 million in U.S. dollars using the same exchange rate), including the

company's 15% co-investment. As of March 31, 2011, no investments had been made in real estate properties within this co-investment venture.

On March 16, 2011, the company announced the formation of AMB China Logistics Venture I, L.P., an unconsolidated co-investment venture with HIP China Logistics Investments Limited, whose strategy is to develop, acquire, own, operate and manage logistics properties primarily within key markets in China. The venture's overall equity commitment is $588.0 million, of which the company will contribute $88.0 million for an approximate 15% ownership. As of March 31, 2011, no investments had been made in real estate properties within this co-investment venture.

Subsequent to March 31, 2011, the company made contributions of $168 million of real estate assets to AMB China Logistics Venture I, L.P. in exchange for cash and a 15% partnership interest. Additionally, the company acquired the partner's 50% interest in its AMB-SGP, L.P. co-investment venture.

Subsequent to March 31, 2011, third party investors made capital commitments of $87.6 million to AMB U.S. Logistics Fund, L.P., of which $29.6 million was contributed in April 2011.

Equity holders in two of the company's co-investment ventures, AMB U.S. Logistics Fund, L.P. and AMB Europe Logistics Fund, FCP-FIS, have a right to request that the ventures redeem their interests under certain conditions. The redemption right of investors in AMB Europe Logistics Fund, FCP-FIS is exercisable beginning after July 1, 2011. As of March 31, 2011, AMB U.S. Logistics Fund, L.P. had received one redemption request for $12.2 million, which will be funded in the second quarter of 2011.

Summary of Key Transactions

During the three months ended March 31, 2011, the company completed the following significant transactions:

- Acquired two properties aggregating approximately 0.3 million square feet for an aggregate price of $22.5 million with a weighted average capitalization rate of 6.2%, including approximately 0.3 million square feet for $17.3 million for AMB U.S. Logistics Fund, L.P., as well as less than 0.1 million square feet for $5.2 million for AMB Europe Logistics Fund, FCP-FIS, which are unconsolidated co-investment ventures;
- Sold development properties aggregating less than 0.1 million square feet for an aggregate sales price of $0.6 million from AMB DFS Fund I, LLC, an unconsolidated co-investment venture;
- Sold industrial operating properties aggregating approximately 1.9 million square feet for an aggregate sales price of $77.2 million with a weighted average capitalization rate of 8.4%;
- Formed AMB Europe Logistics JV, FCP-FIS, a co-investment venture with Allianz Real Estate whose strategy is to acquire, own and operate logistics properties primarily within major seaport, airport and distribution markets in the Eurozone; and
- Formed AMB China Logistics Venture I, L.P., a co-investment venture with HIP China Logistics Investments Limited whose investment strategy is to develop, acquire, own, operate and manage logistics properties primarily within key markets in China.

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, 2010.

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, 2009 (generally defined as properties that are 90% occupied). As of March 31, 2011, the same store industrial pool consisted of properties aggregating approximately 70.6 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 months ended March 31, 2011 and 2010 was as follows:

	For the Three Months Ended March 31,	
	2011	2010
Development Properties Sold or Contributed:(1)		
Square feet (in thousands)(2)	—	312

(1) Excludes value-added acquisitions.

(2) For the three months ended March 31, 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 March 31, 2011 and 2010 (dollars in millions):

Revenues	For the Three Months Ended March 31, 2011	2010	$ Change	% Change
Rental revenues				
Same store	$ 128.4	$ 128.8	$ (0.4)	(0.3)%
Development	10.9	7.1	3.8	53.5%
Other industrial	18.8	10.8	8.0	74.1%
Total rental revenues	158.1	146.7	11.4	7.8%
Private capital revenues	7.7	7.4	0.3	4.1%
Total revenues	$ 165.8	$ 154.1	$ 11.7	7.6%

Total rental revenues increased $11.4 million from the prior year mainly due to increased occupancy, as consolidated average occupancy increased to 91.6% in the first quarter of 2011 as compared to 88.5% for the same period in 2010. Rental revenues from development increased $3.8 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 $8.0 million primarily reflects the further lease-up of the company's development portfolio and higher occupancy.

Costs and Expenses	For the Three Months Ended March 31, 2011	2010	$ Change	% Change
Property operating costs:				
Rental expenses	$ 31.3	$ 28.1	$ 3.2	11.4%
Real estate taxes	20.8	20.0	0.8	4.0%
Total property operating costs	$ 52.1	$ 48.1	$ 4.0	8.3%
Property operating costs:				
Same store	$ 41.7	$ 40.2	$ 1.5	3.7%
Development	4.8	3.5	1.3	37.1%
Other industrial	5.6	4.4	1.2	27.3%
Total property operating costs	52.1	48.1	4.0	8.3%
Depreciation and amortization	55.0	47.4	7.6	16.0%
General and administrative	30.7	31.9	(1.2)	(3.8)%
Restructuring charges	—	3.0	(3.0)	n/m
Merger transaction costs	3.7	—	3.7	n/m
Fund costs	0.2	0.3	(0.1)	(33.3)%
Other expenses	0.9	1.2	(0.3)	(25.0)%
Total costs and expenses	$ 142.6	$ 131.9	$ 10.7	8.1%

Total property operating costs increased $4.0 million from the prior year. The increase in same store operating costs of $1.5 million was primarily due to an increase in roads and grounds expenses, utilities expenses, and ground rent expenses, partially offset by a decrease in real estate taxes. The increase in development operating costs of $1.3 million was primarily due to an increase in real estate taxes, utilities, and repairs and maintenance expenses. The increase in other industrial operating costs of $1.2 million was primarily due to an increase in real estate taxes, utilities, and roads and grounds expenses during the first quarter of 2011. The increase in depreciation and amortization expenses of $7.6 million is primarily due to increased asset stabilizations and assets moving out of the held for sale or contribution pools in the early part of 2010, as well as $2.3 million of accelerated depreciation for uninsured losses related to the Japan earthquake and tsunami of March 2011. The decrease in general and administrative expense of $1.2 million is primarily due to higher capitalized development costs and lower computer and software expenses, partially offset by an increase in professional service expenses. During the three months ended March 31, 2010, the company recorded $3.0 million in restructuring charges associated with severance and the termination of certain contractual obligations. No restructuring charges were recognized during the three months ended March 31, 2011. Merger transaction costs of $3.7 million were incurred in the first quarter of 2011 related to the potential merger with ProLogis, while none were incurred in the same period in 2010.

Other Income and (Expenses)	For the Three Months Ended March 31, 2011	2010	$ Change	% Change
Development profits, net of taxes	$ —	$ 4.8	$ (4.8)	n/m
Equity in earnings of unconsolidated joint ventures, net	7.8	3.9	3.9	100.0%
Other income	1.2	0.3	0.9	300.0%
Interest expense, including amortization	(34.9)	(32.6)	2.3	7.1%
Total other income and (expenses), net	$ (25.9)	$ (23.6)	$ (2.3)	(9.7)%

Development profits decreased $4.8 million as no properties held in the development portfolio were sold to third parties in the first quarter of 2011. During the three months ended March 31, 2010, the company recognized development profits of approximately $4.8 million 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 $22.9 million. This included 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. Equity in earnings of unconsolidated joint ventures increased $3.9 million primarily due to increased ownership in the company's unconsolidated joint ventures, increased asset base, as well as increased levels of occupancy in the operating portfolio of those joint ventures. Other income increased $0.9 million from the prior year primarily due to higher investment income in the first quarter of 2011, partially offset by increased foreign currency exchange rate losses in 2011 as compared to the same period in 2010. Interest expense increased $2.3 million over the same period in the prior year primarily due to additional bond issuances in 2010.

Discontinued Operations	For the Three Months Ended March 31, 2011	2010	$ Change	% Change
Income attributable to discontinued operations	$ 0.9	$ 0.8	$ 0.1	12.5%
Development profits, net of taxes	1.6	—	1.6	n/m
Gains from sale of real estate interests, net of taxes	14.5	—	14.5	n/m
Total discontinued operations	$ 17.0	$ 0.8	$ 16.2	2,025.0%

The changes in income attributable to discontinued operations and gains from sale of real estate interests, net of taxes were primarily due to industrial operating property sales in the first quarter of 2011 as compared to the first quarter of 2010. During the three months ended March 31, 2011, the company sold industrial operating properties aggregating approximately 1.9 million square feet for an aggregate sales price of $77.2 million. Of these sales, 0.1 million square feet with a sales price of $7.4 million, resulting in a gain of $1.6 million, related to properties held in the operating portfolio which had previously undergone development by the company. These gains are presented in development profits, net of taxes, as discontinued operations in the consolidated statements of operations. The remaining $69.8 million of operating property sales resulted in gains of $14.5 million which were presented in gains from sale of real estate interests, net of taxes as discontinued operations in the consolidated statements of operations. During the three months ended March 31, 2010, the company did not sell any industrial operating properties.

Preferred Stock/Units	For the Three Months Ended March 31, 2011	2010	$ Change	% Change
Preferred stock dividends/unit distributions	$ (4.0)	$ (4.0)	$ —	—%
Total preferred stock/units	$ (4.0)	$ (4.0)	$ —	—%

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 March 31, 2011, the parent company owned an approximate 98.2% general partnership interest in the operating partnership, excluding preferred units. The remaining approximate 1.8% common limited partnership interests are owned by non-affiliated investors and certain current and former directors and officers of the parent company. As of March 31, 2011, 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 March 31, 2011: 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.

In September 2010, the parent company's board of directors approved a two-year common stock repurchase program for the repurchase of up to $200.0 million of the parent company's common stock. The parent company has not repurchased any shares of its common stock under this program.

Market Equity as of March 31, 2011

Security	Shares/Units Outstanding	Market Price(1)	Market Value (in thousands)
Common stock	169,550,704(4)	$ 35.97	$ 6,098,739
Common limited partnership units(2)	3,022,993	$ 35.97	108,737
Total	172,573,697		$ 6,207,476
Total options outstanding			9,103,685
Dilutive effect of stock options(3)			—

(1) Dollars, per share/unit

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

(3) Computed using the treasury stock method and an average share price for the parent company's common stock of $34.04 for the quarter ended March 31, 2011. All stock options were anti-dilutive as of March 31, 2011.

(4) Includes 1,269,422 shares of unvested restricted stock.

Preferred Stock as of March 31, 2011 (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 20.9 million square feet as of March 31, 2011, and are consolidated for financial reporting purposes.

Please see "Explanatory Note" at the beginning of this quarterly report on Form 10-Q 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 March 31, 2011, the parent company's share of total debt-to-parent company's share of total assets ratio was 43.0%. (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 March 31, 2011	
Parent company's share of total debt-to-parent company's share of total market capitalization(1)	38.6%
Parent company's share of total debt plus preferred-to-parent company's share of total market capitalization(1)	40.9%
Parent company's share of total debt-to-parent company's share of total assets(1)	43.0%
Parent company's share of total debt plus preferred-to-parent company's share of total assets(1)	45.5%

(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 March 31, 2011. 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. As of March 31, 2011, the parent company's share of total assets was approximately $9.4 billion. 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 months ended March 31, 2011 and 2010:

Paying Entity	Security	For the Three Months Ended March 31, 2011	For the Three Months Ended March 31, 2010
AMB Property Corporation	Common stock	$ 0.280	$ 0.280
AMB Property Corporation	Series L preferred stock	$ 0.406	$ 0.406
AMB Property Corporation	Series M preferred stock	$ 0.422	$ 0.422
AMB Property Corporation	Series O preferred stock	$ 0.438	$ 0.438
AMB Property Corporation	Series P preferred stock	$ 0.428	$ 0.428

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 three months ended March 31, 2011 and 2010, 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 three months ended March 31, 2011 and 2010. 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 three months ended March 31, 2011 and 2010:

Summary of Dividends and Distributions Paid	For the Three Months Ended March 31, 2011	2010
	(dollars in thousands)	
Net cash provided by operating activities	$ 61,727	$ 70,065
Dividends paid to common and preferred stockholders(1)	(99,304)	(45,644)
Distributions to noncontrolling interests, including preferred units	(2,988)	(3,361)
(Deficiency) excess of net cash provided by operating activities over dividends and distributions paid	$ (40,565)	$ 21,060
Net proceeds from divestiture of real estate and securities	$ 93,657	$ 22,408
Excess of net cash provided by operating activities and net proceeds from divestiture of real estate over dividends and distributions paid	$ 53,092	$ 43,468

(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. The increase in 2011 as compared to 2010 was due to timing of the first quarter dividend payment being accelerated in 2011 as a result of the proposed merger with ProLogis.

Debt guarantees. The parent company is the guarantor of the operating partnership's obligations with respect to its unsecured senior debt securities. As of March 31, 2011, the operating partnership had outstanding an aggregate of $1.7 billion in unsecured senior debt securities, before unamortized net discounts, which bore a weighted average interest rate of 5.5% and had an average term of 6.0 years. The indenture for the senior debt securities contains limitations 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 the following two facilities. In November 2010, the operating partnership paid off the outstanding Euro tranche balance of its original $425.0 million multi-currency term loan, which has a maturity of October 2012. As of March 31, 2011, only the Japanese Yen tranche of the term loan had an outstanding balance, which was approximately $150.3 million in U.S. dollars, using the exchange rate in effect on that date, and bore a weighted average interest rate of 3.4%. Additionally, in November 2010, the operating partnership entered into a 153.7 million Euro senior unsecured term loan, maturing in November 2015. Using the exchange rate in effect on March 31, 2011, the term loan had an outstanding balance of approximately $217.6 million in U.S. dollars, which bore a weighted average interest rate of 1.2%. These term loans contain 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 $600.0 million (includes Euro, Yen, British pounds sterling, Canadian dollar or U.S. dollar denominated borrowings) unsecured revolving credit facility. In November 2010, the operating partnership refinanced its $550.0 million multi-currency facility,

increasing the facility by $50.0 million and extending the maturity to March 2014. The facility can be increased to up to $800.0 million upon certain conditions. This facility had no outstanding balance as of March 31, 2011.

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 by the operating partnership from time to time to be a borrower under and pursuant to the credit agreement. This credit facility has an initial borrowing limit of 45.0 billion Yen, which, using the exchange rate in effect at March 31, 2011, equaled approximately $541.3 million U.S. dollars. Prior to its early renewal in December 2010, this credit facility had a borrowing limit of 55.0 billion Yen. Additionally, upon renewal, the credit facility maturity was extended to March 2014. As of March 31, 2011, this facility had a balance of $172.3 million, using the exchange rate in effect on that date, and bore a weighted average interest rate of 2.00%.

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 up to $750.0 million and to extend the maturity date by one year. As of March 31, 2011, this facility, which matures in July 2011, had a balance of $230.5 million, using the exchange rate in effect on that date, and bore a weighted average interest rate of 1.09%.

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 ventures; 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 three months ended March 31, 2011, cash provided by operating activities was $61.7 million as compared to $70.1 million for the same period in 2010. 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 $45.9 million for the three months ended March 31, 2011, as compared to cash used in investing activities of $183.3 million for the same period in 2010. This change is primarily due to a decrease in additions to interests in unconsolidated joint ventures and an increase in additions to land, buildings, development costs, building improvements and lease costs, partially offset by an increase in net proceeds from divestiture of real estate and securities. Cash provided by financing activities was $7.6 million for the three months ended March 31, 2011, as compared to cash provided by financing activities of $67.4 million for the same period in 2010. This change is due primarily to a decrease in net borrowings on unsecured credit facilities, a decrease in net borrowings on senior debt and an increase in distributions paid. This activity was partially offset by a decrease in net payments on secured debt.

Partners' Capital. As of March 31, 2011, the operating partnership had outstanding 169,321,293 common general partnership units; 2,058,730 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 months ended March 31, 2011 and 2010 were as follows, excluding value-added acquisitions (dollars in thousands):

	For the Three Months Ended March 31,	
	2011	2010
Available for Sale or Contribution:		
Number of projects	—	6
Square feet	—	1,578,067
Estimated investment(1)	$ —	$ 162,962
Total:		
Number of projects	—	6
Square feet	—	1,578,067
Estimated investment(1)	$ —	$ 162,962

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

Development sales to third parties during the three months ended March 31, 2011 and 2010 were as follows, excluding value-added acquisitions (dollars in thousands):

	For the Three Months Ended March 31,	
	2011	2010(1)
Square feet	—	312,103
Gross sales price	$7,400(2)	$ 22,893
Net proceeds	$7,316(2)	$ 21,936
Development profits, net of taxes	$1,637(2)	$ 4,803

(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 three months ended March 31, 2010, which was initiated in the fourth quarter of 2009 and completed in the first quarter of 2010.

(2) Includes 0.1 million square feet of industrial operating properties which had previously undergone development by the company. As such, these gains were presented as development profits, net of taxes within discontinued operations in the consolidated statements of operations.

The company made no development contributions to co-investment ventures during either the three months ended March 31, 2011 or 2010.

Properties Held for Sale or Contribution, Net. As of March 31, 2011, the operating partnership held for sale one property with an aggregate net book value of $1.4 million. Properties held for sale 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 such properties are generally 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, 2010, the operating partnership held for sale ten properties with an aggregate net book value of $55.9 million.

As of March 31, 2011, the operating partnership held for contribution to co-investment ventures 18 properties with an aggregate net book value of $344.8 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, 2010, the operating partnership held for contribution to co-investment ventures eight properties with an aggregate net book value of $186.2 million.

As of March 31, 2011, no properties were reclassified from held for sale or 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 three months

ended March 31, 2011, the operating partnership did not recognize any 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 three months ended March 31, 2010, the operating partnership recognized additional depreciation expense and related accumulated depreciation of $1.2 million as a result of similar reclassifications.

Gains from Sale of Real Estate Interests, Net of Taxes. During the three months ended March 31, 2011, the Company sold industrial operating properties aggregating approximately 1.9 million square feet for an aggregate sales price of $69.8 million resulting in gains of $14.5 million. During the three months ended March 31, 2010, the operating partnership did not sell any industrial operating properties.

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 co-investment ventures.

Third-party equity interests in the consolidated co-investment ventures are reflected as noncontrolling interests in the consolidated financial statements. As of March 31, 2011, the operating partnership owned approximately 81.5 million square feet of its properties (50.6% 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.

On August 2, 2010, the company announced the formation of AMB Mexico Fondo Logistico, a publicly traded co-investment venture with a 10-year term whose investment strategy is to develop, acquire, own, operate and manage industrial distribution facilities primarily within the company's target markets in Mexico. Approximately 3.3 billion Pesos was raised from the third party investors in the venture, comprised of institutional investors in Mexico, primarily private pension plans. These contributions, net of offering costs, held partially in Pesos and U.S. dollars, totaled approximately $252.5 million using the exchange rate in effect on March 31, 2011. These contributions, excluding amounts transferred as detailed below, are held by a third party trustee, which is not consolidated by the company, and, as such, the cash investment and equity interest of the third party investors related to this portion of the contributions are not reflected on the Company's consolidated financial statements. During the three months ended March 31, 2011, $4.1 million of the contributions made by third party investors were transferred from the third party trustee to the co-investment venture. The company will contribute 20% of the total equity, or approximately $63.1 million, at full deployment, for total equity of $315.6 million available for future investments. During the three months ended March 31, 2011, the company contributed $1.0 million to this co-investment venture, which is consolidated by the company.

On March 3, 2011, the company announced the formation of AMB Europe Logistics JV, FCP-FIS, an unconsolidated co-investment venture with Allianz Real Estate whose strategy is to acquire, own and operate logistics properties primarily within major seaport, airport and distribution markets in the Eurozone. The initial third-party equity investment will be approximately 400.0 million Euros (approximately $566.3 million in U.S. dollars using the exchange rate in effect at March 31, 2011) and the venture's overall equity commitment is 470.0 million Euros (approximately $665.4 million in U.S. dollars using the same exchange rate), including the company's 15% co-investment.

On March 16, 2011, the company announced the formation of AMB China Logistics Venture I, L.P., an unconsolidated co-investment venture with HIP China Logistics Investments Limited, whose strategy is to develop, acquire, own, operate and manage logistics properties primarily within key markets in China. The venture's overall equity commitment is $588.0 million, of which the company will contribute $88.0 million for an approximate 15% ownership.

The following table summarizes the operating partnership's consolidated co-investment ventures at March 31, 2011 (dollars in thousands):

Consolidated Co-investment Venture	Co-investment Venture Partner	Approximate Ownership Percentage
AMB Institutional Alliance Fund II, L.P.	AMB Institutional Alliance REIT II, Inc.	24%
AMB-SGP, L.P.	Industrial JV Pte. Ltd.	50%
AMB-AMS, L.P.	PMT, SPW and TNO	39%
AMB Mexico Fondo Logistico	Various	20%

(1) AMB Mexico Fondo Logistico has an estimated investment capacity of approximately $600 million using the exchange rate in effect on March 31, 2011.

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

The following table summarizes the operating partnership's unconsolidated co-investment ventures at March 31, 2011 (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.	AMB U.S. Logistics REIT, Inc.	33%	$ 406,329	$ 150,000(1)
AMB Europe Logistiscs Fund, FCP-FIS(2)	Institutional investors	37%	$ 174,127	$ 300,000(1)
AMB Japan Fund I, L.P.	Institutional investors	20%	$ 83,644	$ —
AMB-SGP Mexico, LLC	Industrial (Mexico) JV Pte. Ltd.	22%	$ 20,193	$ —
AMB DFS Fund I, LLC	Strategic Realty Ventures, LLC	15%	$ 14,303	$ —(3)
AMB Brazil Logistics Partners Fund I, L.P.	Major university endowment	25%	$ 57,975	$ 350,000
AMB Europe Logistics JV, FCP-FIS	Allianz Real Estate	15%	n/a	$ 650,000(1)
AMB China Logistics Venture I, L.P.	HIP China Logistics Investments, Ltd.	15%	n/a	$1,100,000

(1) The investment capacity of AMB U.S. Logistics Fund, L.P., AMB Europe Logistics Fund, FCP-FIS and AMB Europe Logistics JV, 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.

(2) Effective October 29, 2010, the name of AMB Europe Fund I, FCP-FIS was changed to AMB Europe Logistics Fund, FCP-FIS.

(3) The investment period for AMB DFS Fund I, LLC ended in June 2009, and, as of March 31, 2011, the remaining estimated investment is $5.9 million to complete the existing development assets held by the fund.

In addition to the equity investments shown above, the operating partnership, through its investment in AMB Property Mexico, held equity interests in various other unconsolidated ventures totaling approximately $14.0 million and $13.3 million as of March 31, 2011 and December 31, 2010, respectively. Additionally, in December 2010, the company entered into a mortgage debt investment joint venture with a third-party partner and held an equity interest of $87.6 million and $86.2 million as of March 31, 2011 and December 31, 2010, respectively.

Please see Part I, Item 1, Note 9 of the "Notes to Consolidated Financial Statements" for a discussion of the operating partnership's 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 March 31, 2011, the operating partnership's share of total debt-to-operating partnership's share of total assets ratio was 43.0%. (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 March 31, 2011, the aggregate principal amount of the operating partnership's secured debt was $1.0 billion, excluding $0.1 million of unamortized net premiums. Of the $1.0 billion of secured debt, $733.9 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 March 31, 2011, bore interest at rates varying from 1.1% to 8.3% per annum (with a weighted average rate of 4.3%) and had final maturity dates ranging from July 2011 to November 2022. As of March 31, 2011, $691.1 million of the secured debt obligations bore interest at fixed rates (with a weighted average interest rate of 5.1%), while the remaining $270.1 million bore interest at variable rates (with a weighted average interest rate of 2.4%). As of March 31, 2011, $583.6 million of the secured debt before unamortized premiums was held by co-investment ventures, including the AMB-SGP, L.P. loan agreement discussed below.

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, and pursuant to the loan agreement, 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. The aggregate principal amount outstanding under this loan agreement as of March 31, 2011 was $287.9 million.

As of March 31, 2011, the operating partnership had outstanding an aggregate of $1.7 billion in unsecured senior debt securities, before unamortized net discounts, which bore a weighted average interest rate of 5.5% and had an average term of 6.0 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 March 31, 2011, the operating partnership had $422.2 million outstanding in other debt which bore a weighted average interest rate of 2.5% and had an average term of 3.1 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 March 31, 2011. The remaining $367.9 million outstanding in other debt, using the exchange rates in effect on March 31, 2011, is related to the term loans discussed below.

In November 2010, the operating partnership paid off the outstanding Euro tranche balance of its original $425.0 million multi-currency term loan, which has a maturity of October 2012. As of March 31, 2011, only the Japanese Yen tranche of the term loan had an outstanding balance, which was approximately $150.3 million in U.S. dollars, using the exchange rate in effect on that date, and bore a weighted average interest rate of 3.4%. Additionally, in November 2010, the operating partnership entered into a 153.7 million Euro senior unsecured term loan, maturing in November 2015. Using the exchange rate in effect on March 31, 2011, the term loan had an

outstanding balance of approximately $217.6 million in U.S. dollars, which bore a weighted average interest rate of 1.2%.

The parent company guarantees the operating partnership's obligations with respect to certain of its unsecured debt. These unsecured credit facilities 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 March 31, 2011.

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 March 31, 2011, 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, 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 $600.0 million (includes Euro, Yen, British pounds sterling, Canadian dollar or U.S. dollar denominated borrowings) unsecured revolving credit facility. In November 2010, the operating partnership refinanced its $550.0 million multi-currency facility, increasing the facility by $50.0 million and extending the maturity to March 2014. The parent company is a guarantor of the operating partnership's obligations under the credit facility. The facility can be increased to up to $800.0 million upon certain conditions. The rate on the borrowings is generally LIBOR plus a margin, which was 185 basis points as of March 31, 2011, based on the operating partnership's long-term debt rating, with an annual facility fee of 35.0 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 $600.0 million can be drawn in Euros, Yen, British pounds sterling, Canadian Dollars or U.S. dollars. The operating partnership uses the credit facility principally for acquisitions, funding development activity and general working capital requirements. As of March 31, 2011, there was no outstanding balance on this credit facility, and the remaining amount available was $589.3 million, net of outstanding letters of credit of $10.7 million, using the exchange rate in effect on that date.

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 45.0 billion Yen, which, using the exchange rate in effect at March 31, 2011, equaled approximately $541.3 million U.S. dollars and bore a weighted average interest rate of 2.00%. 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 by the operating partnership 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. Prior to its early renewal in December 2010, this credit facility had a borrowing limit of 55.0 billion Yen. Additionally, upon renewal, the credit facility maturity was extended to March 2014. The rate on the borrowings is generally Yen LIBOR plus a margin, which was 185 basis points as of March 31, 2011, 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 35.0 basis points as of March 31, 2011. As of March 31, 2011, the outstanding balance on this credit facility, using the exchange rate in effect on that date was $172.3 million, and the remaining amount available was $369.0 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. Additionally, this facility has an option to be increased to up to $750.0 million. The rate on the borrowings is generally LIBOR plus a margin, which was 60.0 basis points as of March 31, 2011, 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 March 31, 2011, the outstanding balance on this credit facility, using the exchange rates in effect on that date, was approximately $230.5 million with a weighted average interest rate of 1.09%, and the remaining amount available was $269.5 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 March 31, 2011.

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 March 31, 2011 (dollars in thousands):

	Wholly Owned									
	Unsecured									
	Senior Debt	Credit Facilities(1)	Other Debt	Secured Debt	Total Wholly Owned Debt	Consolidated Joint Venture Debt	Total Consolidated Debt	Unconsolidated Joint Venture Debt	Total Debt	AMB's Share of Total Debt
2011	$ 25,000	$ 230,512	$ —	$ 15,203	$ 270,715	$ 138,854	$ 409,569	$ 293,559	$ 703,128	$ 410,012
2012	—	—	150,256	29,598	179,854	469,805	649,659	429,864	1,079,523	473,661
2013	293,897	—	—	23,710	317,607	104,852	422,459	721,396	1,143,855	542,064
2014	—	172,272	—	4,787	177,059	8,637	185,696	553,802	739,498	384,253
2015	112,491	—	217,624	7,721	337,836	16,943	354,779	493,705	848,484	521,419
2016	250,000	—	—	79,994	329,994	15,499	345,493	171,422	516,915	392,479
2017	300,000	—	—	66,303	366,303	490	366,793	92,783	459,576	387,426
2018	300,000	—	—	—	300,000	595	300,595	98,859	399,454	332,953
2019	250,000	—	—	—	250,000	29,412	279,412	14,043	293,455	271,219
2020	120,294	—	—	—	120,294	645	120,939	214,012	334,951	191,268
Thereafter	—	—	—	—	—	2,450	2,450	476,200	478,650	158,498
Subtotal	$ 1,651,682	$ 402,784	$ 367,880	$ 227,316	$ 2,649,662	$ 788,182(2)	$ 3,437,844	$ 3,559,645	$ 6,997,489	$ 4,065,252
Unamortized net (discounts) premiums	(11,859)	—	—	34	(11,825)	32	(11,793)	(4,740)	(16,533)	(10,021)
Subtotal	$ 1,639,823	$ 402,784	$ 367,880	$ 227,350	$ 2,637,837	$ 788,214	$ 3,426,051	$ 3,554,905	$ 6,980,956	$ 4,055,231
Joint venture partners' share of debt(3)	—	—	—	—	—	(448,927)	(448,927)	(2,476,798)	(2,925,725)	—
Operating partnership's share of total debt(4)	**$ 1,639,823**	**$ 402,784**	**$ 367,880**	**$ 227,350**	**$ 2,637,837**	**$ 339,287**	**$ 2,977,124**	**$ 1,078,107**	**$ 4,055,231**	**$ 4,055,231**
Weighted average interest rate	5.5%	1.5%	2.1%	2.9%	4.2%	4.8%	4.4%	4.5%	4.4%	4.4%
Weighted average remaining maturity (years)	6.0	1.4	3.4	4.7	4.8	1.7	4.1	4.5	4.3	4.5

(1) Represents three credit facilities with total borrowing capacity of approximately $1.6 billion. Includes $142.0 million in U.S. dollar borrowings and $172.3 million, $64.9 million, $4.2 million and $19.4 million in Yen, Canadian dollar, Euro and Singapore dollar-based borrowings outstanding at March 31, 2011, respectively, translated to U.S. dollars using the foreign exchange rates in effect on that date.

(2) Includes an outstanding balance of $54.3 million of other debt on a $70.0 million credit facility held by AMB Institutional Alliance Fund II, L.P.

(3) Joint venture partners' share of total debt represents the combined joint venture partners' pro rata portion of the total debt based on the percentage of equity interest of the joint venture partners in each of the consolidated or unconsolidated joint ventures holding the debt.

(4) 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 March 31, 2011, the operating partnership had debt maturing in 2011 through 2014, assuming extension options are exercised, as follows (dollars in thousands):

	After Extension Options(1)(2)			
Wholly owned debt	**2011**	**2012**	**2013**	**2014**
Unsecured Senior Debt	$ 25,000	$ —	$ 293,897	$ —
Credit Facilities	—	230,512	—	—
Other Debt	—	150,256	—	—
Operating Partnership Secured Debt	14,233	27,921	22,410	—
Subtotal	39,233	408,689	316,307	—
Consolidated Joint Ventures				
AMB-AMS, L.P.	—	—	39,135	—
AMB Institutional Alliance Fund II, L.P.	—	3,811	198,800	4,571
AMB-SGP, L.P.	37,963	287,914	—	—
Other Industrial Operating Joint Ventures	38,573	50,075	21,527	4,059
Subtotal	76,536	341,800	259,462	8,630
Unconsolidated Joint Ventures				
AMB-SGP Mexico	58,825	162,885	—	—
AMB Japan Fund I, L.P.	147,738	206,760	479,807	—
AMB-Europe Logistics Fund, FCP-FIS	—	—	—	434,391
AMB U.S. Logistics Fund, L.P.	24,088	29,174	180,656	91,069
Other Industrial Operating Joint Ventures	30,842	—	56,916	30,661
Subtotal	261,493	398,819	717,379	556,121
Total Consolidated	115,769	750,489	575,769	8,630
Total Unconsolidated	261,493	398,819	717,379	556,121
Total	$ 377,262	$ 1,149,308	$ 1,293,148	$ 564,751
Total Operating Partnership's Share(3)	**$ 145,034**	**$ 668,683**	**$ 574,237**	**$ 208,847**

(1) Excludes scheduled principal amortization of debt maturing in years subsequent to 2014, 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 2011 through 2014 based on its percentage of equity interest in each of the consolidated and unconsolidated joint ventures holding the debt.

Market Capital as of March 31, 2011

Security	Units Outstanding	Market Price(1)	Market Value (in thousands)
Common general partnership units	169,321,293(4)	$ 35.97	$ 6,090,487
Common limited partnership units(2)	3,022,993	$ 35.97	108,737
Total	172,344,286		$ 6,199,224
Total options outstanding			9,103,685
Dilutive effect of stock options(3)			—

(1) 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.

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

(3) Computed using the treasury stock method and an average share price for the parent company's common stock of $34.04 for the quarter ended March 31, 2011. All stock options were anti-dilutive as of March 31, 2011.

(4) Includes 1,269,422 shares of unvested restricted stock.

Preferred units as of March 31, 2011 (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 20.9 million square feet as of March 31, 2011 and are consolidated for financial reporting purposes.

Please see "Explanatory Note" at the beginning of this quarterly report on Form 10-Q 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 March 31, 2011

Operating partnership's share of total debt-to-operating partnership's share of total market capitalization(1)	38.7%
Operating partnership's share of total debt plus preferred-to-operating partnership's share of total market capitalization(1)	40.9%
Operating partnership's share of total debt-to-operating partnership's share of total assets(1)	43.0%
Operating partnership's share of total debt plus preferred-to-operating partnership's share of total assets(1)	45.5%

(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 March 31, 2011. 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. As of March 31, 2011, the operating partnership's share of total assets was approximately $9.4 billion. 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 March 31, 2011, the operating partnership had $203.6 million in cash and cash equivalents and $31.7 million in restricted cash. During the three months ended March 31, 2011, the operating partnership decreased the availability under its lines of credit by approximately $147 million while increasing its share of outstanding debt by approximately $66 million. As of March 31, 2011, the operating partnership had $1.2 billion available for future borrowings under its three multi-currency lines of credit, representing line utilization of 25%.

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 March 31, 2011, approximately $172.5 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 months ended March 31, 2011 and 2010:

		For the Three Months Ended March 31,	
Paying Entity	**Security**	**2011**	**2010**
AMB Property, L.P.	Common limited partnership units	$ 0.280	$ 0.280
AMB Property, L.P.	Series L preferred units	$ 0.406	$ 0.406
AMB Property, L.P.	Series M preferred units	$ 0.422	$ 0.422
AMB Property, L.P.	Series O preferred units	$ 0.438	$ 0.438
AMB Property, L.P.	Series P preferred units	$ 0.428	$ 0.428
AMB Property II, L.P.	Class B common limited partnership units	$ 0.280	$ 0.280

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 three months ended March 31, 2011 and 2010, 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 three months ended March 31, 2011 and 2010. 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 three months ended March 31, 2011 and 2010:

Summary of Distributions Paid	For the Three Months Ended March 31, 2011	2010
	(Dollars in thousands)	
Net cash provided by operating activities	$ 61,727	$ 70,065
Distributions paid to partners(1)	(99,880)	(46,238)
Distributions to noncontrolling interests, including preferred units	(2,412)	(2,767)
(Deficiency) excess of net cash provided by operating activities over distributions paid	$ (40,565)	$ 21,060
Net proceeds from divestiture of real estate	$ 93,657	$ 22,408
Excess of net cash provided by operating activities and net proceeds from divestiture of real estate over distributions paid	$ 53,092	$ 43,468

(1) The increase in 2011 as compared to 2010 was due to timing of the first quarter dividend payment being accelerated in 2011 as a result of the proposed merger with ProLogis.

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 months ended March 31, 2011 and 2010 on an owned and managed basis were as follows, excluding value-added acquisitions (dollars in thousands):

	For the Three Months Ended March 31, 2011	2010
The Americas:		
Number of new development projects	1	—
Square feet	602,611	—
Estimated total investment(1)	$ 58,040	$ —
Europe:		
Number of new development projects	1	—
Square feet	305,351	—
Estimated total investment(1)	$ 34,150	$ —
Asia:		
Number of new development projects	2	—
Square feet	2,221,314	—
Estimated total investment(1)	$ 207,744	$ —
Total:		
Number of new development projects	4	—
Square feet	3,129,276	—
Estimated total investment(1)	$ 299,934	$ —
Total construction-in-progress estimated investment(1)(2)	$ 471,617	$ 300,768
Total construction-in-progress invested to date(3)	$ 196,771	$ 269,612
Total construction-in-progress remaining to invest(3)(4)	$ 274,846	$ 31,156

(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 March 31, 2011 or 2010, 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 March 31, 2011, the operating partnership had 12 construction-in-progress development projects, on an owned and managed basis, which are expected to total approximately 5.3 million square feet and have an aggregate estimated investment of $470.6 million upon completion, net of $1.0 million of cumulative real estate impairment losses to date. Five of these projects totaling approximately 1.8 million square feet with an aggregate estimated investment of $183.4 million were held in an unconsolidated co-investment venture. Construction-in-progress, at March 31, 2011, included projects expected to be completed through the third quarter of 2013.

On an owned and managed basis, the operating partnership had an additional 25 development projects available for sale or contribution totaling approximately 6.8 million square feet, with an aggregate estimated investment of $699.3 million, net of $68.6 million of cumulative real estate impairment losses to date, and an aggregate net book value of $686.6 million.

As of March 31, 2011, on an owned and managed basis, the operating partnership and its development joint venture partners have funded an aggregate of $952.0 million, or 77%, of the total estimated investment before the impact of real estate investment losses and will need to fund an estimated additional $287.5 million, or 23%, in order to complete its development portfolio.

In addition to its committed development pipeline, the operating partnership held a total of 2,594 acres of land for future development or sale, on an owned and managed basis, approximately 87% of which was located in the Americas. This included 234 acres that were held in unconsolidated joint ventures. The operating partnership currently estimates that these 2,594 acres of land could support approximately 46.5 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 March 31, 2011, the operating partnership had investments in co-investment ventures with a gross book value of approximately $1.2 billion, which are consolidated for financial reporting purposes, and net equity investments in unconsolidated co-investment ventures of $756.6 million and a gross book value of approximately $7.2 billion. As of March 31, 2011, the operating partnership may make additional capital contributions to current and planned co-investment ventures of up to $464.6 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 Logistics Fund, 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 Logistics Fund, 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.

On August 2, 2010, the company announced the formation of AMB Mexico Fondo Logistico, a publicly traded co-investment venture with a 10-year term whose investment strategy is to develop, acquire, own, operate and manage industrial distribution facilities primarily within the company's target markets in Mexico. Approximately 3.3 billion Pesos was raised from the third party investors in the venture, comprised of institutional investors in Mexico, primarily private pension plans. These contributions, net of offering costs, held partially in Pesos and U.S. dollars, totaled approximately $252.5 million using the exchange rate in effect on March 31, 2011. These

contributions, excluding amounts transferred as detailed below, are held by a third party trustee, which is not consolidated by the company, and, as such, the cash investment and equity interest of the third party investors related to this portion of the contributions are not reflected on the company's consolidated financial statements. During the three months ended March 31, 2011, $4.1 million of the contributions made by third party investors were transferred from the third party trustee to the co-investment venture. The company will contribute 20% of the total equity, or approximately $63.1 million, at full deployment, for total equity of $315.6 million available for future investments. During the three months ended March 31, 2011, the company contributed $1.0 million to this co-investment venture. The co-investment venture is expected to utilize 50% to 65% leverage on its investments. As of March 31, 2011, no investments had been made in real estate properties within this co-investment venture, which is consolidated by the company.

On March 3, 2011, the company announced the formation of AMB Europe Logistics JV, FCP-FIS, an unconsolidated co-investment venture with Allianz Real Estate whose strategy is to acquire, own and operate logistics properties primarily within major seaport, airport and distribution markets in the Eurozone. The initial third-party equity investment will be approximately 400.0 million Euros (approximately $566.3 million in U.S. dollars using the exchange rate in effect at March 31, 2011) and the venture's overall equity commitment is 470.0 million Euros (approximately $665.4 million in U.S. dollars using the same exchange rate), including the company's 15% co-investment. The co-investment venture is not expected to utilize leverage on its investments. As of March 31, 2011, no investments had been made in real estate properties within this co-investment venture.

On March 16, 2011, the company announced the formation of AMB China Logistics Venture I, L.P., an unconsolidated co-investment venture with HIP China Logistics Investments Limited, whose strategy is to develop, acquire, own, operate and manage logistics properties primarily within key markets in China. The venture's overall equity commitment is $588.0 million, of which the company will contribute $88.0 million for an approximate 15% ownership. The co-investment venture is expected to utilize 50% leverage on its investments. As of March 31, 2011, no investments had been made in real estate properties within this co-investment venture.

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 months ended March 31, 2011 and 2010 were as follows, excluding value-added acquisitions (dollars in thousands):

	For the Three Months Ended March 31,	
	2011	2010
The Americas:		
Acres	—	58
Estimated build out potential (square feet)	—	1,162,103
Investment(1)	$ —	$ 21,321
Europe:		
Acres	12	—
Estimated build out potential (square feet)	305,351	—
Investment(1)	$ 9,973	$ —
Asia:		
Acres	13	—
Estimated build out potential (square feet)	1,143,223	—
Investment(1)	$ 2,686	$ —
Total:		
Acres	25	58
Estimated build out potential (square feet)	1,448,574	1,162,103
Investment(1)	$ 12,659	$ 21,321

(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 months ended March 31, 2011 and 2010 was as follows (dollars in thousands):

	For the Three Months Ended March 31,	
	2011	2010
Number of properties acquired by AMB U.S. Logistics Fund, L.P.	1	2
Square feet	278,365	687,932
Expected investment(1)	$ 17,300	$ 45,552
Number of properties acquired by AMB Europe Logistics Fund, FCP-FIS	1	—
Square feet	29,956	—
Expected investment(1)	$ 5,202	$ —
Total number of properties acquired	2	2
Total square feet	308,321	687,932
Total acquisition cost	$ 22,386	$ 45,400
Total acquisition capital	116	152
Total expected investment(1)	$ 22,502	$ 45,552

(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 March 31, 2011 or 2010, as applicable.

OFF-BALANCE SHEET ARRANGEMENTS

Standby Letters of Credit. As of March 31, 2011, the company had provided approximately $13.2 million in letters of credit, of which $10.7 million were provided under the operating partnership's $600.0 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 March 31, 2011, the company had outstanding guarantees and contribution obligations in the aggregate amount of $406.2 million as described below.

As of March 31, 2011, 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 March 31, 2011, the company also guaranteed $61.3 million and $84.0 million on outstanding loans on five of its consolidated joint ventures and three 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 March 31, 2011.

Performance and Surety Bonds. As of March 31, 2011, the company had outstanding performance and surety bonds in an aggregate amount of $4.8 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"), Funds From Operations Per Share and Unit, as adjusted ("FFOPS, as adjusted"), Core Funds From Operations, as adjusted ("Core FFO, as adjusted"), Core Funds From Operations Per Share and Unit, as adjusted ("Core FFOPS, as adjusted") and Funds From Operations, as defined by NAREIT ("FFO, as defined by NAREIT").

The company believes that net 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), FFO per share and unit, as adjusted (or FFOPS, as adjusted), Core FFO, as adjusted, Core FFO per share and unit, as adjusted (or Core FFOPS, as adjusted) and FFO, as defined by NAREIT (together, the "FFO Measures, 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. The company defines Core FFOPS, as adjusted as Core

FFO, as adjusted per fully diluted weighted share of the parent company's common stock and operating partnership units. The company calculates Core FFO, as adjusted as FFO, as adjusted excluding the company's share of development profits. These calculations also include adjustments for items as described below.

Unless stated otherwise, 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. The company includes in its calculation of FFO, as adjusted, gains or losses related to the contribution of previously depreciated real estate to joint ventures. Although it is a departure from the current NAREIT definition, the company believes such calculation of FFO, as adjusted, better reflects the value created as a result of the contributions.

In addition, the company calculates FFO, as adjusted, to exclude impairment and restructuring charges, merger transaction costs, debt extinguishment losses and the 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 preferred unit redemption discount reflects the gain associated with the discount to liquidation preference in the 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. The merger transaction costs, which reflected costs associated with the company's potential merger transaction with ProLogis, represented fluctuations that can have inconsistent effects on the company's results of operations. 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 the FFO Measures, 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 the FFO Measures, 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, the FFO Measures, 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 available to common stockholders, as defined

by U.S. GAAP. The company believes that the use of the FFO Measures, 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 the FFO Measures, 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, the FFO Measures, 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, the FFO Measures, as adjusted, do not represent cash flow from operations or net income 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. The FFO Measures, as adjusted, also do not consider the costs associated with capital expenditures related to the company's real estate assets nor are the FFO Measures, as adjusted, necessarily indicative of cash available to fund the company's future cash requirements. Management compensates for the limitations of the FFO Measures, as adjusted, by providing investors with financial statements prepared according to U.S. GAAP, along with this detailed discussion of the FFO Measures, as adjusted, and a reconciliation of the FFO Measures, as adjusted, to net income 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 and the calculation of Core FFO, as adjusted, reconciled from FFO, as adjusted, for the three months ended March 31, 2011 and 2010 (dollars in thousands, except share and per share amounts):

	For the Three Months Ended March 31, 2011	For the Three Months Ended March 31, 2010
Net income (loss) available to common unitholders of the operating partnership	$ 7,920	$ (4,506)
Net (loss) income available to common unitholders of the operating partnership attributable to limited partners of the operating partnership	(99)	59
Net income (loss) available to common stockholders of the parent company	7,821	(4,447)
Gains from sale or contribution of real estate interests, net	(14,544)	—
Depreciation and amortization:		
Total depreciation and amortization	54,986	47,381
Discontinued operations' depreciation	28	1,279
Non-real estate depreciation	(1,897)	(2,545)
Adjustment for depreciation on development profits	(525)	(1,546)
Adjustments to derive FFO, as defined by NAREIT, from consolidated joint ventures:		
Joint venture partners' noncontrolling interests (Net income (loss))	2,049	(375)
Limited partnership unitholders' noncontrolling interests (Net income (loss) and development profits)	145	(94)
FFO, as defined by NAREIT, attributable to noncontrolling interests	(7,542)	(5,380)
Adjustments to derive FFO, as defined by NAREIT, from unconsolidated joint ventures:		
The company's share of net income	(7,800)	(3,875)
The company's share of FFO, as defined by NAREIT	20,881	14,453
Funds from operations, as defined by NAREIT	53,602	44,851
Adjustments for impairments, restructuring charges and debt extinguishment:		
Restructuring charges	—	2,973
Merger transaction costs	3,697	—
Allocation to participating securities(1)	(69)	(42)
Funds from operations, as adjusted	$ 57,230	$ 47,782
Basic FFO, as adjusted, per common share and unit	$ 0.33	$ 0.31
Diluted FFO, as adjusted, per common share and unit	$ 0.33	$ 0.31
Weighted average common shares and units:		
Basic	171,137,688	152,042,559
Diluted	172,972,812	152,769,638
Core funds from operations (Core FFO), as adjusted		
Funds from operations, as adjusted	$ 57,230	$ 47,782
Development profits, net of taxes	(1,112)	(3,257)
Joint venture partners' and limited partnership unitholders' share of development profits, net of taxes	29	106
Limited partnership unitholders' noncontrolling interests (Development profits)	(29)	(106)
Allocation to participating securities(1)	8	26
Core funds from operations, as adjusted	$ 56,126	$ 44,551
Basic Core FFO, as adjusted, per common share and unit	$ 0.33	$ 0.29
Diluted Core FFO, as adjusted, per common share and unit	$ 0.32	$ 0.29
Weighted average common shares and units:		
Basic	171,137,688	152,042,559
Diluted	172,972,812	152,769,638

(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. The same allocation is made for Core FFO, as adjusted, per common share and unit. Under this method, allocations were made to 1,269,422 unvested restricted shares outstanding for the three months ended March 31, 2011. Allocations were made to 1,228,034 unvested restricted shares outstanding for the three months ended March 31, 2010.

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, merger transaction costs, 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, 2009. 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, merger transaction costs, 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 income (loss) for the three months ended March 31, 2011 and 2010 (dollars in thousands):

	For the Three Months Ended March 31,	
	2011	2010
Net income (loss)	$ 14,322	$ (620)
Private capital revenues	(7,683)	(7,445)
Depreciation and amortization	54,986	47,381
General and administrative and fund costs	30,902	32,265
Restructuring charges	—	2,973
Meger transaction costs	3,697	—
Total other income and expenses	26,850	24,813
Total discontinued operations	(17,051)	(840)
Net operating income	106,023	98,527
Less non same-store NOI	(18,888)	(11,233)
Less non-cash adjustments(1)	(2,279)	(2,877)
Cash-basis same-store NOI	$ 84,856	$ 84,417
Less lease termination fees	(393)	(638)
Cash-basis same-store NOI, excluding lease termination fees	$ 84,463	$ 83,779

(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 March 31, 2011:

Operating Portfolio	
Square feet owned(2)(3)	140,188,197
Occupancy percentage(3)	92.8%
Average occupancy percentage	92.4%
Weighted average lease terms (years):	
Original	6.2
Remaining	3.4
Trailing four quarters tenant retention	61.4%
Trailing four quarters rent change on renewals and rollovers:(4)	
Percentage	(12.6)%
Same space square footage commencing (millions)	24.4
Trailing four quarters second generation leasing activity:(5)	
Tenant improvements and leasing commissions per sq. ft.:	
Retained	$ 1.45
Re-tenanted	$ 2.52
Weighted average	$ 2.05
Square footage commencing (millions)	31.5

(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 March 31, 2011, 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 77.8 million rentable square feet with an occupancy rate of 92.1% at March 31, 2011.

(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 March 31, 2011:

Owned and Managed Property Data(1)	The Americas	Europe	Asia	Total/Weighted Average
For the quarter ended March 31, 2011:				
Rentable square feet	112,766,343	13,513,165	13,908,689	140,188,197
Occupancy percentage at period end(2)	92.5%	92.9%	95.4%	92.8%
Trailing four quarters same space square footage leased	20,427,653	1,208,225	2,742,707	24,378,585
Trailing four quarters rent change on renewals and rollovers(2)(3)	(14.5)%	(13.2)%	(4.3)%	(12.6)%

(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 2011 was 91.5% and 96.2% and 96.2%, respectively, and trailing four quarters rent change on renewals and rollovers at period end for 2011 was (14.1)%, (29.2)% and 6.2% respectively. Properties in Europe are primarily held in the unconsolidated co-investment venture AMB Europe Logistics Fund, 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.

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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 March 31, 2011:

Same Store Pool(2)	
Square feet in same store pool(3)	128,889,462
% of total square feet	91.9%
Occupancy percentage(3)	92.4%
Average occupancy percentage	92.0%
Weighted average lease terms (years):	
Original	6.2
Remaining	3.3
Trailing four quarters tenant retention	61.2%
Trailing four quarters rent change on renewals and rollovers:(4)	
Percentage	(13.0)%
Same space square footage commencing (millions)	21.9
Growth % increase (decrease) (including straight-line rents):	
Revenues(5)	0.9%
Expenses(5)	4.1%
Net operating income, excluding lease termination fees(5)(6)	(0.3)%
Growth % increase (excluding straight-line rents):	
Revenues(5)	1.4%
Expenses(5)	4.1%
Net operating income, excluding lease termination fees(5)(6)	0.2%

(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, 2009 (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 70.6 million square feet with an occupancy rate of 91.6% at March 31, 2011.

(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 March 31, 2011, on a consolidated basis, the percentage change was 0.9%, 3.3% and (0.2)%, respectively, for revenues, expenses and net operating income (including straight-line rents) and 1.6%, 3.3% and 0.8%, 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.

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 $11.8 million as of March 31, 2011 (dollars in thousands):

	2011	2012	2013	2014	2015	Thereafter	Total	Fair Value
Fixed rate debt(1)	$ 97,197	$541,602	$366,762	$ 13,425	$354,779	$1,386,870	$2,760,635	$2,816,313
Average interest rate	6.2%	5.1%	6.1%	5.3%	2.7%	5.1%	5.0%	n/a
Variable rate debt(2)	$312,372	$108,057	$ 55,697	$172,271	$ —	$ 28,812	$ 677,209	$ 682,542
Average interest rate	1.8%	1.8%	2.8%	1.5%	—%	2.3%	1.8%	n/a
Interest payments(3)	$ 11,729	$ 29,523	$ 23,821	$ 3,264	$ 9,458	$ 71,675	$ 149,470	n/a

(1) Represents 80.3% of all outstanding debt at March 31, 2011.

(2) Represents 19.7% of all outstanding debt at March 31, 2011.

(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 $1.2 million (net of the swap) annually. As of March 31, 2011, the book value and the estimated fair value of the company's total consolidated debt (both secured and unsecured) were $3.4 billion and $3.5 billion, respectively, based on the company's estimate of current market interest rates. As of December 31, 2010, the book value and the estimated fair value of the company's total consolidated debt (both secured and unsecured) were $3.3 billion and $3.4 billion, based on our estimate of current market interest rates.

As of March 31, 2011 and December 31, 2010, variable rate debt comprised 19.7% and 38.8%, respectively, of all the company's outstanding debt. Variable rate debt was $0.7 billion and $0.7 billion as of March 31, 2011 and December 31, 2010, 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 March 31, 2011 were 24 interest rate swaps and one interest rate cap 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 March 31, 2011 (in thousands):

Cash Flow Hedges — EUR Swaps

Derivative Type	Receive-Floating Index	Maturity Date	Pay-Fixed Strike Rate	Notional Amount (USD Equivalent)	Fair Value
Swap	3 mo. EURIBOR	December-11	1.2600%	$ 8,141	$ 14
Swap(1)	1 mo. EURIBOR	January-12	1.1575%	$ 118,704	$ 214
Swap(1)	1 mo. EURIBOR	January-12	1.1710%	$ 69,244	$ 118
Swap(1)	1 mo. EURIBOR	January-12	1.1550%	$ 29,676	$ 54
Swap	3 mo. EURIBOR	December-12	1.7300%	$ 11,539	$ 52
Swap(1)	1 mo. EURIBOR	January-13	1.4875%	$ 118,704	$ 884
Swap(1)	1 mo. EURIBOR	January-13	1.5010%	$ 69,244	$ 505
Swap(1)	1 mo. EURIBOR	January-13	1.4850%	$ 29,676	$ 222
Swap	3 mo. EURIBOR	December-13	2.2200%	$ 13,309	$ 73
Swap(1)	1 mo. EURIBOR	January-14	1.9975%	$ 118,704	$ 960
Swap(1)	1 mo. EURIBOR	January-14	2.0110%	$ 69,244	$ 547
Swap(1)	1 mo. EURIBOR	January-14	1.9950%	$ 29,676	$ 240
Swap(1)	1 mo. EURIBOR	January-15	2.5875%	$ 118,704	$ 658
Swap(1)	1 mo. EURIBOR	January-15	2.6010%	$ 69,244	$ 368
Swap(1)	1 mo. EURIBOR	January-15	2.5850%	$ 29,676	$ 164
Swap(1)	1 mo. EURIBOR	September-15	3.0025%	$ 118,704	$ 298
Swap(1)	1 mo. EURIBOR	September-15	3.0160%	$ 69,244	$ 163
Swap(1)	1 mo. EURIBOR	September-15	3.0000%	$ 29,676	$ 73
				$ 1,121,109	**$ 5,607**

Cash Flow Hedges — JPY Swaps

Derivative Type	Receive-Floating Index	Maturity Date	Pay-Fixed Strike Rate	Notional Amount (USD Equivalent)	Fair Value
Swap	3 mo. JPY TIBOR	October-12	0.6000%	$ 150,256	$ (341)
Swap	3 mo. JPY LIBOR	September-16	2.5200%	$ 25,382	$ (32)
Swap	3 mo. JPY LIBOR	September-16	2.5200%	$ 15,638	$ (20)
Swap	3 mo. JPY LIBOR	July-17	2.8800%	$ 24,720	$ (205)
Swap	3 mo. JPY LIBOR	July-17	2.8800%	$ 15,638	$ (129)
				$ 231,634	**$ (727)**

Cash Flow Hedges — USD Caps

Derivative Type	Receive-Floating Index	Maturity Date	Pay-Fixed Strike Rate	Notional Amount (USD Equivalent)	Fair Value
Cap	1 mo. USD LIBOR	October-12	4.2500%	$ 26,500	$ 4
				$ 26,500	**$ 4**

Non-Designated Hedges — FX Forward

Derivative Type	Forward Rate	Maturity Date	Pay-Fixed Strike Rate	Buy Notional Amount (USD Equivalent)	Fair Value
FX Forward	1.41682	June-11	EUR 124,143	$ 175,762	$ 290
FX Forward	1.6049	June-11	GBP 15,800	$ 25,323	$ 49
FX Forward	0.97329	June-11	CAD 165,000	$ 169,998	$ (326)
FX Forward	0.97325	June-11	CAD 78,000	$ 80,363	$ (151)
				$ 451,446	**$ (138)**

Non-Designated Hedges — IR Swap

Derivative Type	Receive-Floating Index	Maturity Date	Pay-Fixed Strike Rate	Notional Amount (USD Equivalent)	Fair Value
Swap	3 mo. EURIBOR	June-11	4.4500%	$ 26,617	$ 977
				$ 26,617	**$ 977**
Total USD Equivalent Amount				**$ 1,857,306**	**$ 5,723**

(1) Includes five interest rate swaps entered into for the same notional amount with each of three different lenders.

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 $1.6 million and $0.6 million for the three months ended March 31, 2011 and 2010, 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 March 31, 2011 and 2010, total unrealized and realized losses from remeasurement and translation included in the company’s results of operations were $(1.3) million and $(1.0) 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.

During the third fiscal quarter of 2010, the parent company began migrating certain of its financial processing systems to Yardi software. This Yardi software implementation is part of the parent company's initiative to transform its technology platform in support of its global operating platform. The parent company plans to continue implementing such software throughout other parts of its business over the next several fiscal quarters. In connection with the Yardi software implementation and resulting business process changes, the parent company continues to enhance the design and documentation of its internal control processes to ensure suitable controls over its financial reporting.

Except as described above, 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.

During the third fiscal quarter of 2010, the operating partnership began migrating certain of its financial processing systems to Yardi software. This Yardi software implementation is part of the operating partnership's initiative to transform its technology platform in support of its global operating platform. The operating partnership plans to continue implementing such software throughout other parts of its business over the next several fiscal quarters. In connection with the Yardi software implementation and resulting business process changes, the operating partnership continues to enhance the design and documentation of its internal control processes to ensure suitable controls over its financial reporting.

Except as described above, 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***

The parent company and the operating partnership have been named as defendants in several pending putative shareholder class actions filed in connection with the combination of the parent company and ProLogis (the "Merger").

Three of the actions were filed in the District Court for the City and County of Denver, Colorado. These cases have been consolidated, and on or about April 1, 2011, plaintiffs filed a consolidated class action complaint against ProLogis, the members of the ProLogis board of trustees, the parent company, New Pumpkin Inc., Upper Pumpkin LLC, Pumpkin LLC and the operating partnership. The complaint alleges that ProLogis' trustees breached their fiduciary duties in connection with entering into the merger agreement and that ProLogis, the parent company, New Pumpkin Inc., Upper Pumpkin LLC, Pumpkin LLC and the operating partnership aided and abetted the breaches of those fiduciary duties. The complaint further alleges that the registration statement filed on Form S-4 in connection with the special meetings of the shareholders of each of the parent company and ProLogis to vote on the transaction (the "Registration Statement") contains material omissions and misstatements. The plaintiffs seek, among other relief, an order to (i) enjoin the defendants from consummating the Merger unless and until ProLogis adopts and implements a procedure or process reasonably designed to enter into a merger agreement providing the best possible value for ProLogis' shareholders, (ii) direct the defendants to exercise their fiduciary duties to obtain a transaction that is in the best interests of ProLogis' shareholders and to refrain from entering into any transaction until the process for the sale or merger of ProLogis is completed and the highest possible value obtained, (iii) rescind the merger agreement, to the extent already implemented, and (iv) award plaintiffs' costs and disbursements of the action. Defendants have moved to stay the Colorado action in favor of the Maryland action described below. Plaintiffs have moved for expedited discovery, and the defendants have opposed that motion.

Two of the actions were filed in the Circuit Court of Maryland for Baltimore City. The actions have been consolidated, and the plaintiffs filed a consolidated class action and derivative complaint on or about March 28, 2011. The Maryland consolidated complaint names the same defendants as the Colorado consolidated complaint. The complaint alleges that the members of the ProLogis board of trustees breached their fiduciary duties in connection with the Merger and that the parent company and the operating partnership aided and abetted the breaches of those fiduciary duties. The complaint further alleges that the Registration Statement is misleading and incomplete. The plaintiffs in this action seek, among other relief, an order to (i) enjoin, preliminarily and permanently, the Merger, (ii) rescind the Merger in the event it is consummated or award rescissory damages, (iii) direct the defendants to account to plaintiffs and all other members of the class for all damages, profits and any special benefits defendants obtained as a result of their breaches of fiduciary duties, and (iv) award plaintiffs the costs of the action. Defendants moved to dismiss the Maryland action for failure to state a claim and to stay all discovery pending a ruling on their motion to dismiss; the plaintiffs moved for expedited discovery in advance of a preliminary injunction hearing. On April 15, 2011, the parties to the Maryland action executed a memorandum of understanding that embodies their agreement in principle on the structure of a proposed settlement. The proposed settlement, which is subject to confirmatory discovery and court approval following notice to the class of all ProLogis shareholders during the period from January 30, 2011 through the date of the consummation of the proposed merger (the "Class"), would dismiss all causes of action asserted in the Maryland consolidated complaint and release all claims that members of the Class may have arising out of or relating in any manner to the proposed merger, including all claims being asserted in the Colorado action. Pursuant to the terms of the proposed settlement, defendants agreed to make certain supplemental disclosures to shareholders in the Registration Statement. The parties reported to the Maryland court on April 18, 2011 that they had reached agreement on a proposed settlement and executed a memorandum of understanding. On April 27, 2011, the parties to the consolidated action in Colorado reached an agreement in principle on the structure of a proposed settlement. Under the proposed

settlement, which is subject to confirmatory discovery and approval of the Maryland court following notice to the Class, defendants agreed to make additional disclosures in the Registration Statement.

The parent company and the operating partnership believe that the claims asserted against them in these lawsuits are without merit and intend to defend themselves vigorously against the claims.

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, 2010, and the Amendment No. 2 to the Registration Statement on Form S-4 for AMB Property Corporation, filed with the SEC on April 28, 2011, 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
31.1	Rule 13a-14(a)/15d-14(a) Certifications dated May 9, 2011 for AMB Property Corporation.
31.2	Rule 13a-14(a)/15d-14(a) Certifications dated May 9, 2011 for AMB Property, L.P.
32.1	18 U.S.C. § 1350 Certifications dated May 9, 2011 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 May 9, 2011 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 March 31, 2011 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.

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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: May 9, 2011

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: May 9, 2011

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: May 9, 2011

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: May 9, 2011

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: May 9, 2011

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: May 9, 2011

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 March 31, 2011 (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: May 9, 2011

/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 March 31, 2011 (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: May 9, 2011

/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.